

Sweet and Sour

Asian Currency Chaos Roils U.S. Tech Firms, But It Isn't All Bad

Production in the Region
Will Become Cheaper;
Sales Will Take a Hit

WSJ

Here Come Lower-Priced PCs

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A1

For giant disk-drive maker Seagate Technology Inc., there has been no shortage of ripple effects from the economic crises coursing through Asia. The hard part has been figuring out whether the news is bad or good.

Consider: In October, the world's biggest drive maker took a \$63 million charge

Widening Fallout

As South Korea's currency continues its free fall, bankers and economists say the country must renegotiate a \$57 billion bailout or risk large-scale loan defaults. Page A12. In other developments:

- Stocks around the world tumbled on increasing concern about Asia's snowballing financial crisis. Page C14.
- U.S. shares fell on worry about Asia's toll on U.S. earnings. Page C1.
- Steel firms could be hurt by lower prices due to Asian imports. Page B4.
- Companies blame Asia for all their problems. Heard on the Street, Page C1.

because of a badly timed hedging bet on the plunging currencies of Thailand and Malaysia, where Seagate has many of its plants. While the charge was a shock for shareholders, there was also an upside: The currency declines that triggered it also meant lower manufacturing costs for Seagate, the biggest private employer in those two countries.

That bit of good news, though, was quickly offset by bad news in South Korea, where a weakening won gave Seagate's competitors like Samsung Group the chance to cut their prices. Panic time? Not so fast. Because of the same South Korean crisis, the likes of Samsung are facing a credit crunch that appears likely to curb their ability to expand operations. That's potentially a big plus for Seagate, because the company is struggling with an industrywide glut of disk drives. But a scarcity of credit is also bad news, of course, since consumers and corporations in South Korea and the rest of Asia will be buying fewer personal computers, in which most of Seagate's drives are used.

Confused? Join the crowd.