

HD Interest-Only Loans a Target for Australian Regulators -- Market Talk**WC** 1,391 words**PD** 23 October 2014**ET** 09:21**SN** Dow Jones Institutional News**SC** DJDN**LA** English**CY** Copyright © 2014, Dow Jones & Company, Inc.**LP**

18:21 EDT - Comments this week by Australia's central bank and its prudential regulator reinforce the view that expected macroprudential policies will include higher borrowing serviceability buffers and constraints on interest-only mortgages, JPMorgan says. It believes the regulators are prudent in shining a spotlight on interest-only lending, particularly as the prospects for income growth remain subdued.

Firm notes that about 45% of all new lending is done on an interest-only basis, which accounts for about 65% of investor loans and 30% of owner-occupier loans. JPMorgan adds that given a limited degree of differentiation between mortgage originating from lenders versus those from brokers, the regulators are more likely to focus on lending products rather than the channel for mortgages. (robb.stewart@wsj.com; @RobbMStewart)

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18:10 EDT - Roughly 40k new jobs this year can be attributed to ventures that began as so-called crowdfunding projects, according to a report today by Crowdfund Capital Advisors and The Crowdfunding Center. The report analyzed more than 150k live projects on crowdfunding websites, which seek to connect fundraisers to pools of online contributors, typically in exchange for coffee mugs, T-shirts or other token rewards, or even pre-ordered goods and services. New York, Vermont, Oregon and California, as well as Washington D.C., were identified as top crowdfunding states, based on the volume of funded projects and amounts raised. Federal regulators are currently mulling over rules to allow equity sales via crowdfunding. (angus.loten@wsj.com)

17:59 EDT - Holiday sales should grow by a better-than-average 3.5% this year, according to General Electric's (GE) consumer financial business, Synchrony Financial (SYF). Synchrony, which GE IPO-ed this year and will fully split off in 2015, provides store-branded credit cards and consumer financing plans at some of the country's biggest retailers. The **company** says seasonally adjusted holiday sales were \$505.5B in November and December 2013. Sales should exceed that amount by more than \$17B this year, the **company** says. That's more than the 3.3% historical average increase over the last 10 years. (ted.mann@wsj.com; @TMannWSJ)

17:45 EDT - Moody's downgraded the subprime mortgage loan servicing quality rating of Ocwen Financial (OCN) to SQ3 from SQ3+ and as a special servicer of **residential** mortgage loans to SQ3 from SQ3+. Moody's added that both of those ratings were on review for further downgrade because of uncertainty over the **company's** regulatory problems. New York State's financial regulator has issued a string of challenges to OCN's loan servicing practices, and yesterday said it had found OCN had backdated thousands of letters to distressed borrowers. Moody's said "these allegations also raise the risk of actions that restrict Ocwen's activities, the levying of monetary fines against Ocwen, or additional actions that negatively affect Ocwen's servicing stability." (james.sterngold@wsj.com)

17:45 EDT - Asian equities may trade sideways after US stocks fell, snapping the Dow Jones Industrial Average's three-day rally, says Peter Young, investment adviser at Forsyth Barr. **China's** Markit Economics HSBC preliminary October "flash" manufacturing purchasing managers' index data will be closely watched for the upcoming session. In New Zealand the NZX-50 is virtually unchanged at 5280.31. Restaurant Brands (RBD.NZ) is up 5.7% at NZ\$3.70 after reporting a higher 1H net profit as sales improved, driven by strong performance from KFC and an increased contribution from the new Carl's Jr. brand. (rebecca.howard@wsj.com; @FarroHoward)

17:28 EDT - In a letter sent today, Senator Ron Wyden (D., Ore.), urges the Energy Department to follow through on a recent recommendation by the US Government Accountability Office to reexamine the

amount of oil the nation stores in case of emergencies, which between the federal Strategic Petroleum Reserve and private reserves is nearly three times what the International Energy Agency requires of its members. Wyden doesn't take a position on what he thinks should be done, though at some point his opinion and that of other lawmakers could be important. Any change in the level of the SPR would likely require an act of Congress, which would be tough to come by in today's gridlock. (amy.harder@wsj.com; @AmyAHarder)

17:26 EDT - Time Warner (TWX) announcement that it's taking HBO "over the top" next year by offering a standalone streaming service won the headlines at last week's investor day. But as MoffettNathanson analyst Michael Nathanson writes in a research note today, just as strategically important is the **company's** "increasing proclivity" to sell its content to streaming services like Amazon (AMZN). "In order to drive earnings, we think Time Warner has now shifted its view from doing what's best for the industry and ecosystem to what's best for their **company**," Mr. Nathanson writes. (keach.hagey@wsj.com)

17:26 EDT - It can be tough to come last. Raytheon (RTN) reports 3Q tomorrow, with the Pentagon's third-largest supplier having watched its four main rivals all report ahead of consensus and raise their 2014 guidance. Boeing (BA) and Lockheed Martin (LMT) fluffed their lines, suffering declines of more than 4% on report day following cloudy guidance, and Northrop Grumman (NOC) slid on legal and pension charges. Only General Dynamics (GD) managed an on-the-day gain. Analysts are looking to RTN for EPS of \$1.60, having punished the stock after it left guidance unchanged last time. (doug.cameron@wsj.com; @dougcameron)

17:14 EDT - General Motors (GM) reports 3Q results tomorrow morning, with analysts expecting earnings of 97 cents a share, up a cent from a year ago. North America is seen as a driver, with US auto sales tracking near decade-high demand levels. A major miss here could spell trouble for the **company** since industry analysts say GM is now entering an opportune time to wring more profit from the US market based on its improved portfolio and reduced competition from Ford (F). GM closed today up 1.5% at \$31.31.

17:12 EDT - Ecuador's direct-foreign investment fell 10% to \$162M in 2Q from \$181M in the year earlier period, the Central Bank said today. Investment in the oil-and-mining sector made up most of that total with \$92M, followed by the manufacturing sector with \$20M. President Rafael Correa's policies of aiming to gain more control over Ecuador's key sectors have affected foreign investment, economists say. (mercedes.alvaro@wsj.com)

17:10 EDT - Amid rising optimism, more small firms are ramping up hiring and capital spending plans, according to the semi-annual American Express OPEN small business monitor. In a survey of 1,130 owners and executives at businesses with fewer than 100 employees, 63% said they had a "positive outlook" on the economy, a seven-year high; 42% reported higher revenue, up from 38% a year ago. The gains are driving an upturn in hiring, with 37% expecting to fill jobs over the next six months, up from 35%. More than half plan to spend an average of \$72,100 on technology, office equipment, manufacturing equipment, furnishings and real **estate** in the months ahead. (angus.loten@wsj.com)

17:07 EDT - California Resources Corp., a subsidiary of Occidental Petroleum (OXY), reported a 20% decrease in 3Q profit as earnings fell to \$188M. The **company**, due to be spun off Nov. 30, said the results reflected the impact of higher natural gas prices -- which increased revenue from selling gas but also added to production costs. That's because California Resources uses natural gas to generate steam, which is injected underground to push out heavy oil. And despite pumping more oil than a year ago, the **company sold** crude at lower prices. (daniel.gilbert@wsj.com; @WSJGilbert)

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(END) Dow Jones Newswires

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