

HD Nuclear Restarts No Mid-Term Salve For Kyushu, Hokkaido Power Cos: Nomura -- Market Talk

WC 1,569 words

PD 17 June 2014

ET 15:19

SN Dow Jones Institutional News

SC DJDN

LA English

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0519 GMT [Dow Jones] Nuclear power station restarts at Japanese facilities belonging to Kyushu Electric Power (9508.TO) and Kansai Electric Power (9503.TO) are likely to occur first when the nation begins to turn them back on, says Nomura Securities. But downside risks to companies' finances are nevertheless real, it adds. Restart dates have yet to be determined for reactors 1 and 2 at Kyushu's Sendai plant (currently under inspection), or for reactors 3 and 4 at Kansai's Takahama plant, which will be probably be inspected next, says house analyst Shigeki Matsumoto. He notes that neither **firm** has applied for usage rate hikes, nor will either immediately return to profitability simply via the restarts. As such, deteriorating finances will prompt both companies to keep dividends depressed until at least 2017, he adds. (bradford.frischkorn@wsj.com)

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0517 GMT [Dow Jones] The Indian rupee extends its three-day fall, weakening as much as 60.51 to the U.S. dollar - a 2.0% depreciation of the currency since Friday. If USD/INR ends Tuesday above 60.79 -- the top of the daily Ichimoku Cloud resistance zone -- chances are high that the rupee will fall even further. The escalating conflict in Iraq has led to general risk aversion away from emerging-market currencies, but in particular affects the rupee because India relies heavily on **oil** from Iraq. The cost of crude **oil** has gone up significantly since Friday due to the increased likelihood of **oil**-supply interruptions. USD/INR is now at 60.39 from its Monday close of 60.17. (ewen.chew@wsj.com)

The Market Talk item on AUD/USD at 1253 GMT was already reported in full at 1238 GMT.

0459 GMT [Dow Jones] The Australian dollar fell 0.32% Tuesday morning against its New Zealand counterpart to 1.0794, its weakest since May 27, after minutes of the Reserve Bank of Australia's June 3 policy meeting revealed the RBA expects the nation's economy to remain sluggish this year and believes record-low interest rates are needed for support for some time. That's in contrast to the hawkish monetary policy statement from the Reserve Bank of New Zealand last Thursday which said New Zealand's economic expansion has considerable momentum and inflationary pressures are expected to increase. RBNZ signaled more rate increases in coming months. Further downside in spot AUD/NZD may encounter support at the 100-day moving average, now at 1.0786, and then at the May 21 reaction low of 1.0741. Spot AUD/NZD was recently at 1.0804. (jerry.tan@wsj.com)

0455 GMT [Dow Jones] Shares of heavily weighted SoftBank (9984.TO) are off 2.2% at Y7,508 on concerns over the growth rate of its **Chinese** e-commerce affiliate Alibaba Group Holdings. Alibaba, which will list its shares in the U.S. this fall in what is expected to be one of the largest IPOs in history, reported that its quarterly operating margin fell to 45.3% from 51.3% a year ago. SoftBank owns over 34% of Alibaba. "The Alibaba listing runs the risk of being perhaps the most overhyped IPOs ever, and thus its benefactors may suffer the backlash if anything is rumored to be amiss," says an **equity** trading director at a European brokerage. "Shares look technically heavy around the Y8,000 mark, making them easier to sell," says Nobuyuki Fujimoto, a senior market analyst at SBI Securities. (bradford.frischkorn@wsj.com)

0453 GMT [Dow Jones] The **China**-sensitive Australian dollar weakened against the U.S. dollar Tuesday to as low as 0.9351 from 0.9400 late New York. The yuan fell to 6.2330 from 6.2250 in the over-the-counter market and the Shanghai Composite Index declined 0.83% to 2068.70. The Australian dollar was hurt earlier Tuesday after minutes of the Reserve Bank of Australia's June 3 policy meeting revealed the RBA expects the nation's economy to remain sluggish this year and believes record-low interest rates are needed as a support measure for some time. Further downside in the Australian/U.S. dollar pair may encounter support at 0.9338, and then at the 0.9326-0.9316 band. Spot AUD/USD was last at 0.9358. (jerry.tan@wsj.com)

0449 GMT [Dow Jones] It's time to take politics out of the tax system Down Under, concludes a report from EY. The advisory **firm** urges Australia's government to establish an independent commission that would take on the responsibilities of the Board of Taxation as well as some treasury functions. "With the right processes and institutions we can build a tax system that does not prejudice local businesses or foreign investors and meets the revenue requirements of the nation," says EY CEO Rob McLeod, who led the most recent review of New Zealand's tax system. He says Australia's personal and **company** tax rates are well ahead of OECD average, but the system fails to support home-grown businesses, fails to make Australia attractive to foreign investment and is beholden to the short-term needs of the electoral cycle. (robb.stewart@wsj.com; Twitter: @RobbMStewart)

0444 GMT [Dow Jones] **China** Merchants Bank, Industrial Banks and Bank of Chongqing said Monday they are eligible for 50bps cuts in reserve requirement ratio. Barclays estimates these three "targeted RRR" cuts could release CNY35 **billion** in additional liquidity into the market, helping the country's micro-lending. The move shows "the central bank is reluctant to do a full-blown RRR cut but that it will continue with moderate loosening measures," Barclays says. This would reduce risks of rising bad loans, and should thus support a near-term rebound in **Chinese** bank shares. Barclays says Bank of **China** remains its top pick, but it also favors Agricultural Bank of **China** and **China** Merchants Bank. CMB's H-shares are down 0.1% after a 1.5% jump Monday. (fiona.law@wsj.com)

0438 GMT [Dow Jones] The **China**-sensitive Australian dollar weakened against the U.S. currency on Tuesday to as low as 0.9351 from 0.9400 late New York, as the yuan fell to 6.2330 from 6.2250 in the over-the-counter market and the Shanghai Composite Index declined 0.83% to 2068.70. Earlier Tuesday the Australian dollar was hurt after minutes of the Reserve Bank of Australia's June 3 policy meeting revealed the RBA sees the nation's economy remaining sluggish this year and considers that record-low interest rates are needed to support it for some time. Further downside in the AUD/USD pair may encounter support at 0.9338, and then at the 0.9326-0.9316 band. Spot AUD/USD was last at 0.9358. (jerry.tan@wsj.com)

0428 GMT [Dow Jones] UOB has slashed forecasts of Singapore's 2014 non-**oil** domestic export growth to 4% from 7%, citing the city-state's surprise exports slump in May. The bank also points to rising risks from emerging-market slowdown and potential **oil**-price rises on unrest in Iraq. However, UOB remains more optimistic than Singapore's trade agency, which foresees between 1%-3% non-**oil** domestic export growth this year. Official data shows that exports of goods made in Singapore fall 6.6% in May on-year after a 0.9% rise in April. Poor electronics exports--a major factor in May's slump--extends the sector's long-term decline, though UOB notes that this "shows Singapore's exports are increasingly being diversified towards other product segments as the economy undergoes economic restructuring amid the current tight labour market condition." (chunhan.wong@wsj.com)

0415 GMT [Dow Jones] ING anticipates that the Bank of Thailand's monetary policy committee will slash rates at its Wednesday meeting, breaking consensus. Most analysts expect the bank to hold its one-day repurchase rate at 2% after its first meeting since May's military coup, but ING disagrees. "In essence, while the BoT makes it clear that it does not consider monetary policy to be among Thailand's principal economic problems we think it will want to reinforce the pro-growth message the military government now seeks to send," ING says. It expects a cut to 1.75%. (jake.watts@wsj.com; @jmwatts_)

0409 GMT [Dow Jones] The MOF sells Y1.1 trillion of 1.5% 20-year **bonds** with the lowest price of 100.55 yielding 1.464%, lower than street forecasts for a lowest price of 100.60. "It was slightly weak," says Deutsche Securities strategist Makoto Yamashita, adding that investors such as life-insurance companies were likely cautious about buying with yields at current levels. He said, however, the result wouldn't likely have an impact on the secondary market. The bid-to-cover ratio deteriorates to 2.71 from 3.56 at the last tender, while the tail is shorter at 0.08 vs. 0.11. **Lead** September JGB futures are little changed on the result; the contract is up 0.08 at 145.27. (eleanor.warnock@wsj.com)

(END) Dow Jones Newswires

June 17, 2014 01:19 ET (05:19 GMT)

CO kanelp : The Kansai Electric Power Co Inc | kyelp : Kyushu Electric Power Co Inc

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