

# Asian Markets Mostly Up on Vaccine, Stimulus Hope

## The Asean Post

Investors pushed Asian markets higher Friday on continued optimism over vaccines and on signs of progress on a new United States (US) stimulus, though surging infections and deaths highlighted the painful, immediate reality of the coronavirus crisis.

While the consensus is that the world can begin to get back to normal – and the economy recover –from next year as people are inoculated, observers warn lockdowns and other containment measures in place now are crippling businesses and jobs.

The US recorded more than 210,000 new cases in a 24-hour stretch to Thursday evening, and more than 2,900 deaths, according to Johns Hopkins University.

And Italy registered 993 deaths, an all-time high.

The figures reinforce the need for governments to maintain restrictions, with Britain, France and Germany among the major economies imposing strict containment measures.

California, the richest state in the US, is on the brink of introducing a limited lockdown.

Focus is now turning to Washington as lawmakers appear to be finally inching towards an agreement on a new stimulus for the world's biggest economy before the Christmas break.

Democratic leaders have backed a US\$908-billion bipartisan proposal as a starting point for discussions, and some top Republicans are also warming to the idea. They had originally called for around US\$2 trillion.

Republican Mitt Romney, who helped draw up the new proposal, said: "We're getting more and more support from Republicans and Democrats."

Donald Trump ally Lindsey Graham was also said to have backed the offer, and while Senate Majority Leader Mitch McConnell – who has mostly kicked back against bigger spending plans – has yet to accept it, there are hopes he will support the measure.

McConnell has offered a US\$500 billion bill but was reported to have called Democrats' acceptance of a smaller deal "heartening".

Trump said Thursday: "I believe we are getting very close to a deal."

Analysts said the developments suggest an agreement could be reached within weeks.

### **'Medium-Term Optimism'**

Wall Street's three main indexes drifted, though the Nasdaq notched up another record, following mixed US economic data that showed slowing growth in the

key services sector but lower-than-expected new unemployment claims. November jobs data will be released later Friday.

Hong Kong, Shanghai, Sydney, Seoul, Taipei, Singapore and Bangkok were all up. Mumbai was given a lift after India's central bank said the economy was recovering faster than expected and revised up its growth estimates for this year, from a contraction of 9.5 percent to a 7.5 percent shrinkage.

However, Tokyo, Manila, Jakarta and Wellington were all slightly lower.

London and Paris rose at the open but Frankfurt edged down.

"Before we can make new gains, there is the usual sentiment tug-of-war between medium-term optimism and near-term COVID despair," said Stephen Innes, Strategist at Australian forex broker Axi.

"Still, all roads lead to prosperity eventually as the post-pandemic market rally has moved seamlessly from policy-driven to mobility-driven to vaccine-driven and should continue so even if some investors are sitting on the fence waiting for a new stimulus deal."

Oil prices extended gains, with investors relieved that the Organization of the Petroleum Exporting Countries (OPEC) and other major producers had reached an agreement to increase output but at a much slower pace than had been feared.

From January 2021, they will pump 500,000 more barrels a day – about a quarter of what was originally planned.

However, Edward Moya at online forex trading and broker, OANDA warned: "If the global economic recovery is stronger than expected, you can expect to see terrible compliance next year and eventually the OPEC+ pact will be terminated."

Investors were also tracking talks between Britain and the European Union (EU) on a post-Brexit trade deal as the 31 December deadline approaches.

But some of the EU's 27 members – led by France and the Netherlands – fear chief negotiator Michel Barnier is in danger of granting too many concessions to London.

"I think it's quite clear that at this moment in time that we've reached a point where we are so close to the limits of our mandate, that we need a movement on the side of the UK if we want to strike a deal," a European diplomat said.

"I do not have the impression that we are hours away from a deal... what has to be bridged is still quite substantial."

On Friday, France's Europe minister Clement Beaune warned the country could veto any deal that did not meet Paris' demands, raising concerns of a no-deal Brexit. – AFP