

Most emerging stocks drop as Micex falls

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By Ian Sayson, Bloomberg

Most emerging-market stocks retreated as declines in Russian and Indian equities offset a rally in Internet companies.

The Micex Index slumped to a three-week low amid escalating tension in Ukraine. Infosys Ltd. sank 2.4 percent in Mumbai to lead Indian shares lower for a third day. Tencent Holdings Ltd., Asia's largest Internet company, rose 1.1 percent in Hong Kong and Naver Corp. added 2.2 percent in Seoul.

About 360 shares fell and 266 rose in the MSCI Emerging Markets Index which was little changed at 999.71 as of 4:28 p.m. in Hong Kong. Ukraine began an offensive against separatists in its eastern regions, recapturing an airport amid claims Russian special forces were supporting the anti-government groups. Internet shares rallied after Yahoo! Inc. said Alibaba Group Holding Ltd.'s profit jumped.

"An escalation of the conflict between Russia and Ukraine will trigger another round of risk aversion," Jonathan Ravelas, chief market strategist at BDO Unibank Inc. said in Manila. "Technology shares are getting a good bounce because investors have found a good reason to position again in the sector."

The MSCI Emerging Markets Index has declined 0.3 percent this year and trades at 10.4 times projected 12-month earnings, data compiled by Bloomberg show. The MSCI World Index has fallen 0.4 percent in 2014 and is valued at 14.6 times.

Ukraine standoff

The Micex slumped for a fourth day. Units from Ukraine's Interior Ministry yesterday ousted pro-Russian activists who'd seized the airfield in Kramatorsk, though there were conflicting accounts on casualties. The ruble rose 0.2 percent.

While there were no reports of violence overnight, two Ukrainian soldiers were kidnapped, according to the Interfax news service. U.S. Representative Mike Rogers, chairman of the House Intelligence committee, accused Russia of “sabotage.”

Infosys Ltd. fell 2.9 percent, heading for the lowest close since Oct. 10 after at least six brokerages reduced their price targets. The stock was cut to accumulate from buy at Dolat Capital yesterday. India’s S&P BSE Sensex index declined 0.7 percent, its third straight day of losses.

Seven out of 10 industry groups in the developing-nation measure slid, led by health-care companies. A gauge of technology companies advanced the most. Tencent and Naver posted their biggest gains since April 10.

Alibaba profit

Alibaba posted a surge in fourth-quarter profit as analysts raise their valuation ahead of a potential U.S. initial public offering by China’s largest e-commerce company.

Net income attributable to ordinary shareholders more than doubled to \$1.35 billion in the three months ended December, according to a presentation yesterday from Yahoo!, which owns a 24 percent stake in the Hangzhou, China-based company. Alibaba was valued at \$153 billion in February, according to the average estimate of 10 analysts compiled by Bloomberg.

The Hang Seng China Enterprises Index of mainland companies in Hong Kong rose 0.1 percent, erasing earlier losses, while the Shanghai Composite Index added 0.2 percent. Data today showed China’s economic growth slowed to the weakest pace in six quarters while factory output and fixed-asset investment trailed estimates.

The Vietnam Stock Index fell 2 percent in its fifth day of declines, the longest losing streak since June, as the trial of former Asia Commercial Bank executives for fraud started. Nguyen Duc Kien, a founder of Asia Commercial Bank, pleaded not guilty to fraudulently taking assets, tax evasion and other crimes that partly caused losses the lender estimates at 8.67 trillion dong (\$411 million).

The Philippine Stock Exchange Index rose 0.8 percent to the highest close since July 30 while equity gauges in Poland, South Africa and Thailand added at least 0.6 percent.

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