

HD Ausdril Kept at Underperform by BBY After Downgrade -- Market Talk**WC** 1,399 words**PD** 2 June 2014**ET** 18:38**SN** Dow Jones Institutional News**SC** DJDN**LA** English**CY** Copyright © 2014, Dow Jones & Company, Inc.**LP**

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

0838 GMT [Dow Jones] BBY keeps Ausdril (ASL.AU) at underperform, with a A\$0.90 target price after the **mining** services **company** issued a profit warning Monday. "We believe that excess capacity across the **mining** services sector will **lead** to continued margin pressure," BBY analysts Swapan Pandya and Moira Daw say. "Restricted near term capital expenditure should result in strong near term cash generation, but ASL's high debt levels present a tail risk should conditions deteriorate unexpectedly." ASL closed down 11% at A\$0.865. (david.rogers@wsj.com; Twitter: @DavidRogersWSJ)

TD

0835 GMT [Dow Jones] India's recovery will take time, despite the recent election, which brought hopes that the new government will be able to push up growth, says a report by Kotak Institutional Equities. "Given that the current slowdown is more structural, a turn in the investment cycle recovery will take 2-3 years, though the process is already underway," it says. India's gross domestic product growth in the Jan-Mar quarter was at 4.6%, government data showed last week. India has come out of the growth trough but an investment-led recovery is by nature a long process, it adds. The house upped its GDP growth estimate for the current fiscal year by 20 basis points to 5.3% factoring in moderation in agriculture and a likely pick up in the industrial sector. (nupur.acharya@wsj.com)

0834 GMT [Dow Jones] Philippine shares end higher Monday as investors hunt for bargains after two days of losses. The bellwether PSEi is up 0.9% to 6710.40 in moderate volume. "Many investors might have realized they overreacted to the [slower] 5.7% first-quarter GDP growth and looked at the relatively attractive end-May leading valuations," said James Lago, research head at PCCI Securities. Gainers beat losers, 105 to 62. Advancers are led by property developer Ayala Land (ALI.PH), up 2.2% to PHP30.65, Bank of the Philippine Islands (BPI.PH), up 1.4% to PHP85.65 and Security Bank (SECB.PH), up 1.0% to PHP125. Traders expect the PSEi to continue moving within the 6500-7000 near-term trading range. (cris.larano@dowjones.com)

0824 GMT [Dow Jones]-- After a choppy 2013, markets are now optimistic on the outlook for emerging markets. While this makes sense given the current environment, there is a danger that the markets have now become too complacent, says Capital Economics. While we see little danger of a systemic crisis engulfing the entire EM world, risks have built in a number of economies, it says. "EMs that have been serially mismanaged - such as Venezuela - look vulnerable, write Neil Shearing and Daniel Martin. "Economies that in one way or another have been living beyond their means in recent years could find themselves back under the spotlight as global monetary conditions tighten." This includes countries in parts of Latin America and South East Asia, as well as Turkey and South Africa. (chiara.albanese@wsj.com @chiaraalbanese).

0824 GMT [Dow Jones] While EUR/USD charts warn of short-term consolidation, any rebounds should run out of steam ahead of 1.3680 says Commerzbank technical analyst Karen Jones. Now at 1.3600, her initial downside target remains the 2014 low of 1.3476, followed by the 2012-2014 uptrend line at 1.3425. First strong resistance is the 200DMA at 1.3640. gary.stride@wsj.com

0823 GMT [Dow Jones] Improved risk sentiment in global markets has offset a fall in commodity prices in the past month, such that fair value for the Australian dollar hasn't fallen despite a slump in commodity prices, led by **iron ore**, Westpac says. "However, that is not to say that commodity prices have not taken a material turn for the worse and that AUD/USD remains well above fair value," Westpac currency strategists Robert Rennie and Jonathan Cavenagh say. "We still expect to see AUD/USD lower towards 0.9000 by year's end, driven by weak commodity prices, concerns about **China** and an on-hold RBA. However, the key seems to be that to see AUD/USD reflect this weakness in commodity prices, we would have to see a material deterioration in risk sentiment." AUD/USD last 0.9256. (david.rogers@wsj.com; Twitter: @DavidRogersWSJ)

0822 GMT [Dow Jones] Commerzbank expects the Portuguese debt management agency to announce a government bond auction for June 11, likely on Friday. Expects Portugal to reopen a ten-year bond, potentially a five-year, too. The agency can hold auctions on the second or fourth Wednesday of a month, thus the June windows are June 11 and June 25. The relevant auction announcements should come on the preceding Friday. (emese.bartha@wsj.com)

0820 GMT [Dow Jones] India's manufacturing PMI reading wasn't particularly exciting at first glance: the manufacturing component edged up to 51.4 in May from 51.3 a month earlier. Yet underneath the headline number, Citigroup has found some encouraging signs. Citigroup notes that new domestic orders rose to 53.2 (0.7pts) and new exports orders rose to 53.7 (0.7pts). Also, while current output was flat - a result of elections and power outages, new orders - both domestic and exports indicate signs of pick-up in factory activity in coming months. Operating margins improved a touch as well: input prices eased during the month while output prices inched up. (neelabh.chaturvedi@wsj.com)

0819 GMT [Dow Jones] The UK clearer says a strong May CBI manufacturing survey suggests the May UK manufacturing PMI should continue the improvement seen in April (+1.5 points to 57.3), with a 57.5 reading which would make this the highest seen since last November. GBP/USD now at 1.6755, immediate resistance is the 50DMA at 1.6763, support 1.6686. gary.stride@wsj.com

0819 GMT [Dow Jones] The slide in **iron ore** prices to near two-year lows is yet to hit bottom, but prices could draw some support from **China's** improved official manufacturing Purchasing Managers Index (PMI). Prices of 62% **iron ore** grade fell by 4.1% on Friday to \$91.8 per metric ton, mainly because of weaker demand from **China**, the world's largest consumer. "We expect the market to test another support level \$90/ton this week, which has a better chance of holding after the weekend's stronger than expected official PMI," says an ANZ report. The PMI, issued Sunday, rose to 50.8 in May compared with 50.4 in April, indicating expansion in manufacturing that normally supports processing or **iron ore** into steel. However, the demand may have to contend with higher supplies as a majority of mines in eastern India's mineral-rich Orissa state are headed for early resumption after a court-ordered shut down last month, say industry executives. (biman.mukherji@wsj.com)

0818 GMT [Dow Jones]--German manufacturing slowed more sharply than first estimated in May, with the PMI coming in at 52.3 rather than an initial 52.9 and well below 64.1 in April. This was the lowest reading since October, and with France contracting, that indicates the euro zone economy is unlikely to have picked up strongly this quarter from a weak start to the year. (paul.hannon@wsj.com. Twitter: @paulhannon290)

0813 GMT [Dow Jones] Germany's EUR4 **billion** reopening Wednesday of the 0.50% April 2019 Bobl, a federal note, "is a chance to buy 'cheap' German **bonds** in this segment of the curve" as the Bobls remain cheap versus the old Bunds, says Danske chief analyst Jens Peter Sorensen. At its launching auction on May 7, the April 2019 was allocated at an average yield of 0.57%, although the then-low yield led to a "technically uncovered" auction with only EUR4.198 **billion** bids arriving for the EUR5 **billion** offer. Ahead of the ECB's rate setting meeting on June 5, where a rate cut is broadly expected, the April 2019 Bobl is currently trading at a yield of 0.42%, according to Tradeweb. (emese.bartha@wsj.com)

(END) Dow Jones Newswires

June 02, 2014 04:38 ET (08:38 GMT)

IN imet : Mining/Quarrying | ibasicm : Basic Materials/Resources

NS c1521 : Analyst Comments/Recommendations | ccat : Corporate/Industrial News | gasset : Asset Allocation | namt : All Market Talk | ndjmt : Dow Jones Market Talk | neqac : Equities Asset Class News | nfiac : Fixed Income Asset Class News | c15 : Performance | c152 : Earnings Projections | gcat : Political/General News | gpersf : Personal Finance | ncat : Content Types | nfact : Factiva Filters | nfce : FC&E Exclusion Filter | nfcpin : FC&E Industry News Filter

RE austr : Australia | apacz : Asia Pacific | ausnz : Australia/Oceania

PUB Dow Jones & Company, Inc.

AN Document DJDN000020140602ea62000rt