

Asian equities mixed as US inflation, China data loom

AFP – Asian markets swung Wednesday, continuing their yo-yo start to the year as traders assess the economic outlook with Donald Trump back in the White House, with focus now on the release of key US inflation data.

A below-forecast read on wholesale prices provided a little relief and helped the Dow and S&P 500 end in the green, though sentiment remains clouded by a resignation to the idea that the Federal Reserve will not cut interest rates as much as hoped this year.

Blockbuster employment figures on Friday, which followed a better-than-expected read on job openings, reinforced the view that the world's top economy and labour market were still in rude health.

That came after the central bank in December indicated in its so-called "dot plot" that it would likely only cut rates twice in 2025, compared with four previously flagged – taking the wind out the sails of a market rally at the end of the year.

Investors will be poring over the consumer price index later Wednesday, with analysts warning that a strong reading could even stoke talk of a possible rate hike as the Fed's next move.

SWBC's Christopher Brigati wrote in a commentary: "Even prior to the release of the dot plot in December, we've been cautious about the increasing possibility that the Fed would have to dial back further rate cuts in 2025, calling for no cuts during the year.

"It appears that there is growing sentiment that the Fed will be less accommodating going forward. Furthermore, it is appearing increasingly likely that the Fed's rate-cutting

efforts beginning in September may have been premature, given more recent economic data.”

After Wall Street’s broadly positive lead, Asian markets fluctuated.

Tokyo, Sydney, Seoul, Wellington and Manila rose, while Hong Kong, Shanghai and Taipei fell.

Also in focus this week is the release of Chinese 2024 growth data, with expectations that it could come in below the previous year and be among the slowest in more than three decades.

Leaders have unveiled a string of measures to reignite the economy, with a particular emphasis on consumers and the troubled property sector, though there are fears the return of Trump could see another painful China-US trade war.

The president-elect has already warned he will impose tariffs of as much as 60 percent on imports from the country, and observers say Beijing has likely kept its powder dry with regards stimulus as it prepares for the next four years.

“China’s policy response will likely remain reactive but responsive in nature, to defend against any significant downside risks. The long-term economic transition to a more sustainable model of growth remains intact,” said Peiqian Liu, Asia economist at Fidelity International.

“We expect more details on China’s strategic growth plans to be unveiled in its 15th Five Year Plan in 2025.”

– Key figures around 0230 GMT –

Tokyo – Nikkei 225: UP 0.4 percent at 38,628.61 (break)

Hong Kong – Hang Seng Index: DOWN 0.2 percent at 19,178.20

Shanghai – Composite: DOWN 0.2 percent at 3,234.90

Euro/dollar: DOWN at \$1.0300 from \$1.0310 on Tuesday

Pound/dollar: DOWN at \$1.2197 from \$1.2211

Dollar/yen: DOWN at 157.90 yen from 157.98 yen

Euro/pound: UP at 84.44 pence from 84.40 pence

West Texas Intermediate: UP 0.2 percent at \$77.63 per barrel

Brent North Sea Crude: UP 0.1 percent at \$79.99 per barrel

New York – Dow: UP 0.5 percent at 42,518.28 (close)

London – FTSE 100: DOWN 0.3 percent at 8,201.54 (close)

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