

## FINANCIAL TIMES

GLOBAL MARKET OVERVIEW

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# Asian shares pressured by Greece fears

By Song Jung-a in Seoul and Vivianne Rodrigues in New York



**Wednesday 04.00 BST.** Asian shares were under pressure amid mounting questions about Greece's future within the eurozone as the country struggled to form a government two days after elections.

The MSCI Asia Pacific index fell 1 per cent with Japan's Nikkei 225 off 1.2 per cent, South Korea's Kospi index down 0.7 per cent and Australia's S&P ASX 200 index 0.8 per cent lower.

"As long as political uncertainty continues, the Greek presence in the euro area in its current form could be seen to be at risk, in our view," Bank of America Merrill Lynch said in a research report.

Exporters with large exposure to Europe lost ground. In Tokyo, Mitsubishi Motors, an automaker that derives nearly 30 per cent of its sales from Europe, plunged 3.5 per cent while Fujitsu slid 3.3 per cent, Komatsu plunged 3.6 per cent and Nikon fell 1.4 per cent.

In Seoul, Samsung Electronics slid 1.2 per cent while Hyundai Motor lost 1.6 per cent and its affiliate Kia Motors was off 1.2 per cent. Metal producers were weaker with Korea Zinc off 5.3 per cent and Poongsan, a copper-products maker, down 1.1 per cent. But Posco, South Korea's biggest steelmaker by sales, gained 2 per cent after Korea Investment & Securities said the company may post Won915bn in second-quarter operating profit

Resources stocks were hit by concerns about global growth after commodity prices fell amid renewed concerns about Europe. In Sydney, Rio Tinto lost 1.1 per cent and gold producer Newcrest Mining slid 3.2 per cent while copper miner PanAust declined 2.3 per cent.

Energy producers also lost ground after crude oil futures fell to \$97 a barrel in New York trading. Oil Search declined 1.7 per cent and Woodside Petroleum dropped 1.5 per cent in Sydney, while JX Holdings receded 1.4 per cent in Tokyo.

Hong Kong's Hang Seng index shed 0.8 per cent while China's Shanghai Composite index fell 1 per cent. Esprit Holdings, a clothier that depends on Europe for most of its sales, slid 2.2 per cent

cent in Hong Kong. Wynn Macau tumbled 4.8 per cent after the Apple Daily newspaper said the casino operator may sell shares to fund a resort project.

In Shanghai, China Cosco, the nation's biggest publicly traded shipping company, lost 1.7 per cent and Cosco Shipping fell 1.4 per cent on worries about the global economic outlook.

In currency market, the yen was trading at Y79.5 per US dollar from Y79.81 in New York late Tuesday.

Earlier, the broad S&P 500 touched its lowest level in two months in US trading but staged a rebound late in the session, paring most of its losses and closing 0.4 per cent lower. Meanwhile, the Vix measure of expected volatility settled at 19.05 after moving above 20.

Underlying caution was seen also in fixed income and forex markets.

Yields on German 10-year Bunds were down 3 basis points to a record low of 1.54 per cent as investors sought perceived havens. US Treasuries also offered historically meagre payouts of 1.83 per cent, down 4bp on the day.

The US Treasury sold \$32bn in three-year notes, with a measure of demand – the bid-to-cover ratio – showing the strongest appetite for the securities since January.

More Treasury sales are scheduled for this week, with a \$24bn auction of 10-year notes coming on Wednesday and a sale of \$16bn in 30-year bonds on Friday.

*Additional reporting by Jamie Chisholm in London*

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