

Malaysian election worries dent sentiment

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Malaysian stocks fell to a five-month low yesterday as worries about this weekend's general election and a sharp slide in palm oil prices dented sentiment.

The KLSE composite index tumbled 2.6 per cent to 1,280.23, its lowest level since September last year and its fifth successive decline. It has shed 16 per cent since its January record high.

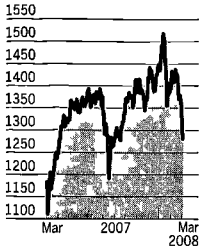
Strategists highlighted concerns that electricity and fuel subsidies might be cut after the election, potentially driving up inflation and damping consumer spending.

Meanwhile, palm oil futures fell sharply for a second day, sending shares in producer **Sime Darby** down 1.8 per cent to M\$10.90.

Maybank, Malaysia's biggest bank, fell 1.1 per cent to

Malaysia

KLSE Composite



Source: Thomson Datastream

M\$8.70, its lowest level since August 2006.

Most other markets in the region edged back amid continued worries about the outlook for the US economy.

Tim Condon, head of financial market research for Asia at **ING** in Singapore, said the focus was firmly on America, with markets in

the region "moving from one US news announcement to another".

"There's a tremendous amount of anxiety here and no news from this time zone is going to remove it," he said.

In Tokyo, the **Nikkei 225 Average** ended down 0.2 per cent at 12,972.06, its lowest close for six weeks. The broader **ToPIX** lost 0.1 per cent to 1,263.91.

Shares of machinery makers fell after data showed that capital spending by Japanese companies fell more than expected in the final quarter of 2007 - spurring concerns that GDP growth could be revised down.

Komatsu fell 1.5 per cent to Y2,5665 and **Japan Steel Works** lost 2.8 per cent to Y1,608.

Banking and real estate stocks also retreated.

Mizuho Financial fell 3.1 per cent to Y403,000 and **Sumitomo Mitsui Financial** fell 1.4 per cent to Y707,000.

But **Fast Retailing** gained 3 per cent to Y7,560 after reports that the maker of the **Uniqlo** brand of clothing was likely to beat its operating profit forecast.

In Hong Kong, the **Hang Seng** index closed flat at 23,114.34 after dropping as much as 1.1 per cent earlier in the day. The index of Chinese stocks listed in Hong Kong, or H shares, lost 1 per cent.

Cathay Pacific, Hong Kong's biggest airline, rose 0.7 per cent to HK\$16.36 after its annual profits beat expectations. However, the carrier said the global credit market turmoil had dimmed its outlook for 2008. A drop in crude prices sent **CNOOC**, China's biggest offshore oil explorer, down 2.1 per cent to HK\$11.86.

On the mainland, **PetroChina** slid 1.1 per cent to Rmb22.19 and **Sinopec** fell 3.6 per cent to Rmb16.20 as the **Shanghai Composite** fell 1 per cent to 4,292.65.

In Sydney, the **S&P/ASX 200** index slipped 0.1 per cent as stock prices found support from central bank signals that interest rates were unlikely to rise further after Tuesday's increase to a 12-year high.

National Australia Bank rose 2.2 per cent to A\$28.10 but **Commonwealth Bank** eked out a gain of just 0.1 per cent to A\$39.95.

Santos, Australia's third-largest oil and gas group, fell 2.7 per cent to A\$12.04, while **Woodside Petroleum** slipped 0.1 per cent to A\$54.96.

Mumbai bucked the weak tone as the **BSE Sensex** rose 1.2 per cent to 16,542.08 - its first advance in five sessions. But **ICICI Bank** fell 1.2 per cent further to Rs960.40 as investors continued to fret about the impact of recent market turmoil.

Korea's **Kospi** index rose 0.1 per cent to 1,677.10 while the weighted index in Taipei gained 0.2 per cent to 8,483.95.