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HD **Chinese Trade Weakens Asian Shares -- 2nd Update**

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Shanghai and Hong Kong led Asian stocks markets lower on Monday, as weak trade data from China weighed on regional sentiment, while shares in Malaysia Airlines sank after one of its planes went missing over the weekend.

Chinese exports sank 18.1% from a year earlier in February, much lower than the 5% increase that was expected by economists, and following a healthy 10.6% expansion in January. Although the sharp drop raised concerns over Asia's largest economy, distortions due to the long Lunar New Year holidays could have contributed to the surprise fall.

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"It's hard to ignore a number that looks like that," said Sean Callow, senior currency strategist at Westpac Institutional Bank in Sydney. Monday's move is "symptomatic of the mood of the market to be spooked by any poor China numbers and to only take moderate comfort from strong numbers."

There were additional signs that the Chinese economy could be running out of steam, as data showed that Chinese consumer prices rose by 2% year-over-year in February.

In China, Hong Kong's Hang Seng Index lost 1.6% while the Shanghai Composite in mainland China was 1.7% lower.

The Chinese currency and copper prices were also hit by the trade data. The yuan fell as low as 6.1594 to the dollar early in the session, compared with Friday's close of 6.1260 in New York, and was last trading at 6.1402 per dollar.

LME three-month copper prices fell to their lowest levels since June in Asia, and were last trading at $6,715.25 a metric ton, a 1% decline from Friday's closing price.

Along with weak manufacturing data so far this year, the trade figures became the latest poor economic number to come out of China. The resulting concerns over the economy have made Chinese stocks among the region's worst performers in 2014, with the Hang Seng Index down 4.3% year-to-date--second only to the Nikkei, which is 7% lower over the same period.

Elsewhere in Asia, the impact was felt most in Australia--a country with strong trade ties with China. In Sydney, the S&P/ASX 200 lost 0.8%. Mining stocks were badly hit, with Rio Tinto losing 5% and BHP Billiton 3.5% lower.

Meanwhile, South Korea's Kospi lost 0.9% and Japan's Nikkei was 0.8% lower after the country posted a fourth straight month of current-account deficit in January. The yen strengthened against the U.S. dollar and was last trading at Yen103.12 to the dollar, compared with Yen103.26 late Friday in New York.

The poor data from China overshadowed good economic news from the world's largest economy on Friday, after data showed that the U.S. created more jobs in February than expected by economists.

In corporate news, shares in Leighton Holdings jumped 11% higher in Sydney after Germany's Hochtief AG bid 1.2 billion Australian dollars to increase its controlling stake in Australia's largest construction company.

In Southeast Asia, Malaysia Airlines' share price dropped 8%, after flight MH370 went missing on early Saturday with 239 people aboard en route from Kuala Lumpur to Beijing.

Write to Daniel Inman at daniel.inman@wsj.com

10 Mar 2014 07:20 EDT Asian Shares Hit by Concerns Over China's Economy -- 3rd Update

By Daniel Inman

Chinese stocks on Monday tumbled by the most since last summer and markets across the rest of Asia slid as evidence piles up that China's economy is running out of steam.

The Shanghai Composite fell 2.9% to 1999.06, the biggest drop since June, finishing below the 2000 mark for the first time since January. The price of copper, which is closely tied to the fortunes of China's economy, hit an eight-and-a-half month low while stocks of large Australian miners also sunk.

Global investors are taking a dim view of recent data out of the world's second-biggest economy. A report over the weekend showed that exports are slowing sharply, just as other data showed the manufacturing sector is weakening and inflation is slowing dramatically. There's also been alarm in the financial sector, after a Chinese company on Friday recorded the country's first-ever domestic corporate default.

"China has just been kicked and kicked," said Andrew Maynard, global head of trading and execution at brokerage CLSA in Hong Kong. "There is no reason to put your toe in the water at the moment."

The Shanghai benchmark is now down 5.5% this year, making it the worst-performing market in Asia after Japan's Nikkei, which is 7.2% lower.

The sharp decline in February's exports has ignited a debate over how much of the drop was due to seasonal distortions because of the unusual timing of the week-long Lunar New Year holiday.

In addition, the data could seen in relation to an artificially high base--those from a year ago are thought to have been artificially boosted by fake invoicing on the part of exporters looking to avoid foreign-exchange controls. But markets are ignoring any positive interpretation and focusing on the gloom.

"It's hard to ignore a number that looks like that," said Sean Callow, senior currency strategist at Westpac Institutional Bank in Sydney. Monday's move is "symptomatic of the mood of the market to be spooked by any poor China numbers and to only take moderate comfort from strong numbers."

In Australia, the benchmark S&P ASX 200 lost 0.9% to 5411.50 as the country's large miners, which are sensitive to prices of metals, fell sharply. Fortescue Metals Group plunged 9.4% in Sydney, while Rio Tinto lost 5.8%.

"Today I think that it is an overreaction," said Chi Lo, senior economist for Greater China at BNP Paribas Investment Partners in Hong Kong. "We need good news to be announced from the government, on the reform side, or the policy side, or the economic side."

The poor sentiment resulted in two planned share sales in Hong Kong being put on hold on Friday. China's largest credit guarantor, Hanhua Financial Holding Co., postponed an IPO that could have raised as much as $367 million, while Shaanxi-based auto dealer Sunfonda Group Holdings Ltd. delayed an offering that could have raised up to $88 million.

Currencies were also caught up in the moves Monday. China's yuan fell to 6.1410, compared to 6.1260 late Friday in New York. A higher number means a weaker yuan. China's central bank weakened the daily reference rate by the largest percentage in more than a year and half, as it continues to fight capital inflows and as the sluggish economic data sends jitters through the market.

The Australian dollar was trading at US$0.9034 late in Asia, compared to US$0.9070 at the end of last week.

More broadly, it was a negative session in Asia. Japan's Nikkei fell 1% to 15120.14, Hong Kong's Hang Seng Index shed 1.8% to 22264.93 and South Korea's Kospi ended 1% lower at 1954.42.

Mia Lamar contributed to this article.

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