

Malaysia suffers from political uncertainty

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in Hong Kong

Asian stocks suffered further heavy losses yesterday as concerns that the US might be sliding into recession continued to weigh on investor confidence.

The Malaysian market grabbed the headlines as political uncertainty sent the benchmark share index down by 10 per cent, triggering an automatic one-hour trading halt. The ringgit currency saw its biggest fall since June last year.

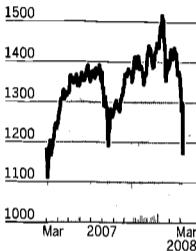
In the weekend election, Malaysia's government kept control of parliament but the opposition took more than one-third of the seats for the first time since 1969.

Prices recovered a little as the afternoon session drew to close, although the KLSE Composite index still closed 9.5 per cent lower at 1,173.22.

Shares of companies

Malaysia

KLSE Composite



Source: Thomson Datastream

closely tied to the government's economic policy of preferential treatment for the Malay majority, and to its ambitious infrastructure plans, suffered some of the biggest losses.

The state bank **Bumiputra Commerce** lost 13.7 per cent to M\$8.80. **Sime Darby**, the plantations company,

dropped 15.9 per cent to M\$9.25 and **Malaysian Resources**, the bridge and road builder, slumped 36.3 per cent to M\$1.23.

In Tokyo, the Nikkei 225 Average tumbled 2 per cent to a two-and-a-half-year low of 12,532.13 as the strong tone of the yen undermined export-related stocks. The currency hit an eight-year high against the dollar on Friday. The broader Topix share index lost 1.5 per cent to 1,229.00.

Sony tumbled 5 per cent to Y4,380 and **Toyota Motor** dropped 4.1 per cent to Y5,200, while **Nippon Sheet Glass**, one of the world's biggest suppliers of windows for vehicles, fell 4.1 per cent to Y441.

The prospect of weaker demand in the US dragged Australian commodity shares down. The S&P/ASX 200 index fell 1.6 per cent to 5,180.4, a fresh low for 2008.

Among the miners, **BHP Billiton** fell 4.1 per cent to

A\$37.30 and its rival and takeover target, **Rio Tinto**, shed 3.6 per cent to A\$126.48. **BlueScope Steel** slid nearly 5 per cent before mounting a recovery and finishing unchanged at A\$10.40.

Shares of **ABC Learning Centres**, which last week dropped by a third, added 5.4 per cent to A\$1.55 following reassurances from the company's founders at its annual general meeting.

In Seoul, the Kосpi index fell 2.3 per cent to 1,625.17, while the weighted index in Taipei shed 2.7 per cent to 8,299.37.

Shanghai fell to a seven-month low after a disappointing debut for **China Railway Construction**. The stock rose 28.3 per cent to Rmb11.65 – but that was the smallest percentage gain for an initial public offering in China for more than a year. The company's shares will debut in Hong Kong on Thursday in the second part of the \$5.4bn IPO.

The composite index dropped 3.6 per cent to 4,146.30, its lowest level since July.

Hong Kong was the only big market to buck the falling trend as the Hang Seng index erased early losses to end 0.9 per cent higher at 22,705.05.

The reversal was driven by **HSBC**, which rose 2.9 per cent to HK\$120.80 on reports – which HSBC denied – that it was asking regulators in Beijing for permission to raise its stake in China's **Bank of Communications** from 19 per cent to 40 per cent. **BoCom** rose 0.9 per cent to HK\$8.61.

The index of mainland Chinese shares traded in Hong Kong pared losses to 0.7 per cent to finish at 12,519.75 after earlier losing 3.6 per cent.

Mumbai also steadied after experiencing an initial slide and the BSE Sensex index ended just 0.3 per cent lower at 15,923.72.