South Korea stocks drop, won stable as Asian markets fluctuate

AFP- Equities extended losses in Seoul on Thursday, while the won stabilised as South Korea entered a period of uncertainty with President Yoon Suk Yeol clinging to power after his brief imposition of martial law this week.
And Bitcoin broke past the $100,000 mark for the first time Thursday on hopes US President-elect Donald Trump will push through measures to deregulate cryptocurrencies when he takes office next month.

The digital unit hit $100,010 in early Asian trade, having enjoyed a blistering rally since the November 5 election of Trump, who pledged on the campaign trail to make the United States the “bitcoin and cryptocurrency capital of the world”.

On Wednesday, the crisis in East Asia kicked off a day of high drama, as hours later the three-month-old government of French Prime Minister Michel Barnier was brought down in a no-confidence vote linked to a controversial budget proposal.

The news out of the eurozone’s number-two economy had been expected and the euro saw no major impact, but the move injected fresh uncertainty into an already fraught political situation in France after divisive elections earlier this year.

All eyes in Asia are on Seoul, where the opposition has pushed for Yoon’s impeachment, accusing him of declaring martial law to stop criminal investigations into himself and his family.

But while the leader of Yoon’s People Power Party (PPP) called for the president to resign from the party and stressed he was “not trying to defend the president’s unconstitutional martial

law", a key PPP member vowed all its lawmakers would "stay united" to reject the impeachment motion.

Also Thursday, it emerged that Defence Minister Kim Yong-hyun had resigned over the issue.

The upheaval comes as Asia's number-three economy struggles to gain traction and worries build on the possible impact of Donald Trump's presidency as he prepares to reignite his hardball trade policy when he takes power next month.

But analysts saw some optimism.

"The silver lining we think is that the swift reversal of the martial law underscores the resilience of South Korea's institutions," said analysts at BMI, a unit of Fitch Solutions.

"For now, we expect limited implications for the economy and financial markets as the Bank of Korea and the ministry of finance have responded swiftly by reassuring investors.

"Notably, the central bank committed to boosting short-term liquidity and enacting measures to stabilise the forex markets, which aligns with our view that risks around the South Korean won should remain contained for now."

And Trinh Nguyen, senior economist for emerging Asia at Natixis CIB, said: "We believe this is a growth shock rather than a sovereign risk given the political reverberation of the martial law, which was short-lived.

"The incident shows the strength of Korean institutions that prevented it and will indeed raise the questions of how Yoon will govern (already a lame duck) and whether he can continue to govern (impeachment or resignation very likely)."

In early trade, Seoul's Kospi was down 0.3 percent, having finished more than one percent down Wednesday – itself an improvement on the initial drop.

And the won remained at around 1,415 to the dollar, slightly up from its levels before the crisis erupted when it sank about three percent.

Elsewhere in Asia was mixed as investors struggled to track a record for all three main indexes on Wall Street, where tech firms led the charge.

Tokyo, Sydney, Singapore and Taipei rose but Hong Kong, Shanghai, Wellington and Manila slipped.

Oil prices edged up after their gains of around two percent Wednesday that came after Washington sanctioned 35 companies and ships it accused of involvement with Iran's "shadow fleet" illicitly selling Iranian oil to foreign markets.

Major producers at the OPEC+ grouping led by Saudi Arabia and Russia were set to meet Thursday to discuss extending output limits.

– Key figures around 0230 GMT –

Tokyo – Nikkei 225: UP 0.5 percent at 39,488.51 (close)

Hong Kong – Hang Seng Index: DOWN 1.1 percent at 19,521.29

Shanghai – Composite: DOWN 0.1 percent at 3,362.65

Seoul – Kospi Index: DOWN 0.3 percent at 2,457.60

Euro/dollar: UP at $1.0513 from $1.0510 on Wednesday

Pound/dollar: DOWN at $1.2698 from $1.2702

Dollar/yen: DOWN at 150.26 yen from 150.56 yen

Euro/pound: UP at 82.79 from 82.71 pence

West Texas Intermediate: UP 0.2 percent at $68.70 per barrel

Brent North Sea Crude: UP 0.2 percent at $72.42 per barrel

New York – Dow: UP 0.7 percent at 45,014.04 (close)

London – FTSE 100: DOWN 0.3 percent at 8,335.81 (close)

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