

# Asian stocks mixed as traders stay edgy after rate cuts

AFP, Hong Kong  
Asian stocks were mixed Thursday as investors remained cautious about the global economy after a series of interest rate cuts by some of the world's major central banks tried to revive confidence.

Hong Kong, South Korea and Taiwan all reduced borrowing costs, a day after central banks in the United States, Canada and Europe announced simultaneous cuts, followed soon afterwards by China.

Tokyo slipped 0.5 percent -- to a five-year low -- following a rollercoaster session a day the index slipped more than nine percent, its worst single day drop in 21 years.

Sydney lost 1.5 percent, Taipei shed 1.45 percent and Shanghai was almost one percent off. However, traders in Hong Kong took heart from the rate cuts with the Hang Seng Index rising 3.3 percent a day after plunging 8.2 percent, while Singapore added 3.4 percent.

Seoul was also boosted, rising 0.6 percent. Earlier in the day Taiwan and South Korea cut their rates by 25 basis points, while Hong Kong took another 0.5 percentage point off its lending costs. China made a 27 basis point reduction Wednesday.

Australia's central bank cut its rate by one percentage point on Tuesday in a bid to put ease the worst global financial crisis since the Great Depression.

"While rate cuts may not address the root cause of the problem, they do help the real economy and indirectly assist bank recapitalisation," said analysts at UBS.

Although the Bank of Japan did not lower its interest rates -- already at just 0.5 percent -- it did inject 4.0 trillion yen (40 billion dollars) into the market, the biggest one-day injection since the crisis began.

Fears that Japan is on the brink of recession were raised also, when figures showed core machinery orders, a key gauge of corporate capital spending, slumped 14.5 percent in August from the previous month.

The figure represents the fastest drop in more than two years. In Hong Kong, although the market saw a healthy rise on the back of the rate cuts, volume was light, suggesting confidence is still at a premium.

World markets have been plummeting in recent weeks following the collapse of US investment bank Lehman Brothers and the government bailout of insurer AIG.

Lumpur was flat and Bangkok firmed by 1.55 percent.

Jakarta was closed for a second day after the market shed more than 10 percent in trading on Thursday.

Mumbai was closed for a public holiday. TOKYO: Japanese shares ended 0.5 percent lower, dealers said.

Stocks slipped in and out of positive territory a day after their biggest loss in two decades, with the benchmark Nikkei stock index finishing down 45.83 points at 9,157.49.

The Topix index of all first section shares climbed 6.10 points, or 0.68 percent, to end at 905.11.

Investors were also worried about upcoming earnings reports from Japanese companies, which are likely to show the effects of a weaker global economy and stronger yen.

Aeon shares plunged 11 percent to 850 yen after the supermarket operator reported a fiscal first half net loss of 16.01 billion yen, compared with a year-earlier profit of 23.81 billion yen.

Sumitomo Mitsui Financial advanced 7.5 percent to 601,000 yen and Mizuho Financial Group climbed 3.6 percent to 374,000 yen.

HONG KONG: Hong Kong share prices closed 3.3 percent higher, dealers said.

The benchmark Hang Seng Index closed up 511.51 points at 15,943.24, after falling more than eight percent Wednesday.

Dealers said they do not expect the rally to persist as confidence is still fragile and weak US markets will weigh on sentiment.

Peter Lai, director at DBS Vickers Securities, said he expects the Hang Seng Index to find near-term support at 14,800-15,000.

The China Enterprises Index, which tracks the movement of China-registered companies traded in Hong Kong, jumped 3.9 percent to 7,743.47, after the People's Bank of China cut its benchmark interest rates.

China Construction Bank rose 4.1 percent to 4.06 Hong Kong dollars, ICBC advanced 6.6 percent to 4.05, and Bank of China surged 5.4 percent to 2.73.

SYDNEY: Australian shares closed down 1.5 percent, dealers said.

The benchmark S&P/ASX200 fell 67.2 points to 4,320.9, while the broader All Ordinaries lost 78.5 points at 4,291.3.

A total of 1.6 billion shares valued at 5.6 billion dollars (3.8 billion US) changed hands, with 308 stocks up 840 down and 296 flat.

Energy stocks dragged the market down on lower crude oil prices while

Asia-Pacific markets				October 9 closings
TOKYO	HONG KONG	TAIPEI	SYDNEY	
↓	↑	↓	↓	
0.5%	3.3%	1.45%	1.5%	
Nikkei	Hang Seng	Weighted	SP/ASX	
9,157.49 (- 45.83)	15,943.24 (+ 511.51)	5,130.71 (- 75.69)	4,320.9 (- 67.2)	
SINGAPORE	SHANGHAI	SEOUL	BANGKOK	
↑	↓	↑	↑	
3.40%	0.84%	0.6%	1.55%	
ST Index	Composite Index	KOSPI Index	SET Index	
2,102.71 (+ 69.10)	2,074.58 (- 17.64)	1,294.89 (+ 8.20)	499.99 (+ 7.65)	

Commonwealth Bank alone accounted for 15 points of the fall.

The bank fell 6.1 percent to 42.40 dollars after issuing 2.0 billion dollars worth of shares at 38.00 dollars to fund its acquisition of BankWest from troubled British lender HBOS.

ANZ lost 35 cents or 2.06 percent to 16.65, National Australia Bank fell 62 cents or 2.55 percent to 23.73 and Westpac was off 17 cents or 0.78 percent to 21.50.

BHP Billiton lost six cents to 29.84 and rival Rio Tinto fell 3.11 or 3.83 percent to 78.01.

SHANGHAI: Chinese share prices closed down 0.84 percent, dealers said.

Shares rose at the opening bell in reaction to the rate cut, but only lasted half an hour before sinking to the negative territory. It rose again by mid-day, but resumed the downside in the afternoon.

The benchmark Shanghai Composite Index, which covers A and B shares, was down 17.64 points at 2,074.58 on turnover of 35.9 billion yuan (5.3 billion dollars).

Bank of Communications fell 1.9 percent to 5.15 yuan, while China Construction Bank dropped 0.5 percent to 4.21 yuan.

Property developers were also sharply lower.

China Vanke, the country's top property developer by market value, lost 3.9 percent to 6.25 yuan.

Poly Real Estate slumped 7.9 percent to 13.89 yuan and China Merchants Property Development shed 2.2 percent to 12.90 yuan.

The Shanghai A-share index fell 0.84 percent to 2,178.79 points, while the Shenzhen A-share index was down 1.43 percent at 591.12.

TAIPEI: Taiwan shares closed down 1.45 percent, dealers said.

The weighted index fell 75.69 points to 5,130.71, off a high of 5,295.05, on turnover of 74.82 billion Taiwan dollars (2.31 billion US).

Losers led gainers by 1,133 to 432 with 349 stocks unchanged.

After opening lower, the market turned higher as the central bank announced to cut three key interest rates by 25 basis points. However, the index headed south on profit-taking after it moved closer to 5,300 points.

Asustek fell 5.65 percent to 50.10 dollars, AU Optronics shed 5.07 percent to 30.90 and Chi Mei Optoelectronics was 1.81 percent lower at 18.95.

Taiwan Semiconductor Manufacturing Co. lost 0.32

percent to 46.10, while United Microelectronics Corp. gained 0.91 percent to 10.00.

Fubon Financial lost 0.54 percent to 18.50, while Cathay Financial rose 3.16 percent to 37.60.

SEOUL: South Korean shares closed 0.6 percent higher, dealers said.

The KOSPI index ended up 8.20 points at 1,294.89.

Analysts said the Bank of Korea's rate cut helped to give the market a break but may not be material in terms of reversing the overall downward trend.

"Today's rate cut was like a morphine shot," Lee Jae-Hoon, an analyst at Mirae Asset Securities, told Dow Jones Newswires.

Shares of construction and financial firms rose. Hyundai Engineering and Construction gained 6.7 percent to 66,500 won.

Shinhan Financial Group added 3.9 percent to 37,000 and Samsung Electronics rose 2.5 percent to 541,000.

Samsung Heavy Industries fell 4.4 percent to 22,750 won. Hyundai Heavy Industries lost 0.93 percent to 212,500.

SINGAPORE: Shares bounced back to close 3.40 percent higher, dealers said.

## Euro rises against dollar

AFP, London  
The European single currency climbed against the dollar Thursday amid hopes that heavy interest rate cuts around the world would help stem a global financial crisis, dealers said.

In late morning London trading, the euro climbed to 1.3758 dollars from 1.3663 dollars in New York late on Wednesday.

The dollar rose to 101.34 yen from 99.42 yen on Wednesday, when it sank under the 100-yen barrier for the first time in seven months.

Hong Kong, South Korea and Taiwan all reduced borrowing costs Thursday, a day after central banks in the United States, Canada, Europe and China slashed their key interest rates in a bid to tackle an escalating economic crisis.

"The unprecedented coordination of rate cuts by the major central banks yesterday (Wednesday) is likely to provide at least a short-term alleviation of the extremely negative sentiment towards financial markets," said Barclays Capital analyst David Woo.

"Even though markets had been increasingly expecting such a move and equity prices ended lower yesterday, things would have probably been a lot worse in the absence of the coordinated easing."

Woo added: "The fact that interest rate cuts do not directly address the underlying problems in financial markets means that further measures are required to achieve even a semblance of stability."

The yen meanwhile fell back from recent highs against the dollar and euro Thursday as ailing stock markets showed signs of stabilising, dealers said.

"People have apparently taken (the coordinated monetary easing) positively, and the sense of risk aversion eased," Satoshi Okagawa, head of the forex spot trading group at Sumitomo Mitsui Banking Corp., told Dow Jones Newswires.

## Oil holds steady

AFP, London  
Oil prices steadied on Thursday, with New York crude above 89 dollars a barrel as investor sentiment improved across financial markets worldwide after recent turmoil.

With prices far below record high points around 147 dollars reached in July, analysts said on Thursday that the Organisation of Petroleum Exporting Countries (Opec) could soon announce an emergency policy meeting to cut output.

New York's main contract, light sweet crude for delivery in November, climbed 23 cents to 89.18 dollars a barrel in electronic trade.

Brent North Sea crude for November eased one cent to 84.35 dollars a barrel.

"Market participants are still very much concerned that (oil) demand will continue to dwindle as global economies continue to slow sharply," said Sudden analyst Nimit Khamar in London.

"However, increased expectations that Opec may hold an (emergency) energy meeting and cut output is underpinning the market."

Oil prices briefly fell to one-year lows on Wednesday as slumping stock markets increased concerns about falling demand for energy in a cooling global economy.

The market had also ended lower as news of an unexpectedly sharp jump in US crude reserves signalled weaker demand in the United States, the world's largest energy consuming nation.

The Department of Energy said on Wednesday that US crude oil inventories had risen by 8.1 million barrels in the week ended October 3, far more than market expectations of a 2.3-million-barrel gain.

European stock markets rebounded slightly on Thursday as governments

rushed to protect ailing banks and their savers, while Asian shares ended mixed after world indices endured sharp falls a day earlier. Wall Street was to reopen at 1330 GMT.

Opec member Libya called on Tuesday on crude producing countries around the world to cut output to protect their incomes should the market continue trading at current levels.

Crude oil futures have in recent days traded within a band of about 80-95 dollars a barrel.

"I would guess that Opec is going to step in," Argus Media oil analyst Jason Fear said on Thursday.

Fear added there was an ongoing realisation that no matter how much money central banks pumped into the financial system, the measure was insufficient "to prevent a pretty significant drop in global oil demand."

Oil had nosedived under 90 dollars per barrel on Monday, hitting eight-month lows.

Opec plans to hold a special meeting next month to discuss the world oil market in the light of the world financial crisis, the Algerian news agency APS reported Wednesday.

It said the meeting would take place at the headquarters of the Organisation of Petroleum Exporting Countries in Vienna on November 18, a month earlier than the special conference planned on December 17 at Oran in western Algeria.

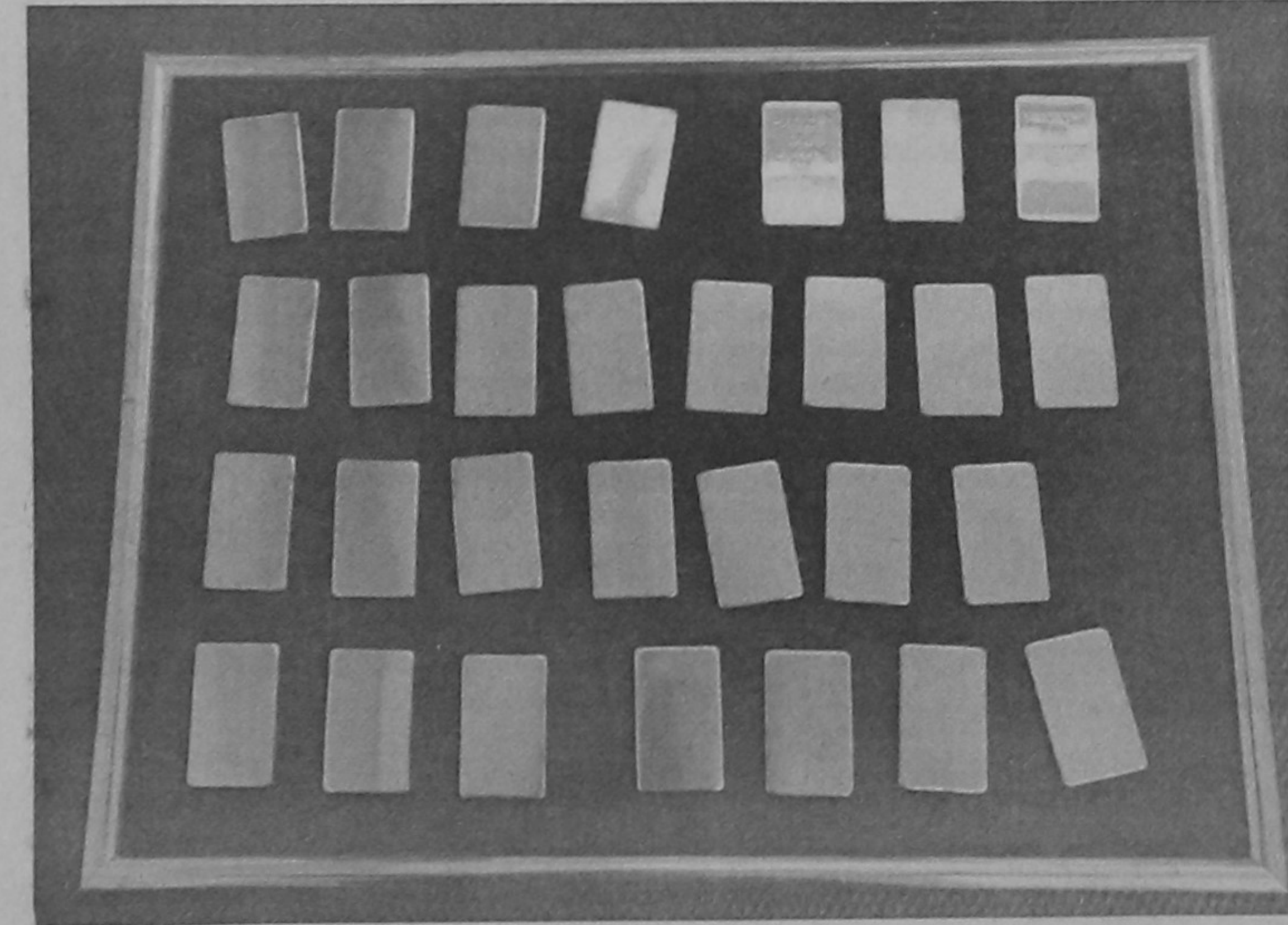
The continuing volatility of world financial markets may force Opec to take action, the cartel's vice president, Ecuador's Oil Minister Galo Chiriboga has said.

In September Opec decided to cut its production of 520,000 barrels of oil per day, to sustain oil prices above 100 dollars a barrel, but they have since dropped below that figure.



Founding Chairman of Shahjalal Islami Bank Sajjatz Jumma formally inaugurates the Jessore branch of the bank on Wednesday. Chairman of the board Akkas Uddin Mollah was also present.

# Nervous French savers start gold rush



AFP, Paris  
The gold merchants of Paris may trade from shops in the shadow of the historic stock exchange building, but their business is booming even as the share market collapses.

Nervous investors, who have seen house prices, equity markets and interest rates falling, are seeking shelter for their savings in what many see as the ultimate in safe investment options: gold.

"For us, business is pretty good," noted a smiling Serge Siauvaud, whose shop in Rue Vivienne is a stone's throw from the palace that once housed the Paris stock exchange, in streets still full of brokers' offices.

Siauvaud says his custom is up by 50 percent since the repercussions of the US credit crunch hit Europe, confirming that depositors are

increasingly putting cash aside in the form of precious metal.

"People come because they don't like having all their eggs in the same basket," explained another trader, David Levy, who said his shop had seen "many, many customers" in recent days.

"They prefer gold to cash. If there's any problem, they can sell it anywhere in the world," he said.

The basic unit for gold investors in France is the Napoleon Franc, a 6.45 gramme (0.23 ounce) coin. Three months ago one Napoleon was worth 100 euros (140 dollars). This week they were changing hands for 150 euros apiece.

"It's a reliable investment, better than shares," said Pierre, a retired investor who had come to town to check out the latest rates in the shop windows lining the side

streets around the Place de la Bourse.

Nevertheless, the increased interest is not yet a sign of panic, traders insist. "No-one's turning up with their life savings, but lots buy two or three Napoleons once they've been burned on the stock market," Siauvaud said.

Clients generally wander around the financial district checking out rates in shop windows before selecting a trader and buying a handful of Napoleons or 20 dollar gold pieces, Levy explained.

Investors are not just drawn to gold by its reputation as a safe investment in times of global turmoil, but because of the simplicity and anonymity of keeping wealth stashed away in the form of a sack of coins.

Purchases of less than 3,000 euros can be made in cash, Siauvaud said, keeping the paper trail to a minimum.

# Chinese steel maker falls victim to global crisis

AFP, Shanghai  
Steel maker FerroChina Thursday became one of the highest-profile Chinese victims yet of the global economic crisis, saying it was unable to service huge debts and was immediately stopping production.

It said it could not pay back part of its working capital loans worth 706 million yuan (104 million dollars), while warning even larger loans were due soon.

"Due to the current economic crisis, the group is unable to repay part of its working capital loans," the company said in a statement filed with the Stock Exchange of Singapore, where it is listed.

The announcement came amid rising concerns among Chinese officials and economists that the current global

crisis could hurt the local economy and threaten the survival of key exporters.

FerroChina added that it had a further 2.03 billion yuan worth of loan facilities and notes, in addition to other working capital loans of 2.49 billion yuan, some of which would be due in the near future.

The company, based in east China's Jiangsu province, a major export base, said it was "in active negotiations" with its creditors to explore various options but was not sure if an agreement would be reached.

The company temporarily stopped its manufacturing operations in its factories in Jiangsu, it said, adding that it was still pursuing plans, announced last month, of introducing a potential strategic investor.