HD **Gold Trades Lower in Asia -- Market Talk**

WC 1,480 words

PD 1 September 2014

ET 12:22

SN Dow Jones Institutional News

SC DJDN

LA English

LP

Contact us in Singapore. 65 64154 140; MarketTalk@dowjones.com

0222 GMT [Dow Jones] Gold is trading lower in early trading hours in Asia because of a stronger U.S dollar and greater investment interest in equities. Prices are expected to remain range-bound in the near term in the absence of any drivers except continuing tensions between Ukraine and Russia and some buying in India ahead of the start of the main festive season, traders say. Spot gold was trading at $1,286 an ounce, down from the opening price of $1,287.1 an ounce.

TD

(biman.mukherji@wsj.com)

0216 GMT [Dow Jones] South Korea's consumer inflation will likely have remained subdued in August to make more room for the Bank of Korea to cut its policy rate, says ANZ economist Raymond Yeung. He expects the consumer price index to have gained between 1.5% and 1.7% in August. The data is due on Tuesday. CPI rose 1.6% in July--lower than the BOK's annual inflation target band. "If the domestic sentiment fails to improve, another 25 basis-point cut before the year end remains possible," says Yeung. He adds a "strong easing bias" exists given Finance Minister Choi Kyung-whan expressing his concern about possible deflation. The BOK cut the base rate by a quarter percentage point to 2.25% in August to support the government's stimulus. (kwanwoo.jun@wsj.com)

0211 GMT [Dow Jones] South Korea's trade balance is still feeling the impact of weaker Chinese demand, says Credit Agricole. Korea's imports rise 3.1% on year in August compared with a 5.1% rise expected, while exports decline 0.1% compared with a forecast fall of 1.1%. Korea's surplus, widening to $3.4 billion from $2.4 billion in July, is "not enough to outweigh the negative impact of soft exports and weak Chinese data," says Credit Agricole. "The KRW may well ease as well." ING disagrees: "A large trade surplus is part of the economic fundamentals for Korea and we don't expect the in-line data to move financial markets," the bank says. The KOSPI Composite is down 0.1% to 2,066.69 while the Korean won strengthens 0.4% to 1,013.80 against the dollar. Markets also respond to the release of Korea's August PMIs, which signal the first expansion since April. (gregor.hunter@wsj.com; Twitter: @gregorhunter)

0152 GMT [Dow Jones] NZD/USD is gaining some ground but remaining largely rangebound after domestic 2Q terms of trade data was better than expected and an official gauge of China's manufacturing activity was largely in line with expectations. "With no U.S. tonight, sideways was always going to be an option. The market appears happy to trade in a narrow range for now," says Stuart Ive, Wellington-based client advisor for OM Financial. The pair is at 0.8368 versus 0.8359 early in New Zealand. Ive says it has support at 0.8300 and resistance at 0.8415. (rebecca.howard@wsj.com; Twitter: @FarroHoward)

0146 GMT [Dow Jones] Billabong (BBG.AU) is showing signs of stabilization after it was rescued from the brink of collapse last year by U.S. hedge funds. A turnaround, however, is already priced into the Australian surfwear retailer's shares, says Deutsche Bank, as it upgrades its recommendation to hold from sell. "Early FY15 trading has largely been in line with FY14, with Australia and Europe trading 'satisfactorily' but Americas continuing to be plagued with difficult trading conditions," the broker says. It raises its price target to A$0.50 from A$0.45. Billabong is up 1.8% at A$0.58. (Ross.Kelly@wsj.com)

0145 GMT [Dow Jones] The lower August official Purchasing Managers Index shows that economic growth in **China** softened again mid-year, after an earlier modest pick-up, RBS economist Louis Kuijs says. "Perceiving that its 7.5% GDP growth target for 2014 is challenged, we expect the government to step up the roll-out of measures to support growth," Mr. Kuijs says in a note. If the downward pressures on growth intensify in the coming month, policymakers will likely shift to a bolder approach to boost growth, he says. The official **China** manufacturing PMI fell to 51.1 in August from 51.7 in July. (liyan.qi@wsj.com)

0131 GMT [Dow Jones] South Korea's exports in August point to a steady economic recovery, supporting the view against further policy rate cut by the Bank of Korea, says Hyundai Securities economist Na Jung-hyuk. "The BOK should stand pat on rates for the time being if it depends on data only," notes Na. He expects the BOK to keep the rate steady till the end of this year. But the BOK could deliver a rate cut if it is "politically affected" by the government in favor of lowering rates to boost the economy, he notes. Exports dropped 0.1% in August from a year earlier due to fewer working days, but the daily average volume of shipments increased over the year. Imports gained 3.1% from a year earlier in August. (kwanwoo.jun@wsj.com)

0129 GMT [Dow Jones] The Nikkei is up 0.2% at 15459.04, responding reflexively to a weekend rise in the dollar back through the Y104 mark (USD/JPY now 104.11). Plenty of evidence shows that in recent years growth stocks have outperformed value stocks in both Japan and in the US, says Daiwa Securities strategist Kazuhiro Miyake. "In terms of Japanese stock buying trends, growth stocks will likely continue outperforming value stocks. Any change in this trend will likely hinge on financial, resource/**energy**, and materials stocks," he says. The key to changing this dynamic will be monetary policy/long-term rates in major countries --particularly the US." (bradford.frischkorn@wsj.com)

0116 GMT [Dow Jones] Average home prices in **China** fall for the fourth straight month in August, according to data tracker **China** Real Estate Index System. Average home prices fell 0.6% in August from July, albeit at a slower pace compared to July's 0.8% drop. 74 cities showed a decline last month, compared with 76 cities in July. "The macro economy has stabilized following the government's targeted stimulus, though downside risks remain," said CREIS analysts in the data release. "More cities have been easing or cancelling home **purchase** restrictions and while the overall credit policy hasn't been loosened, the mortgage environment in some cities has improved." .(esther.fung@wsj.com, Twitter: @estherfung)

0058 GMT [Dow Jones] The TD Securities-Melbourne Institute Monthly Inflation gauge was flat in August, after a 0.2% rise in July, pointing to a very modest 0.2% rise in the September quarter, or 2.5% on year. "The signal from our gauge is that inflation pressures have moderated in the quarter," TD Securities Head of Asia-Pacific Research, Annette Beacher says. Inflation near the middle of the RBA's 2%-3% range gives no urgency to lift interest rates despite buoyant house prices. AUD/USD last 0.9331. (david.rogers@wsj.com; Twitter: @DavidRogersWSJ)

0054 GMT [Dow Jones] Australian banks' share of large business lending is being eroded by the continued advance Down Under of Asian-owned banks, says Credit Suisse. Peering into central bank data, the brokerage says Asian banks have in the last two to three years steadily increased their share of lending to large businesses in Australia, providing a significant share of intermediated lending to the **mining** sector and more recently to the manufacturing sector. Still, the change is in the context of relatively stable trends for Australian banks across a more than decade-long time series, Credit Suisse adds. "Whilst we are less concerned about Asian banks' participation in syndicated lending during an era of quantitative easing, we are more concerned about any longer-term market share penetration into more relationship-style business," it says. (robb.stewart@wsj.com; Twitter: @RobbMStewart)

0046 GMT [Dow Jones] Australian house prices continued to rise sharply in the three months to the end of August as record low mortgage interest rates fanned boom conditions. Capital city dwelling prices rose 4.2% over the three months to August, with Melbourne leading the surge with a gain of 6.4%, beating Sydney on 5.0%, according to property research group RPData. The data highlights the dilemma confronting the Reserve Bank of Australia as its ponders risks linked to racing house prices and a recent rise in the unemployment rate to a 12-year high. (james.glynn@wsj.com; Twitter @JamesGlynnWSJ)

(END) Dow Jones Newswires

August 31, 2014 22:22 ET (02:22 GMT)

NS e1103 : Inflation/Prices | m1421 : Gold Markets | mcat : Commodity/Financial Market News | namt : All Market Talk | ncmac : Commodities Asset Class News | ndjmt : Dow Jones Market Talk | neqac : Equities

Asset Class News | nfiac : Fixed Income Asset Class News | e11 : Economic Performance/Indicators | ecat : Economic News | m14 : Commodity Markets | m142 : Metals Markets | mpcsmt : Precious Metals Markets | ncat : Content Types | nfact : Factiva Filters | nfce : FC&E Exclusion Filter

RE skorea : South Korea | austr : Australia | china : China | india : India | apacz : Asia Pacific | asiaz : Asia | ausnz : Australia/Oceania | bric : BRIC Countries | chinaz : Greater China | devgcoz : Emerging Market Countries | dvpcoz : Developing Economies | easiaz : Eastern Asia | indsubz : Indian Subcontinent | sasiaz : Southern Asia

PUB Dow Jones & Company, Inc.

AN Document DJDN000020140901ea9100058

