

## Asian Stocks Lower; Central Bank Worries

By DANIEL INMAN

Asian markets fell on Wednesday as stocks in Japan and Hong Kong dropped with the continuing territorial dispute with China continuing to weigh on sentiment, while official comments Tuesday overnight cast doubt on the power of central banks to stimulate global growth.

"In the foreground there seems to be geopolitical risk between Tokyo and Beijing," said Matthew Sherwood, head of investment market research at Perpetual Investments in Sydney, which has around \$25 billion worth of assets under management, adding that "people are still quite worried about Japan's export-based economy.

Japan's Nikkei Stock Average fell 1.7% as tensions between China and Japan continued to weigh on sentiment. Persistent strength in the yen, at &yen;77.77 to the dollar, was another negative, as was selling pressure due to many local companies going ex-dividend.

Hong Kong's Hang Seng Index was off 1%, while the Shanghai Composite was down 0.4%.

The continuing island dispute was most apparent in the automobile sector, as large Japanese car companies decided to reduce their production in China as anti-Japan sentiment affects local sales of their products.

Toyota Motor 7203.TO -1.73%fell 2% after it decided to close its main plant in Guangdong province, southern China, for an extra four days, ahead of a scheduled eight day closure for national holidays next week. Nissan 7201.TO -2.05%lost 1.8% after it said it would extend its holiday closure by three days.

The effect was felt in Hong Kong as well, as Dongfeng Motor Group, 0489.HK -2.03%which has joint ventures with Nissan and Honda, fell 2.2%. China ZhengTong Auto Services Holdings, 1728.HK -4.06%a Chinese car dealership with a high exposure of Japanese cars, dropped 2.8%.

In South Korea, where the Kospi was down 0.6%, Hyundai Motors 005380.SE -0.20% added 1.6%.

Australia's S&P/ASX 200 fell 0.4%, as mining stocks remained weak: BHP Billiton BLT.LN +0.28% dropped 1.6% and Rio Tinto RIO.LN -1.34% was 2.5% lower.

Regional markets followed Wall Street lower after Federal Reserve Bank of Philadelphia President Charles Plosser said that the Fed's recently unveiled bond buying program will probably fail to help economic growth, which in turn might damage the central bank's reputation.

Concerns over Europe's debt crisis were stoked when a European Central Bank member told German newspaper Die Welt that the central bank won't take part in a potential restructuring of Greek debt, leaving the task to euro-zone members.

The euro stabilized at \$1.2903 after slipping 0.2% overnight.

In deal news, Singapore Telecommunications Z74.SG -3.90% dropped 3.9% after sovereign-wealth fund Temasek Holding sold 400 million shares, representing 2.5% of the company.