

Asian stocks perkier, Nikkei extends gains

By Ian ChuaSYDNEY (Reuters) – Asian stocks rose on Tuesday with Tokyo’s Nikkei extending gains after encouraging manufacturing data in Europe and the United States helped cheer a market fretting about a slowing Chinese economy.MSCI’s broadest index of Asia-Pacific shares outside Japan <miapj0000pus> rose 0.5 percent in early trade, reversing Monday’s 0.3 percent fall. Australian shares (.AXJO) climbed 1.8 percent, while South Korean stocks (.KS11) edged up 0.1 percent.Japan’s Nikkei (NIK: ^9452) was up 0.9 percent at its highest since late May, adding to Monday’s 1.3 percent gain.“We will likely continue to test strong levels,” said Kenichi Hirano, operating officer at Tachibana Securities. “A weaker yen has become the normal condition, and stock prices are showing a tendency to gradually rise.”The lighter mood in Asian bourses followed a rise on Wall Street, which took heart after data showed U.S. manufacturing expanded last month, while construction spending neared a four-year high in May.Also encouraging, factory activity in Europe showed signs of stabilisation last month, and British manufacturing recorded its strongest growth in more than two years.All these reports helped offset some disappointment over China, whose own survey on Monday showed a further slowdown in factory activity.The reports also highlight an improving trend for the U.S. economy that could see the Federal Reserve keep to guidance that it could start dialling down stimulus later this year.Analysts said that should keep the U.S. dollar on an upward trajectory over the medium- to longer- term.“As the U.S. economy pulls ahead of Europe and Japan, and the Fed changes course, the dollar is at the start of a multi-year rally,” said Kit Juckes, strategist at Societe Generale.Juckes said the dollar index, which tracks the greenback’s performance against a currency basket, can rise by 10-15 percent over the medium/longer term.For now though, the dollar index was taking a bit of a breather having jumped 3.5 percent from June 19 to June 28 to reach a one-month peak. It was last down 0.1 percent at 82.996 (.DXY), just off Friday’s high of 83.344.Against the yen, the dollar hovered near a one-month high of 99.87, while the euro edged up 0.1 percent to \$1.3070.The big mover was the Australian dollar, which bounced to \$0.9240 from a 33-month trough of \$0.9110 as investors trimmed bearish positions following a bruising 4.7 percent tumble in June.The steep fall in the currency, which in itself is stimulatory for the economy, is a key reason many economists expect the Reserve Bank of Australia (RBA) will keep its cash rate steady at a record low 2.75 percent later on Tuesday.Only 2 out of 23 economists polled by Reuters see the RBA lowering its cash rate to 2.5 percent and markets are giving a less than one-in-five chance of a rate cut. The outcome of the meeting is due at 0430 GMT.In the commodities, copper slipped 0.5 percent to \$6,943 per tonne while U.S. crude was steady at \$97.95 a barrel.Spot gold hovered at around \$1,251 an ounce, continuing to consolidate after a horror quarter in which it slumped 23 percent, its worst performance in 45 years.(Additional reporting by Dominic Lau and Lisa Twaronite; Editing by Eric Meijer)Reuters