

Markets

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Taiwan Shares Drop Amid Uncertainty

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TAIPEI, Taiwan — Taiwanese shares fell on Monday amid concerns that political feuding could intensify after President Chen Shui-bian refused to resign over a corruption scandal.

The Weighted Price Index of the Taiwan Stock Exchange fell 41.17 points, or 0.6 percent, to close at 7,120.44.

The market plunged 1.7 percent soon after opening but recovered much of the loss later after investors appeared relieved that leadership change did not appear imminent, traders said.

"The impact of domestic politics on stocks is limited, and the more important issue is Taiwan-China relations," said Li Fang-kuo, a researcher at SinoPac Holdings. With little bargaining power left, he said the embattled Taiwan president appeared unlikely to take any drastic moves to strain relations with China.

In a televised speech Sunday, Chen refused to bow to opposition pressure to resign over the corruption charges filed against his wife. Chen himself was also implicated in the mishandling of a secret diplomatic fund but as a president, he is immune from formal indictment.

Market sentiment likely will remain cautious as investors watch for reaction from rating firms. Standard & Poor told Dow Jones Friday that the first lady's indictment will be a negative development, but declined to comment on a possible downgrade.

"Many of my foreign clients said they will wait for the S&P decision to decide whether to move their funds out of Taiwan," said Mega International Investment's Stanley Chou.

Taiwan Semiconductor Manufacturing, the world's largest contract chipmaker, fell 1 percent to close at NT\$60.5.



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