Four reasons for Friday's global stocks rout

1. CHINA SYNDROME

Fears over the real extent of a slowdown in the world's second largest economy, its weakening currency and turmoil in the stock market are driving investors away from risk assets. China is set to report its worst growth in 25 years on Tuesday.

Possible trigger: State-run media reported that some Chinese banks were no longer accepting stocks as collateral for loans. Official data also showed weak demand for bank loans.

2. OIL SHOCK

US crude prices sank 5.7 per cent to US$29.42 a barrel on Friday.
It was the first time in 12 years that oil had finished trading under US$30.

Possible trigger: A report paving the way for lifting of Iran sanctions led to a further slide as investors anticipate the resumption of Iranian exports to add to the supply glut.

3. US RECOVERY

Recent indicators have suggested that the US economy lost momentum in the final months of last year even as Federal Reserve officials voiced concerns over the risk of inflation heading lower and a strong US dollar hurting companies.

Possible trigger: Reports that US retail sales fell last month, showing consumers are dialing back spending.

4. CORPORATE PAIN

Signs are piling up of more stress on corporate earnings and spending plans as global growth continues to slow. Analysts' profit downgrades for companies outnumbered their upgrades by the most since 2009 last week, according to a Citigroup index.

Possible trigger: BHP Billiton, the world's largest mining company, said it expects to book a US$7.2 billion pre-tax writedown on its US shale assets due to plunging oil prices.

SOURCES: FINANCIAL TIMES, WIRES PHOTOS: ISTOCKPHOTO ST GRAPHICS