

Asia**Stocks recover as tensions ease between US and N Korea**

S Korea equities and won gain, strong Japan GDP data blunt Nikkei sell-off

Global Market Overview

A woman walks past an electronic stock board showing Japan's Nikkei 225 index at a securities firm in Tokyo © AP

57 MINUTES AGO by: Alice Woodhouse in Hong Kong and Michael Hunter in London

Monday 07.00 BST**What you need to know**

- South Korea stocks, won rise as US stand-off with North Korea calms
- Haven assets cool, Gold down from 9-week high, Swiss franc eases
- European equities expected to rise in opening trade

Asia Pacific equities firmed on Monday and European stocks are called higher, tracking Wall Street higher as concerns about tensions between the US and North Korea eased.

Hot topic

The war of words between the US and North Korea slowed at the weekend as Donald Trump spoke to his Chinese counterpart Xi Jinping, with President Xi saying “relevant parties should maintain restraint and avoid words and actions that exacerbate tensions on the Korean peninsula”.

South Korean stocks were faring better on Monday, up 0.7 per cent after closing down 3.2 per cent last week with the US and North Korean leaders both threatening war. The country’s

currency was also strengthening, up 0.4 per cent against the dollar at Won 1,139.13.

According to opening calls from CMC Markets, London's FTSE 100 will gain 15 points in opening trade, with the Xetra Dax 30 set to rise 31 points.

Hong Kong's Hang Seng index was up 1.2 per cent led by a 2.9 per cent rise for information technology stocks, while the financial sector gained 0.8 per cent. Chinese telecom operator China Unicom rose as much as 5.8 per cent after the company forecast profit for the first half would rise 68.9 per cent year-on-year.

China's Shanghai Composite and Shenzhen Composite indices were up 0.4 per cent and 1.7 per cent, respectively, as data showed retail sales rose 10.4 per cent year-on-year in China in July, undershooting a median estimate of 10.8 per cent from economists surveyed by Reuters.

Japan's Topix fell 0.7 per cent after returning from a public holiday on Friday. The financials sector was down 1.2 per cent, while industrials fell 0.6 per cent.

In Sydney, the S&P/ASX 200 was up 0.6 per cent with the financials and materials sectors rising 1 per cent and 0.7 per cent respectively.



The S&P 500 rose 0.1 per cent on Friday after falling 1.5 per cent in the previous session.

Forex

The dollar index, a measure of the greenback against its peers, was 0.1 per cent stronger at 93.141 after weakening 0.4 per cent on Friday as US consumer price index data for July came in below forecasts. The softer reading brings into question if and when the Federal Reserve will

raise interest rates again this year as inflation still lags behind the central bank's target of 2 per cent.

The Japanese yen gave a muted reaction to data showing the country's economy grew at its fastest pace in more than two years in the second quarter. Gross domestic product grew 4 per cent year-on-year in the three months to June on strong domestic demand. The yen was 0.4 per cent weaker against the dollar at ¥109.58 after hitting a two-month high on Friday.



The Swiss franc, a haven currency, was 0.3 per cent weaker at SFro.9649 per dollar.

Fixed income

The yield on the 10-year US Treasury, which moves inversely to its price, rose 1 basis points to 2.208 per cent, rising off a six-week low seen last week. The yield on Japanese 10-year government bonds was down 0.4bp at 0.043 per cent.

Commodities

Oil prices edged lower with Brent crude down 0.2 per cent at \$52.02 a barrel while US marker West Texas Intermediate was flat at \$48.80 a barrel.

Gold was holding near a nine-week high at \$1,286.39 after climbing 2.4 per cent over the previous five sessions.

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