HD S&P/ASX 200 Volume Boosted by Options Expiry -- Market Talk

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0121 GMT [Dow Jones] S&P/ASX 200 volume this morning was inflated by the expiry of July index options, so traders aren't getting excited by the fresh 6-year high in the index. Last up 0.6% at 5551.8. (david.rogers@wsj.com; Twitter: @DavidRogersWSJ)

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0121 GMT [Dow Jones] Taiwan shares open with a 0.5% decline to 9441.54 dragged by selling in Taiwan Semiconductor Manufacturing Co. (2330.TW) on anticipated shrinking orders in the near future, says a local trader. But he notes the drop is likely temporary, as the outlook for the overall tech sector remains upbeat. "Foreign players are still interested in the Taiex, especially in local Apple suppliers, even though some of them are dumping TSMC shares," he says. TSMC is down 4.6% to NT$124.50, Hon Hai Precision (2317.TW) falls 0.5% at NT$107.00, while HTC (2498.TW) gains 0.4% at NT$137.50. The trader tips a 9400-9500 band. (jenny.hsu@wsj.com)

0110 GMT [Dow Jones] **Hong Kong** equities may extend a three-day rally today as better-than-expected **Chinese** GDP helped boost sentiment on international markets yesterday and the Dow Jones Industrial Average hit a fresh record. **China**'s economic growth accelerated to 7.5% in Q2, beating market forecasts. "Wednesday's upbeat data suggest that policymakers' strategy of fine-tuning policy is working relatively well," says Capital Economics. "Looking ahead, we expect growth to slow again in the second half of the year due to downward pressures from real estate." Metals and **mining** stocks rallied on Wednesday with the "**China** bear camp back in hibernation post-GDP" and fears of a hard landing "pushed out yet again", says Reorient Group. The Hang Seng Index gained 0.3% to 23,523.28 on Wednesday, the third consecutive day of increases. Index futures rise 0.3% ahead of the market open.(gregor.hunter@wsj.com; Twitter: @gregorhunter)

0106 GMT [Dow Jones] The pound sterling has been capped recently mainly due to mixed U.K. economic data--unemployment continued to fall but weak wage growth is pointing to muted price risks--Credit Agricole CIB notes. But the bank believes that upside risks to inflation can be expected in an environment of further improving labour market conditions, and therefore there is additional room of rising rate expectations from the Bank of England over the coming few months. Credit Agricole says it remains in favour of buying GBP dips against the USD and the EUR. Spot GBP/USD was last at 1.7136 compared with the near-six-year high of 1.7191 hit Tuesday; spot EUR/GBP at 0.7893--not far above the 22-month low of 0.7885 reached Wednesday. (jerry.tan@wsj.com)

0102 GMT [Dow Jones] After three days of debate and two previous failures, Australia's upper house Senate is set to repeal carbon price laws. The Senate will vote around lunch time, with the conservative government gagging debate and ending stalling attempts by Labor and Green opponents. The political win comes at a cost: small balance-of-power parties and independents successfully forced the government to retain compensation and tax breaks for households for a carbon price no longer in place. Prime Minister Tony Abbott is calculating the political payoff outweighs that, with voters rewarding the government for having removed a tax that forced up bills and **energy** costs. Labor's Senate leader Penny Wong told the Senate that Australia is moving against the tide of international climate action on a "journey to populism". "It will be a day in history when this parliament failed the test of leadership," Wong says. "The nation will have walked away from an effective response to climate change." (rob.taylor@wsj.com, Twitter: @WSJRobTaylor)

0102 GMT [Dow Jones] Nomura Securities chief FX strategist Yunosuke Ikeda points out three reasons behind recent weakness in EUR. First, the euro zone economic indicators since May have come in below market consensus and worsening economic sentiment especially in Germany suggests the ECB would be better positioned going ahead with extra monetary easing. Secondly, the amount of stock investment inflow to euro zone by global mutual funds has stopped in past one month as depicted in EPFR data. That compares with a weekly average of $500 **million** to $1.5 **billion** worth of net buying since September 2013. And finally, market was calm to concerns about a Portuguese bank that emerged recently but reminded investors of how the euro zone financial system remains fragile. The EUR/USD weakened overnight to 1.3520, coming close to an early-June low of 1.3503. Mr. Ikeda says he expects the EUR/USD pair will hit 1.3000 by year end. It is now at 1.3530. (hiroyuki.kachi@wsj.com)

0057 GMT [Dow Jones] The Nikkei is up 0.4% at 15,443.42 after upbeat U.S. corporate results, particularly from tech firms like Intel Corp. (INTC), sent the Dow Jones Industrial Average to another record close. Shigeo Sugawara, senior investment officer at Sompo Japan Nipponkoa Asset Management, says Japanese stocks are catching up the rest of the world following their poor performance in earlier this year due to concerns over consumption tax increase and a lack of additional easing by the Bank of Japan. "Fundamentals aren't as bad as previously thought in the markets. That is going to be clear in the quarterly earnings results the companies are going to report soon," he says. Shares of Fuji Heavy Industries (7270.TO) are up 0.7% at Y2,949 following a Nikkei report that the maker of Subaru cars likely saw operating profit climb 15% on year to about Y80 **billion** ($786 **million**) this past quarter, marking a record April-June high.(kosaku.narioka@wsj.com)

0050 GMT [Dow Jones] Australia's conservative Liberal-National government is ramping up threats of deeper public spending cuts if key budget measures, including the scrapping of unpopular taxes on carbon emissions and **mining** profits, aren't passed by the upper house Senate. Prime Minister Tony Abbott echoed comments made by Treasurer Joe Hockey yesterday that other savings would be identified if a handful of senators from minor parties keep disrupting its austere legislative agenda. "I think Joe is making the obvious point that we need to take tough decisions today to avoid tougher decisions tomorrow," said Abbott. He denied being too aggressive in negotiations with cross-benchers. "All along I've been doing my best to work constructively and collegially with the cross bench in the senate," he said. "I'**m** certainly not blaming the cross bench--I'**m** blaming Labor." (ross.kelly@wsj.com)

0037 GMT [Dow Jones] Australia's S&P/ASX 200 jumps to a 6-year high of 5559.4, marginally above the April peak at 5554.5, after the S&P 500 rose 0.4% on strong earnings reports, corporate deal activity and reassuring comments from Fed chief Janet Yellen. Volume is decent, for a change, with more than a quarter of the daily average trading in the first 30 minutes. And encouragingly, the rise is led by resources, while yield stocks take a back seat. BHP (BHP.AU) jumps 1.7% and Rio Tinto (RIO.AU) climbs 1.9% after U.S. peers rose about 1.6%, and Fortescue (FMG.AU) pops 3.5% after boosting its **iron ore** production guidance yesterday. Woodside (WPL.AU) climbs 1.5% on improved production guidance. Banks rise just 0.1%-0.3% and Telstra gains 0.6%. Index last up 0.7% at 5556.6. (david.rogers@wsj.com; Twitter: @DavidRogersWSJ)

0036 GMT [Dow Jones] Rio Tinto's (RIO) changes to commodity production guidance imply a net revenue uplift of around US$235 **million**, or 0.5%, says Morgan Stanley. Mined **copper** output was revised 3% higher by Rio to 585,000 tons in 2014, and refined **copper** raised by 15% to 300,000 tons. Thermal **coal** was also lifted 5% to 17.5 **million** tons. Offsetting that, however, was a 5% and 10% cut to annual production guidance for **alumina** and Australian hard coking **coal**, respectively. Morgan Stanley says Rio was tracking well at the halfway mark in its fiscal year, with volume pressure heading into 2H less than at the 1Q report. The broker rates Rio at equalweight. RIO last at A$65.20. (david.winning@wsj.com; @dwinningWSJ)

0031 GMT [Dow Jones] Six years on, the world economy may remain in the shadow of the financial crisis, but it is time for governments to manage the exit from unconventional monetary policy and look to the private sector to help **lead** economic growth, Australia's Prime Minister Tony Abbott says. "We really are at the limits at what macro measures can do to drive growth," he tells business leaders at the B20 Summit in Sydney. "What we really need in the medium term is macro policy returning to normality." The transition won't be easy, though. The global economy remains fragile, he acknowledges, adding that "output is below potential, business is wary [and] investment is constrained." (rhiannon.hoyle@wsj.com, Twitter: @RhiannonHoyle)

0023 GMT [Dow Jones] Australia's S&P/ASX 200 valuation is well into the upper half of its historic PE range, which is "challenging, but short of alarming", particularly with interest rates and volatility very low, J.P. Morgan**equity** strategist, Paul Brunker says. He estimates the market-capitalization weighted 1-year forward PE ratio is 14.5 times the historic median (since 1995) of 13.8 times. Nevertheless, he cautions that the median stock PE of 15.2 times is "more troubling" versus the historic median stock multiple of 13.7 times. "The big-cap sectors look fully valued...but are not on high PE's in absolute terms, high multiples are confined to small pockets of the market, and...many cyclicals are priced for recovery," he says. "The conclusion is that the market is expensive enough to starve stock-pickers of inspiration, but not so expensive as to be risky." (david.rogers@wsj.com; Twitter: @DavidRogersWSJ)

(END) Dow Jones Newswires

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