

HD Base Metals Likely Rangebound Ahead of China PMI Data -- Market Talk**WC** 1,195 words**PD** 23 June 2014**ET** 08:58**SN** Dow Jones Institutional News**SC** DJDN**LA** English**CY** Copyright © 2014, Dow Jones & Company, Inc.**LP**

2258 GMT [Dow Jones] Base metal prices could trade in tight ranges ahead of HSBC's China manufacturing PMI data, which could provide insight about the level of metal demand. The China PMI data for June is due at 0145 GMT. Industrial metals are usually sensitive to economic data from China, the world's biggest consumer of base metals. Ahead of the open, concerns about zinc supplies and falling stockpiles of the metal could keep its prices supported. LME 3-month zinc gained 4.3% last week and ended 1.2% higher Friday at \$2,177/ton. Zinc traders have been tapping the LME's stockpiles, which are down 28% this year, as they grapple with reduced output from the world's mines. LME 3-month copper ended 1.4% higher at \$6,189.50/ton Friday. (arpan.mukherjee@wsj.com; Twitter: @ArpanMukherjee)

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2250 GMT [Dow Jones]--The Australian consumer sector is offering strong yields and growth prospects at attractive prices after a material decline in value due to a unseasonably warm start to winter and Federal Budget effects on consumer sentiment, according to Credit Suisse. "While a number of consumer companies have downgraded profit guidance for FY14, we do not expect further downgrades for June year-end companies," the broker says. "As such, we view the current environment as a good opportunity for investors to build positions in quality companies with strong brands, growth prospects, high yields and potential M&A exposure." Its top small-cap retail picks are Orotan (ORL.AU), Premier Investments (PMV.AU) and Specialty Fashion Group (SFH.AU). Small-cap media favorites include APN News & Media (APN.AU), Seven West Media (SWM.AU) and Prime Media Group (PRT.AU). (david.rogers@wsj.com; Twitter: @DavidRogersWSJ)

2234 GMT [Dow Jones] August Nymex crude contract touched its highest level in early Asia on growing concerns as insurgents swept through towns in western part of Iraq and overran two border crossings with Jordan and Syria. August Nymex crude contract touched \$107.45/bbl, before paring some gains; is at \$107.19/bbl, up 36 cents from its previous close. French oil company Total SA has evacuated two of its expatriates from Baghdad earlier this month fearing that Iraqi capital will be targeted by insurgents. Oil trading advisory firm Ritterbusch & Associates have a "bullish trading posture" towards WTI and expects the August contract to touch \$111/bbl. Meanwhile, returning supplies from Libya, though limited, could bring relief to markets. August Brent crude contract ended last week 2.1% higher, but fell 0.2% on Friday to close at \$114.81/bbl. (arpan.mukherjee@wsj.com; Twitter: @ArpanMukherjee)

2230 GMT [Dow Jones]--Inflation hawks have little to get excited about, if the minutes of the most recent board meeting of the Reserve Bank of Australia are anything to go by. "We think that in this lull, Australian bonds should continue to rally to discount falling inflation expectations," says Carl Weinberg, chief economist at High Frequency Economics. The unemployment rate remains above levels observed over the past decade, and Weinberg reckons inflation risks are nil. "With price stability assured, rate cuts are more likely than hikes, but even the biggest, wildest rate cut would leave spreads very supportive of the Australian dollar, he says. (david.winning@wsj.com; @dwinningWSJ)

2220 GMT [Dow Jones] Asian markets are likely to remain mixed as there are a number of geopolitical and economic factors playing on markets currently, says Craigs Investment Partners broker Nigel Scott. He says in both New Zealand and Australia new issuance, including a number of IPOs and the Mighty River Power (MRP.NZ) bond offer, were "underpinning" the market activity. Some focus may remain on the Warehouse Group Ltd. (WHS.NZ), who downgraded its forecasts due to warmer weather impacting sales. NZX-50 opened up 0.2% at 5152.87. (lucy.craymer@wsj.com; Twitter: @lucy_craymer)

2219 GMT [Dow Jones]--RBC initiates coverage on Sydney Airports (SYD.AU) with an Outperform rating and A\$4.75 target price, saying it offers consistent, strong, long-term growth and opportunities for incremental accretive investment via internally generated capex opportunities. "We like the underlying fundamentals of Sydney Airports, and believe the consistent earnings growth and solid yield will continue to appeal to investors in the current macro environment," the broker adds. SYD last A\$4.36. (david.rogers@wsj.com; Twitter: @DavidRogersWSJ)

2126 GMT [Dow Jones] The EUR/USD is "bouncing along the bottom" of its current range at the moment with the next major event manufacturing data due out of Europe, says OM Financial senior client adviser Stuart Ives. "The key there will be German manufacturing data tonight: previously it came in quite low so we will be looking for an uptick in that around 52.6 or 52.7 ... anything less would cause further concerns." The EUR/USD is currently at 1.3595 vs. 1.3593 late Friday in New York. He adds that HSBC Chinese manufacturing data is due late in the day but this is unlikely to have a significant impact on the euro, and the pair "will continue in our time zone to be fairly balanced." Ives puts support at 1.3560 with resistance coming in at 1.3640. (lucy.craymer@wsj.com; Twitter: @lucy_craymer)

2037 GMT [Dow Jones] New Zealand interest rate swap yields continue to fall Friday defying the rise in offshore rates on Thursday night, says BNZ currency strategist Raiko Shareef: "The 1bp to 2bp dip across the curve was driven by more Kauri flow announced on Thursday, with the Asian Development Bank tapping its 2019 line." He adds this receiving interest was more than enough to soak up the local mortgage book payers. Two-year interest rate swap closed Friday down 1bps at 4.145% and the 10-year interest rate swap was down 1.25 bps to 4.8375%. (lucy.craymer@wsj.com; Twitter: @lucy_craymer)

2037 GMT [Dow Jones]--A sharp reversal of fortune for the USD, gaining ground against most major currencies on Friday night, saw NZD/USD back trading to levels seen prior to the FOMC on Wednesday, says ANZ in a morning note. It says that it is worth watching net migration and credit-card spending data today could drive direction although "the flash HSBC China PMI manufacturing release will be the key data point to watch for moves in AUD and NZD today." The pair is at 0.8701 vs. 0.8717 late Friday in New Zealand. ANZ expects the pair to trade in a short term range of 0.8640 to 0.8730. (lucy.craymer@wsj.com; Twitter: @lucy_craymer)

To contact the Market Talk Editors,
Kevin Kingsbury, 212 416-2354, kevin.kingsbury@wsj.com
Cynthia Lin, 212 416-4403, Cynthia.lin@wsj.com
John Shipman, 212 416-2181, john.shipman@wsj.com
Patrick Sullivan, 212 416-2326, Patrick.sullivan@wsj.com

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