

Asia stocks surge on US-China trade deal breakthrough

AFP:: Asian equities surged Monday as investors cheered a breakthrough in US-China trade talks that set the stage for leaders Donald Trump and Xi Jinping to finalise a deal, averting an escalation in the world's biggest trade dispute. Markets rallied after US Treasury Secretary Scott Bessent said the threat of the US president imposing an additional 100 percent tariff on Chinese goods was "effectively off the table" following weekend negotiations in Malaysia.

"The tariffs will be averted," Bessent told ABC News on Sunday, adding that China agreed to delay rare earth export controls and make "substantial" soybean purchases.

China's vice commerce minister, Li Chenggang, said a "preliminary consensus" had been reached.

The progress paves the way for Trump and Xi to meet Thursday in South Korea on the sidelines of the Asia-Pacific Economic Cooperation summit, their first face-to-face meeting since Trump returned to office.

Tokyo led gains in Asia, with the Nikkei 225 adding more than two percent and closing above the 50,000 mark for the first time, buoyed by Prime Minister Sanae Takaichi's pro-stimulus stance and a weaker yen that benefits the export sector.

The breakthrough also comes ahead of Trump's visit to Tokyo, with Takaichi having pledged to raise defence spending to two percent of GDP this fiscal year – two years ahead of schedule.

"The Nikkei's breakout isn't a technical fluke – it's the pricing of a national renaissance," said Stephen Innes of SPI Asset Management."

Seoul, too, ended more than two percent higher, surpassing the

4,000 mark for the first time, with tech titan Samsung gaining more than three percent and chipmaker SK hynix jumping nearly five percent.

Hong Kong, Shanghai, Taipei, Singapore and Sydney also made gains, though Jakarta and Manila fell.

In Europe, London and Frankfurt opened with gains, while Paris dipped into the red.

The positive sentiment follows a strong finish on Wall Street Friday, after benign US inflation data set the stage for another Federal Reserve interest rate cut.

Trump expressed confidence about reaching a comprehensive agreement with Beijing. "They want to make a deal and we want to make a deal," he told reporters Sunday in Kuala Lumpur.

"The assumption, of course, remains that that is just a negotiating gambit, with this week's talks leading to a restoration of the 'status quo' and a truce between the two nations," said Michael Brown of Pepperstone.

The Republican president is on a five-day Asia tour that includes stops in Malaysia, Japan and South Korea, with trade deals topping the agenda at every destination.

Futures for US copper surged on the trade deal optimism, bolstering the outlook for global demand.

The breakthrough came after months of escalating tensions, with Trump threatening the massive tariff hike in response to China's October expansion of rare earth export controls – a move Washington called "economic coercion".

Under the framework deal, China would defer its rare earth restrictions "for a year while they reexamine it", Bessent said.

– Key figures at around 0820 GMT –

Tokyo – Nikkei 225: UP 2.5 percent at 50,512.32 (close)

Shanghai – Composite: UP 1.2 percent at 3,996.95 (close)

Hong Kong – Hang Seng Index: UP 1.1 percent at 26,433.70 (close)

London – FTSE 100: UP 0.5 percent at 9,646.07

West Texas Intermediate: FLAT at \$61.51 per barrel

Brent North Sea Crude: FLAT at \$65.96 per barrel

Euro/dollar: FLAT at \$1.1627 from \$1.1627 on Friday

Pound/dollar: UP at \$1.3317 from \$1.3296

Dollar/yen: UP at 152.94 yen from 152.85 yen

Euro/pound: DOWN at 87.30 pence from 87.43 pence

New York – Dow: UP 1 percent at 47,207.12 (close)