

TECH SHARE RETREAT DRAGS NIKKEI ASIA300 INDEX LOWER

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Foxconn drops after first-quarter earnings while Tencent retreats day before results HONG KONG (Nikkei Markets) -- Asian stocks outside of Japan fell on Tuesday, dragged down by losses in technology heavyweights, while ongoing trade worries also cast a shadow on sentiment.

The Nikkei Asia300 Index shed 1.1% to 1,417.64. The losses came after a six-day winning streak for the equity index. U.S. stocks ended higher on Monday following upbeat remarks on U.S.-China trade relations from President Donald Trump on Sunday, saying the two nations are working well together on matters on trade.

Tencent Holdings, Asia's most valuable company, dropped 3.4% in its worst single-day performance since late March. The social-media-and-gaming major is due to report first-quarter earnings Wednesday.

Hon Hai Precision Industry, also known as Foxconn, fell 3.4% in Taipei after reporting a 14.5% drop in firstquarter net profit. The stock had risen 4.7% on Monday. China Unicom (Hong Kong) and China Telecom added 1.7% and 0.3% after telecommunications infrastructure company

China Tower, in which the mobile services companies are major shareholders, filed a draft prospectus for an initial public offering in Hong Kong. China Mobile, also a China Tower shareholder, lost 0.3%.

Investors in Hong Kong and China also digested index-compiler MSCI's announcement that it will add 234 yuan-denominated A-shares to its MSCI Emerging Markets Index on May 31.

"We expect institutional investors to increase their exposure to China with caution. While inclusion will provide a "jump start" effect on the interests, renminbi concerns and policy uncertainties are the two major setbacks for their enthusiasm, in our view," Joanne Gow, equity strategist at DBS Group Research, wrote in a note to clients. "We believe H-shares, which trade at a valuation discount to the A-shares, and Chinese brokers are indirect beneficiaries of the inclusion."

Top Glove edged 0.2% lower in Kuala Lumpur. The stock rose as much as 6.3% early Tuesday after MSCI adds stock into its Malaysia Standard index.

Taiwanese shoes-and-clothing maker Pou Chen rose 0.8%. Its Hong Kong-listed unit athletic-footwear maker Yue Yuen Industrial Holdings lost 2.8% following a 23% drop in March quarter net profit despite a 9% increase in revenue.

In India, investor sentiment received a boost after Prime Minister Narendra Modi's Bharatiya Janata Party was set to win the largest number of seats in state assembly elections in the southern Indian state of

Karnataka. Markets await the final outcome of the polls after the main opposition Congress party said it will form an alliance with Janata Dal (Secular) party.

The nation's biggest consumer goods maker Hindustan Unilever added 0.7% after reporting an over 14% increase in fourth-quarter net profit on Monday, helped by improved sales at its home-care business.

Drugmaker Lupin edged 0.5% lower after reporting a loss of 7.84 billion rupees (\$115.6 million) for the March quarter, compared with a 3.80-billion-rupee profit in the year-ago period.

Nikkei Asia