

MARKET UPDATE

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Asian stocks rise, Nikkei extends rebound.

Most Asian stocks rose on Wednesday as they recovered from steep losses earlier this week, while Japanese markets rose sharply following some encouraging comments on interest rates from the Bank of Japan.

Barring Japan and South Korea, gains in other Asian markets were still limited, as the prospect of a global economic slowdown still kept sentiment fragile.

Regional markets took some positive cues from a strong overnight close on Wall Street, although a recovery in U.S. stocks also remained tenuous after bruising losses on Monday.

Still, U.S. stock index futures reversed early losses and rose in Asian trade.

Japan's Nikkei, TOPIX extend rebound rally

The Nikkei 225 and the TOPIX indexes were the best performers in Asia on Wednesday, rising more than 3% each. Coupled with strong gains on Tuesday, the two indexes had now reversed Monday's rout, which saw both indexes tumble to eight-month lows and into bear market territory.

Extended gains in Japanese markets came after BOJ Deputy Governor Shinichi Uchida said the central bank won't hike interest rates when markets were unstable.

His comments sparked some optimism that Japanese interest rates will not rise as sharply as initially forecast by the bank. The BOJ had raised interest rates last week and flagged more increases this year, with its unexpectedly hawkish turn serving as a key weight on Japanese markets.

WPP sells stake in FGS Global to KKR.

British ad group WPP (LON:WPP) on Wednesday agreed to sell its controlling stake in financial PR agency FGS Global to minority shareholder KKR for \$775 million in cash, which it will use to reduce debt.

WPP, the owner of agencies Ogilvy and GroupM, announced the sale alongside first-half results that showed another drop in organic growth, and a downgrade in its expectations for the full year.

The sale of its around 50% stake values FGS Global at \$1.7 billion on an enterprise basis, WPP said, implying a multiple of 18.9 times 2023 core earnings.

Oil prices edge higher on Mideast tensions.

Oil prices recovered in Asian trading on Wednesday on heightened Middle East tensions, but gains were capped by weak demand.

Brent crude futures rose 17 cents, or 0.16%, to \$76.60 a barrel by 0615 GMT. U.S. West Texas Intermediate crude rose 17 cents, or 0.23%, to \$73.37.

Hamas named its Gaza leader Yahya Sinwar as successor to assassinated former chief Ismail Haniyeh on Tuesday, a move that reinforces the radical path pursued since the Oct. 7 attack on Israel.

"The uptick in oil prices could possibly be driven by expectations of heightened supply risks due to rising Middle East tensions and a correction from the multi-month low of oil prices. The bearish demand sentiments still remain, and are expected to cap the upside on oil prices," said Vortexa's head of Asia oil analysis Serena Huang.

Supporting the bearish demand view, Chinese trade data showed that its July daily crude oil imports fell to the lowest level since September 2022.

The broader price recovery came after prices slipped earlier in the trading session, following U.S. data showing an unexpected build in crude oil and gasoline inventories.

U.S. crude oil, gasoline and distillate inventories rose last week, according to market sources citing American Petroleum Institute figures on Tuesday. [API/S]

The API figures showed crude stocks were up by 176,000 barrels in the week ended Aug. 2, the sources said, speaking on condition of anonymity. Analysts polled by Reuters had expected crude stocks to fall by 700,000 barrels.

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