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Hong Kong Stock Market Plunges 589 Points, or 22%

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Hong Kong's volatile stock market plunged nearly 600 points in early trading today as investors reacted to the weekend violence in China.

In the first 11 minutes of trading, the Hang Seng index plunged 410 points, to 2,265, losing 15.3 percent of its value. The selloff then accelerated, and by the end of the morning session the index was down 589 points, or 22 percent, at 2086.

Brokers were unwilling to predict how far the index would fall. 'There Is No Bottom'

"There is no bottom," one broker said.

An exchange spokeswoman said, describing the atmosphere on the trading floor: "There's no shouting or screaming. Traders are just looking anxiously at the screen and anxiously picking up their phones to take sell orders."

Blue-chip stocks bore the brunt of the early-morning selloff, prompting some brokers to predict that the Hang Seng index could test the 2,000-point level.

Hong Kong's Secretary of Monetary Affairs, David Nendick, went on radio this morning to advise local investors to sit tight. "If you are in stocks and shares, stay there," he said. "You are certainly not going to get a reasonable value for your shares right now." Two Weeks of Wild Swings

This morning's drop adds to the Hang Seng index's decline of 602.28 points, or

18.4 percent, since May 18, the last trading day before martial law was declared in parts of Beijing on May 20. In the last two weeks, the market has experienced wild daily swings of more than 300 points, reflecting the sensitivity to political events in China.

The recent sharp drops represent the Hong Kong market's heaviest losses since the global market turmoil of October 1987. On the day of the crash, Oct. 19, the Hang Seng index lost about 11 percent of its value, dropping 420.81 points, to 3,362.39.

The market then closed until Oct. 26, when it reopened only to plunge an additional 1,120.70 points, or 33 percent, for its worst day of trading ever.

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