

HSBC to end equity research, trading in Japan

Group is migrating operations to Hong Kong as it refocuses on emerging markets

HSBC Holdings Plc, Europe's biggest bank, will shut its stock research and trading businesses in Japan, joining UBS AG, Goldman Sachs Group Inc and Citigroup Inc in a retreat from the world's second-largest economy.

About 40 people from the equity business will lose their jobs, say two people familiar with the dismissals.

The firings will amount to less than 5% of the 1,100 employees the bank has in Japan, Hong Kong-based spokeswoman Vinh Tran says in an interview.

Foreign financial companies fired about 4,300 people in Japan in the 15 months through March, according to Executive Search Partners Co, as the economy heads towards its worst recession in 60 years.

The nation's benchmark Topix index slumped to the lowest since December 1983 last month, and trading by overseas investors has dwindled.



A man cycles past HSBC Holdings Plc's office in Tokyo — Bloomberg

"The group is re-focusing on emerging markets," says Lee Yuk-kei, a Hong Kong-based analyst at Core-Pacific Yamaichi International.

"Growth potential in developed markets like Japan is almost non-existent. It doesn't fit into their strategy."

Foreign investors in Japan have divested 95% of the shares they bought since 2005, with net selling totaling 10.7 billion shares since July 2007, according to Bloomberg data.

London-based HSBC listed 10 equities analysts in Japan covering industries including motor vehicles, banking, insurance, technology and telecommunications in a March 31 research note. It had five in sales, four in sales trading and two in international sales, according to the note.

"We're migrating Japanese equity operations to Hong Kong," says Tokyo-based spokesman Paul Allen. "We will continue to cover some Japanese companies using the HSBC global network, but we will not be doing research out of Tokyo."

HSBC said on April 21 it eliminated 100 positions at its Hong Kong private banking unit, which employed 1,200 people. It is also cutting 1,200 jobs in Britain, it said last month. — Bloomberg