

China, Hong Kong stocks tumble, joining global selloff on slowdown fears

* CSI300 -1.9 pct; SSEC -1.8 pct; HSI -3.6 pct

* Hang Seng falls to a two-year low

* [China](#) slowdown, U.S. rate policy impact HK stocks - HKMA

SHANGHAI, Sept 29 (Reuters) - China and Hong Kong stocks tumbled on Tuesday, joining a global equity selloff triggered by fears of a sharp slowdown in the world economy.

Commodity-related companies were under particularly fierce pressure as worries over sagging demand sent prices of metal and crude oil skidding overnight.

China's blue-chip CSI300 index and the flagship Shanghai Composite Index both lost nearly 2 percent by midday, ending the morning session at 3,181.50 points and 3,043.85, respectively

In Hong Kong, the benchmark Hang Seng index slumped 3.6 percent to 20,426.7, its lowest level in two years, while the China Enterprises Index skidded more than 4 percent to 9,120.6. Hong Kong markets were closed on Monday, and were partly catching up to regional losses that day.

Market sentiment in the region was soured by heavy overnight losses in European equities and on Wall Street, with Japan's benchmark Nikkei index shedding over 3 percent to an 8-month low.

"Investors are worried about a sharp slowdown in China ... but the biggest risk is a global recession, not just a China issue," said Steven Leung, a director at UOB Kay Hian in Hong Kong.

"If you look at [Japan](#) ... its economy is in bad shape. And economic situation is not good in Europe, either."

Sam Chi Yung, a strategist at Delta Asia Securities Ltd, said that with the Hang Seng now falling below the Sept. 8 low, which was seen by many as a key support level, the index could decline to as low as 19,500 points by the end of this year.

The bearish view was echoed by the Hong Kong Monetary Authority, which warned in its latest monetary & financial stability report that "concerns of a slowdown in the Mainland economy and uncertainties over US monetary normalisation will continue to cast a shadow over" Hong Kong stocks for the rest of the year.

All major sectors in Hong Kong fell, with the biggest decline seen in energy shares.

Hong Kong-listed Chinese oil giants, including Sinopec , PetroChina and CNOOC all tumbled over 7 percent.

Trading remained thin in mainland markets, however, with many investors staying on the sidelines ahead of the seven-day National Holiday that starts on Thursday.

Official factory and service sector activity surveys will also be published on Thursday.

China-focused investment bank NSBO said in a report that Beijing is expected to release a series of economic stabilisation measures in the fourth quarter.

Stocks fell across the board on the mainland. There were 2,251 losers, but only 165 gainers.

(Samuel Shen and Kazunori Takada; Editing by Kim Coghill)