

Asian stocks ease

Asian shares fell on Thursday and the dollar was near a three-week high as traders dialled back bets of steep and early rate cuts this year, with the minutes of the Federal Reserve's last meeting providing few clues on when U.S. cuts might start.

MSCI's broadest index of Asia-Pacific shares outside Japan fell 0.17% and was headed for the third straight day of losses in a sobering start to the year. Japan's Nikkei slipped 0.5% on its first trading day of the year.

In Europe, futures indicated a mixed opening for markets. Eurostoxx 50 futures were down 0.04%, German DAX futures eased 0.07% and FTSE futures added 0.08%.

Minutes of the Fed's Dec. 12-13 meeting released on Wednesday showed a growing sense among policymakers that inflation was under control and raised concerns about the risks of "overly restrictive" monetary policy on the economy.

"The Fed minutes suggest that many members endorsed the 'higher rates for longer' narrative, while those that projected rate cuts in 2024 viewed cuts coming later in the year," said Qunicy Krosby, chief global strategist for LPL Financial (NASDAQ:LPLA).

Krosby said in an email the minutes underscored an "uncertain" policy path, suggesting expectations for a rate cut in March may need to be ratcheted down further.

Markets are now pricing in a 70% chance of the Fed cutting rates in March compared to 90% a week earlier, according to CME FedWatch tool.

Investors have also slightly lowered their expectations for the year, with futures pricing showing less than 150 basis points (bps) of easing anticipated this year versus 160 bps last week.

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