



Upbeat Aussie Consumer Not Seen Lasting -- Market Talk

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2121 ET - Australian households remain fairly optimistic despite US/China trade tensions, a consumer-confidence measure showed today. While the reading is consistent with consumption growth staying close to 3%, Capital Economics doubts it will remain at strong for long. With household budgets under pressure from low wage growth and the housing market continuing to slow, the firm suspects consumption increases will slow to 2% by year's end. (james.glynn@wsj.com; @JamesGlynnWSJ)

2116 ET - Japan's overall funding demand is expected to grow "at a moderate pace," while the Bank of Japan's massive easing program helps monetize such demand, says Takuji Aida, chief Japan economist at Societe Generale. As companies' and the government's ability to spend improves, households will likely get more of a sense that the economy is expanding and deflation is ending on the back of a low unemployment rate and expected rises in wages, he adds. Still, growth in Japan's bank lending marked the slowest pace in 5 years in March due mainly to a lack of large M&A-related funding. (megumi.fujikawa@wsj.com)

2113 ET - Japan's overall bank lending, excluding credit unions, rose at the slowest pace in 5 years, loan growth by regional banks remains relatively healthy, BOJ data show. Lending by regional banks grew 3.3% on year in March, compared with a 3.4% increase the previous month, as funding demand from smaller companies continues to grow. The BOJ's recent tankan corporate survey also showed the index measuring banks' lending attitude to small firms improved by 1 percentage point in the 3 months to March. (megumi.fujikawa@wsj.com)

2107 ET - Growth in Japan's bank lending decelerates to the slowest pace since BOJ Gov. Haruhiko Kuroda launched his aggressive easing campaign in April 2013. Lending rose 1.9% on year in March, with lending by major banks rising just 0.3% on year in March--compared with a 0.6% increase in February. While the latest data again show that the central bank's easing campaign hasn't set a fire under bank lending, the subdued figures also reflect a lack of the large-scale acquisitions seen in the previous year. The yen's appreciation has also weighed on amounts of loans made in foreign currencies when converted back to yen. (megumi.fujikawa@wsj.com)

2049 ET - The Westpac-Melbourne Institute Index of Consumer Sentiment declined 0.6% to 102.4 for April but remained in slightly optimistic territory for a 5th month in staying above 100. That indicates optimists outnumber pessimists. But survey details show Australians are more uneasy about the outlook for their family finances and jobs, though they're a touch more confident about the economy in general. (james.glynn@wsj.com; @JamesGlynnWSJ)

2039 ET - An 8-year high for South Korea's jobless rate may put more pressure on lawmakers to pass a pending supplementary budget bill on creating more jobs, especially for the young. The seasonally adjusted rate jumped to 4% in March--the highest since February in 2010--from 3.6% a month ago, while the youth jobless rate reached 11.6%, compared with 9.8% a month ago. Last week, the government sent parliament the nearly \$4-billion extra spending plan for approval. But deliberations have stalled as rival parties wrangle in the runup to local elections in June. (kwanwoo.jun@wsj.com; @kwanwoo)

2016 ET - Japanese machinery orders, a leading indicator of corporate capital expenditures, showed some resilience in February, continuing a firm start to 2018. Core orders, which exclude those in shipping and energy sectors, increased 2.1% from the previous month, beating a 2.5% fall expected by economists surveyed by Quick. Increases were led by steel sector and oil and metal products industries. Today's data indicate some signs of weakness seen in the economy in 1Q, especially a 6.8% drop in industrial production in January, might be temporary and the underlying trend for production remains solid. Compared with a year earlier, core orders rose 2.4% in February. (kosaku.narioka@wsj.com)

1934 ET - The wait for some kind of inflation spark in Australia is set to drag on. JPMorgan predicts 1Q growth was around 0.4% from 4Q, with downside risks on weakness in fruit-and-vegetable prices, muted auto-fuel prices and modest currency headwinds. It also sees 0.4% for core, keeping year-over-year inflation below the RBA's 2-3% target band. The data come in 2 weeks. (james.glynn@wsj.com; @JamesGlynnWSJ)

1854 ET -- AUD has continued a recovery against the USD, and most other currencies. AUD has lifted more than 1 U.S. cent since the start of the week. The catalysts for the recovery are the heavy USD and a speech by China's President Xi Tuesday. A recovery in commodity prices and equity markets also supported AUD, says CBA. Xi said China plans to expand imports in part by lowering tariffs for vehicles "considerably" and reduce import tariffs on other products. (james.glynn@wsj.com; @JamesGlynnWSJ)

1827 ET -- The sudden return of risk-on appetite sent the AUD/USD sharply higher, and Westpac Institutional Bank thinks the bulls could remain in charge on Wednesday. "Yesterday's rally from a 0.7645 base could extend to 0.7785 today if risk sentiment remains positive or the USD slides further," Westpac says. Conciliatory remarks on trade from both Chinese President Xi Jinping and U.S. President Trump are making the AUD an attractive bet again. Meanwhile, the U.S. dollar fell after an ECB official on Tuesday warned of rate increases, further helping commodity currencies to outperform. The AUD/USD is at 0.7766 early in Asia on Wednesday. (david.winning@wsj.com; @dwinningWSJ)

1812 ET -- Hartleys says expectations of a softer June quarter for Millennium Minerals has contributed to its move to accumulate from buy. The broker expects output of 16,000-18,000 oz of gold at an all-in cost of A\$1,500-1,600/oz, due largely to the pre-stripping requirement to re-open the Golden Eagle mining hub in Western Australia. If achieved, June quarter production would be well below the 20,323 oz dug up in the prior three months. Millennium's shares have risen roughly 65% since late September and are now close to Hartleys's A\$0.26/share price target. (david.winning@wsj.com; @dwinningWSJ)

1656 ET - The benchmark IPC stock index closed up 0.6% at 48,332 points, its fifth rise in the past six sessions, with copper miner Grupo Mexico shares up 3.4% and power and gas company lenova shares gaining 1.9%. The peso strengthened against the US dollar and was in Mexico City at 18.2575 compared with 18.34 Monday, joining a broad bout of risk appetite as tensions over trade between the US and China eased. (anthony.harrup@wsj.com)

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