Asian Shares Tumble on U.S. Recession Fears

By SHRI NAVARATNAM And GA-WOON PHILIP VATHN

SINGAPORE—Asian shares fell sharply on Monday, while the euro skidded to multi-week lows against the U.S. dollar after Friday's grim U.S. jobs report heightened concerns of a recession in the world's largest economy.

Adding to the global gloom, China's shares continued to lose ground on persistent worries about further tightening steps from Beijing.

"It is tough for risk assets to make any sort of sustained run higher whilst questions pertaining to U.S. growth seem to lie at every turn," said CMC Markets' senior foreign exchange dealer Tim Waterer.

Japan's Nikkei Stock Average was down 1.7%, Australia's S&P/ASX 200 fell 2.1%, while South Korea's Kospi Composite lost 2.9%. Hong Kong's Hang Seng Index slumped 2.2%, India's Sensex declined 1.1%, while the Shanghai Composite Index was down 1.5%.

Dow Jones Industrial Average futures were down 49 points in screen trade.

The dismal U.S. jobs report sent the euro to its lowest level against the dollar since August 12 at $1.4136, and drove investors to the safety of the Swiss franc, which built on Friday's gains against the single currency.

The single currency was also hurt after talks between Greece and a group of visiting international inspectors were suspended on Friday, while news that German Chancellor Angela Merkel's Christian Democrats has experienced a setback in local election unsettled markets.

The euro was fetching 1.1713 Swiss francs against the Swiss franc; from 1.1210 Swiss francs late on Friday in New York, and $1.4168 against the dollar, from $1.4205, while against the yen it was at ¥108.75, from ¥109.12.

The dollar was at 0.7888 Swiss francs, compared with 0.7885 Swiss francs, and at ¥76.76 against the yen, from ¥76.82.

Spot gold took a breather and was at $1,879.40, down $8.80 from Friday's New York trade, while oil prices fell, with the October Nymex crude oil futures contract down 63 cents at $84.82 per barrel.

Concerns around more tightening in China, which has been a tower of strength during the global financial crisis, added to the grim global backdrop. "In the short term, factors including concern over monetary policy will weigh on (China) shares..the mood is very pessimistic for now," said Li Lei, an analyst at Gold State Securities.

Banking stocks bore the brunt of those policy tightening concerns in Shanghai, with China Minsheng Banking 1.2% lower and Bank of China down 1.4%.

The sour mood saw exporter and cyclical stocks leading the broad-based selloff across regional markets. Honda Motor lost 2.4%, while Samsung Electronics dropped 2.3% in Seoul.

Samsung Electronics was also dealt a blow after a German court accepted Apple Inc.'s request to ban Samsung from selling and marketing its new tablet device in Germany.

September Japanese government bond futures were up 0.39 at 142.68 points on weak equities.

"There's no rush to buy (stocks) with the U.S. market closed on Monday and European markets likely to be fragile after Greek debt talks broke down on Friday," said RBS Morgans principal investment adviser Christopher Macdonald in Sydney.

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