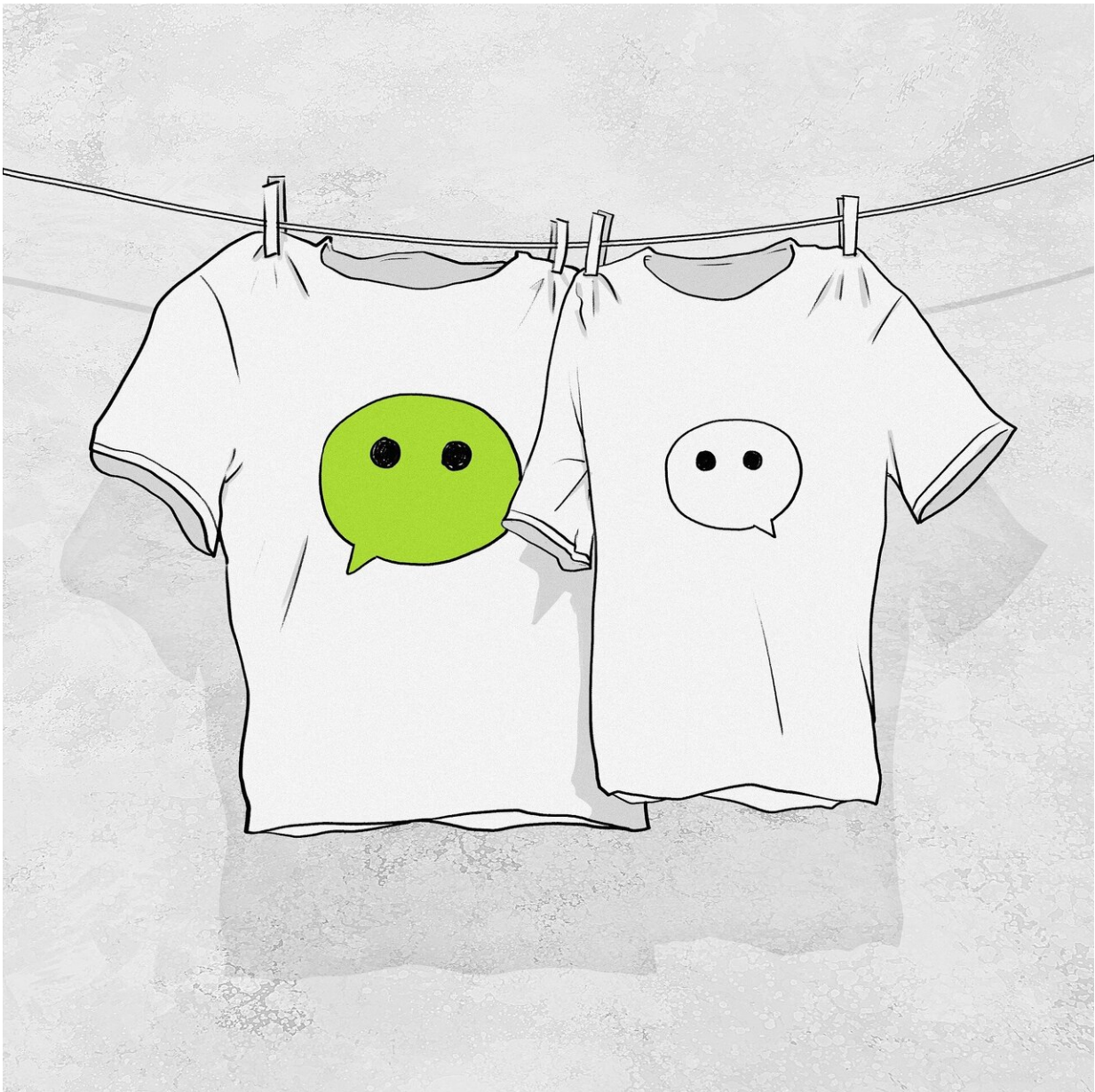


Shares in WeChat parent plunge 10% after Trump issues ban order

August 7 2020



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Shares in the parent of Chinese social media giant WeChat tanked in Hong Kong on Friday after Donald Trump signed an executive order banning Americans from doing business with the platform, citing national security concerns.

Tencent plunged as much as 10 percent in morning trade before paring losses and ending the session down 6.75 percent at HK\$518.00, dragging the broader Hang Seng Index down more than two percent.

The sweeping restrictions on the firm, which come into effect in 45 days, also cover ByteDance, the owner of popular app TikTok.

The move wiped almost \$50 billion off Tencent's market capitalisation, with the firm having surged about 70 percent since March as global tech titans benefited from stay-at-home orders aimed at containing the coronavirus.

It also adds to a laundry list of issues that have ratcheted up tensions between the superpowers, including Hong Kong, Huawei and the spread of the virus.

"The US government is expected to follow up with more measures targeting Tencent," Steven Leung, at UOB Kay Hian (Hong Kong), said.

"Tencent's overseas expansion map now looks a bit uncertain, since some M&A deals, especially if its targets are based in the US, will face challenges."

The move rippled around Asian markets, with investors concerned about

increasingly bitter relations between the economic titans that some fear could lead to a renewal of their painful trade war.

Officials from both sides are due to meet next Saturday to review a trade deal signed earlier this year.

"Apart from the obvious fallout to Tencent and ByteDance, Washington DC's moves are sure to ratchet up geopolitical tensions with Beijing once again," said OANDA's Jeffrey Halley.

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Citation: Shares in WeChat parent plunge 10% after Trump issues ban order (2020, August 7)
retrieved 9 April 2024 from

<https://techxplore.com/news/2020-08-wechat-parent-plunge-trump-issues.html>

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