英文中國郵報
The China Post

Asia markets rally as Fed rate rise seen delayed

AP and AFP
October 17, 2015, 12:00 am TWN

TOKYO/HONG KONG -- An increasing expectation the U.S. Federal Reserve will keep interest rates at record lows fed further gains in Asia's stock markets on Friday but the U.S. dollar edged up against most emerging currencies following recent losses.

Investors were set to end a third straight week on a high as Tuesday and Wednesday's mainland China-fueled retreat was overshadowed by hopes the cost of U.S. borrowing will stay near 0 percent into the new year.

Speculation that Beijing will soon introduce more measures to stimulate the world's number two economy and key driver of world growth also provided an incentive to buy ahead of the release of growth data next week.

Global markets have enjoyed a broadly strong month so far after suffering their worst quarter in four years during July-September, when trillions of U.S. dollars were wiped of valuations.

The main story behind the latest rally has been the likelihood the Fed will have to put off a rate hike until the new year owing to a slowdown in world economic growth.

After saying in early 2015 that a rise was expected as the U.S. economy picked up pace, bank policymakers have gradually lowered their expectations, with turmoil unleashed by China's yuan depreciation in August playing a major role.

A recent run of weak data out of Washington — including below par jobs growth and retail sales — have also muddied the Fed's waters.

"Investors are reacting to the increasing likelihood that the Fed rate hike, which had been expected just a month ago in September, now likely won't happen during the course of this year," said David Levy, portfolio manager at Kenjol Capital Management.

However, the U.S. dollar, which has tumbled this month against most currencies, picked up Friday after New York Federal Reserve President William Dudley said a rate increase was still possible this year if economic data stayed "in line" with forecasts.

The comments led the speculation the ECB will widen its already huge stimulus program.

On share markets, expectations the Bank of Japan will soon increase its own monetary easing scheme helped the Nikkei to close 1.08 percent higher.

Hong Kong added 0.78 percent and Sydney ended 0.73 percent higher.

Shanghai ended 1.60 percent higher, with dealers betting on China's leaders announcing a new round of measures to shore up the stuttering economy.

While weak readings this week on trade and inflation initially sent stocks lower, investors now see the possibility of another interest rate cut — after five since November — or other monetary loosening.

This week the government announced plans to reform the country's sprawling state-owned enterprises in the telecoms and utilities sectors as it looks to improve efficiency.

"The central bank has loosened its tap on liquidity and the SOE reform will continue through the year," said Wei Wei, an analyst at Huaxi Securities Co. in Shanghai. "It's a good time window for stocks now and the rebound will probably carry on."

However, analysts are pessimistic about the release of July-September economic growth figures Monday, with a survey.

A survey of 19 economists by AFP found a median forecast of expansion of 6.8 percent, which would be the worst since early 2009 at the height of the global financial crisis.

France's CAC-40 gained 0.5 percent to 4,698.73 in early trading, while Germany's DAX rose 0.6 percent to 10,126.33. Britain's FTSE 100 added 0.6 percent to 6,378.82. U.S. shares were set to drift higher with S&P 500 futures at 2,019.40, up 0.02 percent.

In metals trading, gold rose US$7.70 to US$1,187.50 an ounce. Gold has climbed 6 percent this month as doubts about the health of the global economy have resurfaced. Silver rose 4.7 cents to US$16.16 an ounce. Copper rose 0.8 cents to US$2.42 per pound.

http://www.chinapost.com.tw/business/asia/asian-market/2015/10/17/448514/Asia-markets.htm