

Trinity Investments Limited – Asian Markets Make Modest Gains – Concerns over Saudi Arabia

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HONG KONG, HONG KONG, HONG KONG, October 16, 2018 /EINPresswire.com/ -- Asian stocks bounced modestly on Tuesday, gaining a toe-hold after a week of heavy losses, although increasing tensions between Saudi Arabia and the West fanned geopolitical concerns and capped gains.

The disappearance earlier this month of a Saudi journalist critical of Riyadh has provoked an international outcry against the oil-rich kingdom.



Saudi and US Relations Could be put to the Test

U.S. President Donald Trump has sent Secretary of State Mike Pompeo to Saudi Arabia over the case, potentially straining the relationship between the strategic allies.

MSCI's broadest index of Asia-Pacific shares outside Japan nudged up 0.25 percent, crawling away from a 19-month trough touched on Thursday.

Japan's Nikkei bounced 0.3 percent following a decline of nearly 2 percent the previous day.

"The focus of the markets has turned to the Middle East due to the Saudi incident. And with U.S. stocks still struggling, other equity markets will have a difficult time bouncing convincingly," said Wendy Hamilton, senior analyst at Trinity Investments Limited.

"The United States has been the epicenter of the [recent market tumult](#), with Wall Street shares being hit by higher Treasury yields. U.S. shares will have to find their feet first."

Saudi Arabia's riyal currency retreated overnight to 3.7525 to the dollar - it's weakest in two years.

Wall Street shares were dragged down overnight by a retreat in technology shares amid lingering worries over high U.S. yields.

The Dow has lost 4.5 percent this month, pulled away from record peaks, as long-term Treasury yields soared to their highest level since 2011. Higher yields are seen eroding the allure of equities.

Perceived safe havens such as the Japanese yen and Swiss franc have found supported following the hit taken by riskier assets.

The dollar traded little changed at 111.83 yen, not far from a one-month low of 111.625 brushed overnight.

Against the dollar, the Swiss currency stood at 0.9868 franc after advancing 0.5 percent the previous day.

The euro was slightly higher at \$1.1585, after rising 0.2 percent the previous day as U.S. retail sales data for September missed economists' expectations.

Sterling was flat at \$1.3159 after going to a one-week low of \$1.3080 on Monday amid a stalemate over the post-Brexit status of Britain's land border with Ireland.

In commodities, tension between the United States, the world's top oil consumer, and Saudi Arabia, one of the biggest crude producers, pushed up energy prices on concerns about supply.

Brent crude futures rose 0.15 percent to \$80.90 a barrel following a gain of 0.4 percent on Monday.

[Safe haven gold was at \\$1,227.51 an ounce](#), in striking distance of a near three-month high of \$1,233.26 scaled on Monday.

As the situation in the Middle East becomes clearer, it will be interesting to see whether any more blue-chip companies remove themselves from the upcoming investor conference in Saudi Arabia, with several high profile businesses such as Ford, JP Morgan and Uber all pulling out of the event which is scheduled next week, the geopolitical tension will only continue to grow unless the Saudi government clear themselves of any wrong doing.

To find out more about how this news will affect the markets, visit www.trinity-investments.com or email us at info@trinity-investments.com and we will happily get back to you.

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