



Australia's Trade Surge to Add to GDP -- Market Talk

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0221 GMT - Australia's international trade data for March suggests that it will probably be one of the few major economies where GDP growth strengthened in 1Q, says Capital Economics. The rise in the trade surplus from A\$1.4 billion to A\$1.5 billion left it at the highest level in a year and the surpluses in the first two months of the year were revised up by a cumulative A\$0.7 billion. CE says net exports may have added about 0.5 percentage points to GDP growth in 1Q. And the recent fall in the dollar to US\$0.75 will provide a nice kick further ahead too, it adds. (james.glynn@wsj.com ; @JamesGlynnWSJ)

0218 GMT - Next week's monetary-policy statement from New Zealand's central bank will reveal a great deal about new Gov. Adrian Orr's style and how things will be affected by the new agreement with the government on the RBNZ's mandate, says Westpac. It's not expected a rate-outlook change, but if one occurs it's liable to be in the direction of slightly earlier hikes than previously signaled. (james.glynn@wsj.com; @JamesGlynnWSJ)

0159 GMT - Housing affordability in Australia for new mortgage borrowers, measured as the proportion of household income needed to meet payments, has improved marginally the past year because lower interest rates and moderate income growth outpace higher home prices, says Moody's. It expects housing affordability to continue improving moderately because of recent softening of housing-market conditions, particularly in Sydney and to a lesser extent Melbourne. (james.glynn@wsj.com; @JamesGlynnWSJ)

0124 GMT - China guided the yuan to its weakest level against the dollar since Jan. 24 amid continued broad gains for the greenback. The PBoC fixed the dollar's midpoint for daily trading at CNY6.3732, versus CNY6.3670 on Wednesday. Analysts at Commerzbank hadn't expected the yuan to weaken so much, according to their estimate of the daily fix. One dollar bought CNY6.3602 at the close of Wednesday's trading session in China. (saumya.vaishampayan@wsj.com; @saumvaish)

0058 GMT - Kenanga Research sees a dreary outlook for Malaysia's manufacturing sector in the wake of yesterday's PMI report while muted April trade numbers from high-tech powerhouses South Korea and Taiwan are an indication that the global tech upcycle has peaked. The firm says as heightened China-US trade tension persist, Asian manufacturers could scale back production as a precaution. For now, Kenanga still sees Malaysia GDP rising 5.5% this year, but that is now pending the outcome of the US-China trade talks and rising uncertainties on the back of next week's election. (yantoultra.ngui@wsj.com; @yantoultra)

0011 GMT - Recent data has show a renewed decline in Australian house prices and an easing in sales at auction. ANZ says renewed weakness in house prices is not something it has factored into its forecasts, which matters because of the impact that house prices have on household wealth and thus the household saving rate. ANZ says it is mindful that the housing market and consumer spending are the key downside domestic risks. A further easing of auction clearances would be a concerning development, it adds. (james.glynn@wsj.com; Twitter @JamesGlynnWSJ)

0002 GMT - There was a bit of a risk-off move after the Fed statement, with gold and Treasury prices initially rallying and the dollar pulling back. But those moves didn't last, leaving gold and bonds essentially where they were pre-statement and the dollar pushing on to session highs. Stocks, though, didn't recover. They peaked for the day soon after the statement after moving little Wednesday ahead of the release. Equities steadily declined into the close, showing no reversal like other asset classes. But there's always tomorrow. S&P 500 futures are up a point. (kevin.kingsbury@wsj.com; @kevinkingsbury)

2318 GMT -- A strong expansion in Australian service sector activity was recorded at the start of 2Q, says CBA. Employment growth edged up to a seven-month high amid another month of marked new business

growth. Greater staffing levels helped ease capacity pressures but also contributed to a rise in operating costs, encouraging firms to increase selling charges. Over all, business confidence remained firmly positive, it adds. (james.glynn@wsj.com; Twitter @JamesGlynnWSJ)

2307 GMT -- Australia's economic backdrop and Reserve Bank of Australia commentary indicate that the next move in interest rates is up. But new uncertainties from falling dwelling prices, funding cost pressures and tightening lending standards are set to lengthen the RBA's patience, says CBA's chief economist Michael Blythe. The bank has delayed the timing of the first RBA rate rise from November 2018 to February 2019 as a result. CBA still puts the cash rate peak at 2.5% and still doesn't expect to get there until 2020. (james.glynn@wsj.com; Twitter @JamesGlynnWSJ)

2257 GMT -- NZD/USD has been an underperformer and dipped back below 0.7000. Wednesday's weak New Zealand 1Q wage report has killed any expectation of the RBNZ starting a monetary policy tightening cycle this year, says CBA. The bank expects the RBNZ to start tightening monetary conditions in August 2019, though the risks are for further delay because of the weak wage and price pressures, it adds. (james.glynn@wsj.com; Twitter @JamesGlynnWSJ)

2230 GMT - The Australian Industry Group Australian Performance of Services Index fell 1.7 points to 55.2 in April, a 14th consecutive month of positive results despite a slight deceleration of growth compared with March. The employment sub-index of the Australian PSI has pointed to rising services sector employment for 11 consecutive months built on a run of activity growth now extending into its 14th month. Wage growth lifted again in April with greatest wages pressure in higher-skill occupations. james.glynn@wsj.com ; @JamesGlynnWSJ

1929 GMT - Canadian government bond prices fell Wednesday as oil prices rallied, with the yield on the benchmark 10-year note recently trading at 2.360%, compared with 2.342% Tuesday. Bond prices slipped at the open and largely extended declines throughout the day, as a jump in the price of crude oil--a key export for Canada--put pressure on prices. US crude for June delivery jumped 1% to \$67.93 a barrel, notching its 13th gain in 18 sessions. (akane.otani@wsj.com; @akaneotani)

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