

**HD** Jetstar's Jet **Sale** Highlights Challenge of Cracking HK Market -- Market Talk

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0502 GMT [Dow Jones] Jetstar **Hong Kong** says it has **sold** six of its nine passenger jets amid delays in getting approval from **Hong Kong** authorities to start flights, a move that underscores the difficulties of entering new markets with strong local airlines. Industry analysts say that Jetstar **Hong Kong** has likely been delayed due to opposition by Cathay Pacific (0293.HK), which filed a formal objection with the government in September last year. The joint venture of **China** Eastern Airlines (0670.HK), local **firm** Shun Tak (0242.HK) and Australian discount carrier Jetstar Airways, a unit of Qantas Airways (QAN.AU) says it's ready to start flights soon after it gets approval. "This has been an unfortunate but prudent **business** decision made by the Jetstar **Hong Kong board** as the regulatory approvals are taking longer than initially expected," the **company** says in emailed comments attributed to Edward Lau, chief executive.

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Jetstar **Hong Kong** also says it has seconded some pilots to other airlines while some have quit. (gaurav.raghuvanshi@wsj.com)

Editor JSM

0451 GMT [Dow Jones] Bank Indonesia isn't likely to hike interest rates in an extraordinary meeting today as the current monetary stance is sufficiently tight to handle the inflation impact from higher fuel prices, says Bank of America Merrill Lynch in a research note. "Bank Indonesia faces a tough balancing act, given weakening growth and rising inflation," it adds. The bank expects the central bank may issue a statement highlighting that it will remain vigilant on any second-round inflation pressures and any rise in inflation expectations. A Bank Indonesia official said they will issue a statement around 0800 GMT today in response to the average 34% fuel price hike starting today. (l-made.sentana@wsj.com)

Editor JSM

0446 GMT [Dow Jones] Nomura's index of leading indicators for India ticked up in September, suggesting strong growth in the economy two quarters ahead. The index, which forecasts future growth in nonagricultural gross domestic product, includes non-**oil** imports, **equity** returns, tourist arrivals, indicators of money supply and others. The Indian government is due, before the end of the month, to release data on GDP growth in the quarter that ended Sept. 30, and many forecasters expect growth to come in below the 5.7% rate achieved in the quarter ended June 30. But Nomura analysts say they are "confident" that the growth cycle will turn more strongly next year. (raymond.zhong@wsj.com; Twitter: @zhonggg)

Editor: TFD

0446 GMT [Dow Jones] Indonesia's decision to raise subsidized fuel prices by about a third will take on-year inflation to 7.3% by the end of 2014, Finance Minister Bambang Brodjonegoro says. "Clearly there will still be an inflationary effect in January and February 2015, but there won't be much of an

impact by the end of [that year]," he tells reporters. Inflation currently stands at less than 5%, within the government's targeted 3.5%-5.5% range in Southeast Asia's largest nation. He said the government is still estimating the impact of the increase effective today, but that it would free up more than 100 trillion rupiah (\$8.2 **billion**) for "productive spending such as infrastructure," and for social protection of poor families and to help develop maritime capacity. (ben.otto@wsj.com; Twitter: @benottoWSJ)

Editor JSM

0439 GMT [Dow Jones] Nomura says it is maintaining neutral on Reliance Communications Ltd.(532712.BY) with a target price of 120 rupees per piece, despite the **company's** better earnings for the quarter ended June. "An operationally in-line quarter" for Reliance Communications, notes the brokerage and adds that the earnings was helped by a 16% decline in interest costs compared with the previous quarter. "However, year-to-date its revenue growth trends lag behind those of its peers," says Nomura. The brokerage says the **company's** debt declined to 363 **billion** rupees, which led to interest costs falling 13% a quarter ago. The Mumbai-based **company** had earlier said it will reduce loans to 250 **billion** rupees and save about 6 **billion** rupees in interest costs. "This still remains key for the stock, in our view," it says. Nomura says the **company's** infrastructure sharing agreements with Reliance Jio Infocomm Ltd., a new telecom venture that is yet-to-start services will "offer potential operational upside, though revenue contribution is modest at this stage."(krishna.jai@wsj.com; Twitter: @jaikrishna)

Editor: MNG

0439 GMT [Dow Jones] **Chinese** developers are no longer able to achieve "super growth" by leveraging up and buying cheap land sites, says UBS. Given the limited upside of **property** prices and high funding costs, aggressive leveraging will bring few benefits, it says. UBS says the government is starting to watch closely for malpractice in land tendering, reducing chances to pick up land at significant discounts. "The focus will shift to cost and inventory control, sell-through rates and, most importantly, asset turnover," says UBS, which upgrades Longfor (0960.HK) to **buy** because of its management's focus on inventory and asset turnover. It also lists Shimao (0813.HK), CR Land (1109.HK) and Vanke (2202.HK) as its top picks due to their fundamental capability under this new operating environment. (jacky.wong@wsj.com; Twitter: @jackycwong)

Editor JSM

0437 GMT [Dow Jones] **Lead** December Japan government bond futures fall further after a weak auction of 20-year JGBs. "It was a very weak result, with yields having fallen as well as ahead of [Prime Minister Shinzo] Abe's announcement about delaying the sales tax tonight," said Barclays Securities Japan strategist Akito Fukunaga. The Ministry of Finance sells 1.098 trillion yen of 1.4% 20-year **bonds** with the lowest price of 101.55 yielding 1.301%, much lower than street forecasts for a lowest price of 102.05. The bid-to-cover ratio deteriorates to 2.88 from 3.59 at the last tender, while the tail is longer at 0.41 from 0.08. It was the first time since December, 2009 that the tail has been over 0.40 at a 20-year auction. **Lead** December JGB futures are down 0.34 at 145.93. (eleanor.warnock@wsj.com)

Editor JSM

0435 GMT [Dow Jones] Asian naphtha producers such as Taiwan, South Korea, Singapore and Thailand may divert cargo to Japan from **China**. This comes as Asia's biggest economy is set to become self-sufficient in naphtha, a petrochemical product, in around 2017 as **coal**-to-chemical plants start **operations**, says Mizuho Bank in a report. **China** plans to build several **coal**-to-chemical plants inland. Once products from these plants start meeting demand from **China's** coastal industrial areas, the country's imports would drop, the report says. Currently, Japan is a naphtha exporter to **China**. However, Japanese naphtha producers are the least competitive among the Asian firms currently exporting to **China**, according to report. (mari.iwata@wsj.com)

Editor JSM

0425 GMT [Dow Jones] The NZD/USD is "edging a bit higher" as markets await news from Japan, says Stuart Ive, OM Financial senior client advisor. "We are waiting for an announcement and that's propping everything up at the moment," he says. Markets expect Japanese Prime Minister Shinzo Abe to say he will put off a planned sales-tax increase. He is also set to call for a general election on Dec. 14 to renew his mandate for an all-out assault on deflation, which has combined with falling wages and weak demand to keep Japan's economy sluggish. "The Kiwi is benefiting from the cross-yen trades coming through and the carry trade may be coming back into play," says Ive. Markets will then focus on the overnight GlobalDairyTrade auction for any clues on whether **milk** prices are stabilizing. (rebecca.howard@wsj.com; Twitter: @FarroHoward)

Editor: TFD

0418 GMT [Dow Jones] PVEP, the leading production arm of state-owned PetroVietnam, says it has discovered **oil** from a new well offshore southern Vietnam. It says **oil** is flowing at 1,000 barrels per day from Than Nong-1X well in Block 05-1A 260 kilometers southeast of Ba Ria Vung Tau province. The well is also churning out two **million** cubic feet of gas a day, the **company** says. It doesn't say when **commercial** production from the well will begin, but adds that it will conduct more exploration drilling in the area. (trong-khanh.vu@wsj.com; Twitter: @TrongKhanhVu)

Editor: KLH

0408 GMT [Dow Jones] Australia's central bank appears resigned to the fact the Australian dollar is set to remain overvalued, says Greg Gibbs, currency strategist at RBS. The Reserve Bank of Australia repeated in policy meeting minutes Tuesday that the Australian dollar is fundamentally too high, but it also expressed its concern that Bank of Japan policy action could boost the Australian dollar. This view, coupled with Australia's success in gaining a free-trade agreement with **China** this week could keep the Australian dollar supported, particularly against the euro and yen, says Gibbs. (james.glynn@wsj.com; Twitter: @JamesGlynnWSJ)

Editor JSM

0359 GMT [Dow Jones] Japanese **oil** refining margins improved after roughly 500,000 barrels a day of capacity cuts, and additional cuts of some 400,000 **b/d** expected in the following three years would sustain a proper supply-demand balance, Mizuho Bank says in a report. Refiners such as JX Holdings Inc. (5020.TO), Idemitsu Kosan Co. (5019.TO) and Cosmo **Oil** Co. (5007.TO), acting on government orders, closed some of their crude distillation units before the end of March, in line with Japan's decreasing **oil** demand. As a result of the elimination of overcapacity, margins at these refiners nearly doubled in the first 6 months of this year, the report says. Because the government plans to impose another round of capacity cuts by March 2017, on expectation of continued **oil** demand decline, operating rates at refineries would remain high, the report says. (mari.iwata@wsj.com)

(END) Dow Jones Newswires

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