Asian markets mainly higher after Trump pulls U.S. out of TPP

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 2***Stocks broadly gain despite fears of ‘very major’ border tax***

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Asian shares were broadly higher Tuesday, as the decision by the U.S. to pull out of a regional trade pact, as well as the increased protectionist rhetoric, were largely priced in by the market.

Australia’s S&P/ASX 200 [**XJO, +0.38%**](http://www.marketwatch.com/investing/index/xjo?countrycode=au&mod=MW_story_quote)   ended up 0.7%, while Hong Kong’s Hang Seng Index [**HSI, +0.43%**](http://www.marketwatch.com/investing/index/hsi?countrycode=hk&mod=MW_story_quote)  added 0.2%. Markets in Shanghai, Singapore, Taiwan and Malaysia were in higher as well. The Nikkei Stock Average [**NIK, +1.43%**](http://www.marketwatch.com/investing/index/nik?countrycode=jp&mod=MW_story_quote)   seesawed but closed down 0.6%, and Korea’s Kospi [**SEU, +0.06%**](http://www.marketwatch.com/investing/index/seu?countrycode=kr&mod=MW_story_quote)  fell 0.1%.

On Monday, President Donald Trump officially withdrew his country from the Trans-Pacific Partnership, a 12-nation trade deal that he claimed would have cost the country its jobs.

But Asia’s domestic consumption could help offset the fallout of the U.S. withdrawing from the TPP. The partnership was expected to provide a fillip to trade within the group and better negotiation power with countries on the outside.

Trump’s move fulfills a key campaign pledge, and his “repudiation” of the effort “is perhaps the first sign that there might be some substance behind [his] protectionist election rhetoric,” said Tim Orchard, Fidelity’s Chief Investment Officer for Asia excluding Japan.

Also of concern was Trump’s promise to impose a “very major” border tax on companies that move some operations overseas, a move that could also impact imports.

Trump has previously described his “border tax” as a selective 35% tax on companies that outsource production to other countries.

**Read:** [Japan says TPP ‘meaningless’ without U.S., but still hopes to save pact](http://www.marketwatch.com/story/japan-says-tpp-meaningless-without-us-but-still-hopes-to-save-pact-2017-01-23)

Trump’s comments sent shares of key Asian exporters lower on Tuesday. In Japan, Mitsubishi Motors [**7211, -0.32%**](http://www.marketwatch.com/investing/stock/7211?countrycode=jp&mod=MW_story_quote)   closed down 3.1%, while Mazda Motor[**7261, -0.03%**](http://www.marketwatch.com/investing/stock/7261?countrycode=jp&mod=MW_story_quote)   lost 2.3% and Nissan Motor [**7201, +1.07%**](http://www.marketwatch.com/investing/stock/7201?countrycode=jp&mod=MW_story_quote)   was off 1.2%. In South Korea, Hyundai Motor [**005380, -3.07%**](http://www.marketwatch.com/investing/stock/005380?countrycode=kr&mod=MW_story_quote)   was down 1.7%.

Financial stocks in Japan also fell as investors flocked to buy sovereign bonds to counter volatility, sending prices of such instruments higher with yields trending lower. Yields are inversely related to prices.

Among financial firms, Mitsubishi UFJ [**8306, +0.67%**](http://www.marketwatch.com/investing/stock/8306?countrycode=jp&mod=MW_story_quote)   closed down 2.7%, while Dai-ichi Life [**8750, +1.37%**](http://www.marketwatch.com/investing/stock/8750?countrycode=jp&mod=MW_story_quote)   lost 3.2%. The Topix sub index for banks dropped 2.3%.

“We believe the president wants a U.S. manufacturing renaissance and views a strong dollar as incompatible with this,” said Tim Condon, head of research for Asia at ING.

The U.S. dollar [**DXY, -0.33%**](http://www.marketwatch.com/investing/index/dxy?mod=MW_story_quote)   recovered Tuesday, after declining Monday following the populist tone set by Trump. The greenback’s gains have lost steam as few details of Trump’s fiscal stimulus plans have been announced, while the president said he would prefer a weaker dollar.

Meanwhile, the Shanghai Composite Index [**SHCOMP, +0.22%**](http://www.marketwatch.com/investing/index/shcomp?countrycode=cn&mod=MW_story_quote)   ended up 0.2% as trading was muted ahead of the week-long Chinese New Year holidays, set to begin on Saturday.

For China, a failure of the TPP “will mean that those countries will come closer to China,” said Maybank Kim Eng’s Chan.

To be sure, China is seeking to fill in the potential gap left by the U.S. “If it’s necessary for China to play the role of leader, then China must take on this responsibility,” said Zhang Jun, head of the Chinese foreign ministry’s office of international economic affairs, on Monday.

In stock-specific action, Samsung Electronics [**005930, +3.25%**](http://www.marketwatch.com/investing/stock/005930?countrycode=kr&mod=MW_story_quote)  recorded its highest quarterly operating profit in more than three years, as sales of components helped it tide over the fallout from last year’s recall of nearly 3 million Galaxy Note 7 smartphones. The stock closed up 0.3%.

Meanwhile, embattled Japanese air-bag maker Takata [**7312, +18.22%**](http://www.marketwatch.com/investing/stock/7312?countrycode=jp&mod=MW_story_quote)  ended down 6% on concerns over a possible liquidation of the firm. Bankruptcy is among several possibilities being presented by companies bidding to take over Takata, including air-bag giant Autoliv and Key Safety Systems.

Takata faces lawsuits over allegedly faulty airbags and may have to bear at least some of the costs for recalls by auto makers. In its current seven-session losing streak, shares have plunged 58%.