

**HD Asian Shares Slump After Fed Action****WC** 594 words**PD** 30 January 2014**ET** 13:45**SN** Dow Jones Institutional News**SC** DJDN**LA** English**CY** Copyright © 2014, Dow Jones & Company, Inc.**LP**

Market turmoil returned to Asia on Thursday, led by a more than 3% slump in Japanese stocks after the U.S. Federal Reserve said it would scale back further on its stimulus measures.

Although the move to scale back on its monthly buying program was widely expected, it is the latest blow for investors already dealing with a global selloff. Recent attempts by central banks in Turkey and South Africa to stop the slides in their currencies have failed to have a significant impact, heightening jitters for money managers.

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The Nikkei dived 3.3%, spurred by a stronger yen as investors flocked to the safe-haven currency. In other markets, Singapore's Straits Times Index lost 1.1%, Australia's S&P ASX 200 fell 1% and Indonesia's JSX was 1.3% lower.

A further knock to global confidence came too with more evidence that manufacturing in **China** is slowing, pushing **Hong Kong's** Hang Seng Index down 1.5% and the Shanghai Composite down 0.7%.

HSBC's final **China** purchasing managers index for January came out at 49.5, compared with 50.5 in December, and a touch lower than a preliminary reading of 49.6 from earlier in the month. A score above the 50 mark indicates an expansion in manufacturing activity, while a reading lower than 50 points toward a contraction. The preliminary reading last week showed a move from expansionary territory to contraction and was the spark that set off the emerging-market rout, which started in developing economies and soon spread to their developed peers.

Emerging market "concerns have not left us," said Sean Callow, senior currency strategist at Westpac Institutional Bank in Sydney, adding that sharp moves in emerging economies can **lead** to "unexpected collateral damage in the rest of the world."

The declines on Thursday mark a sharp turnaround from the gains that Asia saw in the previous session--the Nikkei jumped 2.7%, its biggest daily move since early September. On Wednesday, the region moved higher because of initial optimism after a move by the Turkish central bank to restore confidence in the local currency by yanking interest rates much higher.

"The Wednesday market rise was overdone given prevailing global market conditions," said Yoshihiro Okumura, general manager at Chibagin Asset Management. "The turmoil in emerging markets does not look like it is close to dying down."

The positive impact of the central bank's action was short-lived however, with the effects diminishing as the global day progressed. By the time the U.S. market had closed on Wednesday, sentiment had soured again and the Dow Jones Industrial Average ended the day 1.2% lower.

The market turmoil resulted in a stronger yen overnight. The dollar lost 0.7% against the Japanese currency on Wednesday and weakened on Thursday. It was last at Yen102.14, compared with Yen102.26 late Wednesday in New York.

In corporate news, shares in Lenovo Group sank 6.9% after the **Chinese** electronics **firm** said on Thursday that it agreed to buy Motorola's handset business from Google for \$2.9 **billion**. The **acquisition** came just one week after Lenovo bought International Business Machine Corp.'s low-end

server business for \$2.3 billion. While the first deal gave Lenovo's stock a boost, the latest acquisition weighed on the company as analysts questioned the profitability of the target.

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