

**HD Key Technical Point Might Invite Australian Dollar Crunch -- Market Talk****WC** 1,642 words**PD** 25 November 2014**ET** 15:38**SN** Dow Jones Institutional News**SC** DJDN**LA** English**CY** Copyright © 2014, Dow Jones & Company, Inc.**LP**

0438 GMT [Dow Jones] The Australian dollar is nearing a major Fibonacci retracement point that if broken would have the central bank cheering. David Forrester, currency strategist at Macquarie Bank, based in Singapore, said US\$0.8540-US\$0.8550 represents the 50% retracement of the Australian dollar's rally on the back of the U.S. Federal Reserve's first round of quantitative easing (2008 to 2011 spanning a jump from US\$0.6010 to US\$1.1080). "A break of this level could open the way for more downside in the Australian dollar/U.S. dollar," he added. Pair now US\$0.8579. RBA officials continue to classify the Australian dollar as overvalued and a headwind to recovery in the economy. Relief might just be a few pips away. (james.glynn@wsj.com; Twitter @JamesGlynnWSJ)

Editor: TAG

**TD**

0434 GMT [Dow Jones] India's rupee briefly fell past the 62.00 round-figure trading barrier as stocks on the main exchange slipped a tad. The rupee may have more room to fall versus the greenback, the bullish USD/INR daily chart suggests. The daily Bollinger uptrend channel continues to be in effect, contingent on a USD/INR Tuesday close above 61.81. The channel has been engaged since mid-November and is augmented by a rising trendline spanning from late-October that now provides a secondary technical base at 61.58. The rupee could mark a new 9-month low versus the U.S. dollar if it falls past last Thursday's 62.22 record. The U.S. dollar has been rising versus most Asian currencies since October when the U.S. Federal Reserve announced the end of its bond-buying program--paving the way for an inevitable interest rate hike. USD/INR is now 61.99 from its Monday close of 61.85. (ewen.chew@wsj.com)

Editor: MNG

0432 GMT [Dow Jones] The Reserve Bank of New Zealand's Survey of Expectations records a drop in expected inflation in two years' time, from 2.23% to 2.06% and "two-year ahead inflation expectations are now at their equal-lowest since 1999," says Westpac Bank chief economist Dominick Stephens. He says this "constitutes one more piece of evidence" suggesting that inflation in New Zealand is well under control, despite robust economic growth and falling unemployment. He notes the magnitude of this decline in expectations might even contribute towards a further downgrade in the RBNZ's interest rate forecasts. (rebecca.howard@wsj.com; Twitter: @FarroHoward)

Editor JSM

0425 GMT [Dow Jones] The NZX-50 shed 0.5% or 29 points to 5442.678 on some profit taking and muted offshore leads. The index was weighed by a 1.6% slide in Fletcher Building (FBU.NZ) to NZ\$8.17 and a 2.0% fall in Chorus (CNU.NZ) to NZ\$2.00. Spark (SPK.NZ) shed 2.9% to NZ\$3.07. Ryman Healthcare (RYM.NZ) shed 2.4% to NZ\$7.90. Earlier Tuesday, Credit Suisse retained a neutral rating on Ryman Healthcare (RYM.NZ) and lowered its 12-month target price to NZ\$8.70 from NZ\$8.90. The **company** posted a "robust" 1H15 result but "one that we believe is unlikely to reignite the substantial

share price outperformance of recent years," it said. (rebecca.howard@wsj.com; Twitter: @FarroHoward)

Editor: MNG

0400 GMT [Dow Jones] Citi reiterated its buy recommendation on **China** Railway Construction (1186.HK) and **China** Railway Group (0390.HK), following reports in the Indian press that an Indian government team is visiting Beijing to court **Chinese** rail majors. A planned high-speed line would run from Delhi in northern India to Chennai in the south, and would be the world's second-longest. **Chinese** companies could build the line for as little as US\$19 **million** per kilometer, compared with \$30 **million** to \$60 **million** for rivals, Citi says, giving them a good chance of landing the contract. "**China's** railway solution is quite competitive from a cost and technology perspective," write the analysts, led by Eric Lau, in a Tuesday research note. "We believe **China** will continue to extend a railway presence into other Asian countries." (richard.silk@dowjones.com)

Editor JSM

0358 GMT [Dow Jones] Singapore's gross domestic product growth will likely accelerate next year as manufacturing output picks up more than previously thought, says Daniel Martin of Capital Economics. "The gradual recovery in the global economy and healthy real wages increases at home will both support growth over the next year, but cooling credit growth will be a headwind," Martin says in a note after Singapore government releases third quarter GDP data. The economy grew 3.1% on quarter on a seasonally adjusted and annualized basis, faster than the 1.2% growth the government estimated last month. Martin adds that robust growth in the U.S. should support Singapore's exports next year. **China's** slowdown will hurt commodity producers more than a predominantly export manufacturing economy such as Singapore's, he adds. (gaurav.raghuvanshi@wsj.com)

Editor JSM

0356 GMT [Dow Jones] The USD/TWD gives up earlier gains due to selling by exporters, says a local trader. The pair was traded above 30.930 earlier, but USD buying is weakening amid a dearth of fresh trading cues, the trader adds. The pair is at 30.915, little changed from the level traded before the local central bank's suspected intervention Monday, which lifted it to 31.010 at the close of onshore trading session, traders say. Taiwan government **bonds** stay in consolidation mode on thin volume. A trader says many market participants refrain from trading actively ahead of major local elections Saturday and a new 10-year bond auction Monday. Local stocks also fail to provide trading incentives for **bonds**. The Taiex edges up 0.1%. (fanny.liu@wsj.com)

Editor JSM

0352 GMT [Dow Jones] The Singapore economy is likely to grow 3.4% next year, higher than the 3.0% growth expected by the government this year, says Barclays Capital in a note. Latest government data show that Singapore's economy grows faster than previously estimated in the third quarter due to a recovery in the manufacturing activity. "We maintain our forecast for a modest acceleration to 3.4% in 2015 (government forecast: 2%-4%), with Singapore likely to see some benefit from stronger growth in the U.S. and neighbouring Asean economies, which should offset the ongoing drag from the property market and labour market tightness," Barclays says. (venkat.pr@wsj.com)

Editor JSM

0350 GMT [Dow Jones] The NZD/USD has been under pressure after a rebounding EUR pushed everything back overnight, "but this afternoon the news has been the Reserve Bank's survey of inflation expectations," says Chris Hunter, corporate dealing manager with Western Union Business Solutions. He says the easing of both the one-year and two-year estimates "reinforces that those interest rates are going to be on hold for a more extended period...The time line has been well and truly pushed out." The pair is at 0.7810. Hunter puts support at 0.7800 and resistance at 0.7880. (rebecca.howard@wsj.com; Twitter: @FarroHoward)

0348 GMT [Dow Jones] There's an increasing likelihood that the consensus outlook for Australian interest rates in 2015--that the Reserve Bank of Australia will raise the cash rate in the second half of the year--will be turned on its head, according to global asset manager AllianceBernstein. "The risks for the Australian economy are tilting to the downside, in our view, and, far from increasing interest rates, there's a growing prospect that the RBA may well need to cut them again," says Guy Bruten, senior economist at AllianceBernstein. He argues the global outlook is questionable while the housing recovery locally is set to slow in 2015. The big hit to the economy from the **mining** slowdown has yet to arrive, he adds. Bruten joins others like Morgan Stanley and Credit Suisse in turning bearish on the economy. (james.glynn@wsj.com; Twitter @JamesGlynnWSJ)

0348 GMT [Dow Jones] Following the dissolution of lower house Friday, election campaigns are under way in Japan. How does Finance Minister Taro Aso, former prime minister and 11th-term veteran lawmaker, perceive the mood of the electorate? "Of the past three elections, this one has the least **wind** of change," said Aso in a press conference Tuesday. General elections in 2009 and 2012 produced change of government, but the election on December 14 is likely to see a low voter turnout, Aso predicted. Candidates with strong organizations will emerge as winners in such contests, he said. And that probably means a solid victory for the current ruling camp. (mitsuru.obe@wsj.com)

Editor JSM

0335 GMT [Dow Jones] South Korea's worsening consumer confidence calls for the Bank of Korea to ease its policies and boost domestic demand, says ANZ senior economist Raymond Yeung. "All forward-looking indicators are weakening and suggest a severe worsening of domestic demand," Yeung notes in a report on the third monthly drop in consumer confidence for November. The BOK needs another policy rate cut to prevent Korea from falling into a deflationary trap, he adds. The BOK last cut its base rate in October. Trade ministry data showed Tuesday Korea's retail sales fell continuously in October. Sales at department stores fell 2.2% on year in October following a 6.3% drop the previous month. Sales at discount stores was down 0.9% in October after a 10.1% drop a month earlier. (kwanwoo.jun@wsj.com)

Editor JSM

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