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HD **Australian Trade Decline to Slug 2Q GDP Growth: Deutsche Bank -- Market Talk**

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0252 GMT [Dow Jones] A deterioration in Australia's trade performance over the second quarter may see 1.5 percentage points cut from GDP, Deutsche Bank chief economist Adam Boyton says. But that will be shortlived, Boyton says. Second-quarter capital imports won't continue as **mining** investment retreats. Combined with continuing growth in nonrural exports should see net exports contribute to growth beyond the second quarter, he adds. Boyton forecasts quarter-over-quarter GDP growth of 0.5% in the second quarter. (james.glynn@wsj.com; Twitter @JamesGlynnWSJ)

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0249 GMT [Dow Jones] **Hong Kong** stocks recover from early selling as HSBC's **Hong Kong** manufacturing Purchasing Managers' Index for July rises to 50.4, up slightly from 50.1 in June. The Hang Seng Index is flat after the release of data at 24597.00, having earlier slipped as much as 0.3%. "**Hong Kong**'s economy is stabilizing, although it is still not yet back to normal as the PMI for July only showed a marginal return to overall growth and new orders remained in contraction," HSBC says. "Still, there was an encouraging rebound in new business from **China**, which could potentially be sustained given the improving economic data from the mainland of late." Still, investors may want to heed the bank's other data release today: HSBC's **China** services PMI for July falls to 50.0, the lowest level since the bank started tracking the number in 2005, sparking the earlier selloff. (gregor.hunter@wsj.com; Twitter: @gregorhunter)

0246 GMT [Dow Jones] The Philippine peso rises after strong inflation data for July. The USD/PHP is at the 43.58 base of the daily Bollinger uptrend channel. The 4.9% year-over-year rise in the consumer price index--the steepest since November 2011--justifies the hawkish stance taken by the central bank last week when it lifted the benchmark interest rate by 0.25 percentage points. Bangko Sentral ng Pilipinas says Tuesday it is ready to tighten monetary policy again if needed to keep inflation at bay. Raising the benchmark interest rate makes the peso more attractive to yield seekers. Further peso strength could drag USD/PHP out of the Bollinger uptrend channel and toward the 20-day Bollinger mid-support at 43.46. USD/PHP is now 43.60 from its Monday close of 43.71. (ewen.chew@wsj.com)

0242 GMT [Dow Jones] **China** shares are lower slightly after Monday's rise as investors gauge a potential tightening of monetary policy against a stabilization in economic growth, say analysts. The Shanghai Composite Index is down 0.1% at 2221.30, off its earlier high of 2226.84, a fresh year-to-date high. "The index may consolidate around 2200 for a few more sessions," says Tebon Securities analyst Deng Wenyuan, adding that the central bank is unlikely to keep using targeted monetary easing to pump up the economy. Banks and property developers succumb to profit taking after recent run-up. **China** Vanke (000002.SZ) falls 1.6% to CNY9.79, while BoCom (601328.SH) eases 1.3% to CNY4.44. The Shenzhen Composite Index falls 0.1% to 1163.22. (amy.li@dowjones.com)

0237 GMT [Dow Jones] Foreign fund outflows amid weaker local stocks will likely drive the USD/TWD to rise above 30.000 later the day, say two local traders. The USD/TWD is at 29.993, higher than the 29.990 traded before the local central bank's suspected intervention Monday, which lifted it to 30.040 at the close of the onshore trading session, traders say. A trader notes most of trades were done around 29.985 in the first hour after the open, "but a sharp fall in local stocks suggest foreign investors are likely selling more stocks, and that will likely push the greenback to rise to NT$30.010," a trader says. Taiwan stocks drop 1.5%, as financial stocks fall sharply due to concerns over the local bank's lending to LCY Chemical (1704.TW), whose pipes the government has said likely caused last week's deadly gas-leak explosions. (fanny.liu@wsj.com)

0236 GMT [Dow Jones] The **China**-sensitive Australian dollar slipped as low as 95.54 from 95.68 against the yen Tuesday after the HSBC **China** services PMI fell to 50.0 in July from 53.1 in June, in contrast with the Markit Japan services PMI which rose to 50.4 in July from 49.0 in June. Further downside in the Aussie/yen cross may encounter support at 95.37--the Monday low which is currently near the 55-day moving average. Spot AUD/JPY was recently at 95.57 versus 95.73 late Monday. (jerry.tan@wsj.com)

0234 GMT [Dow Jones] Taiwan's CPI on-year growth in July was the highest since February 2013 but the government and economists say overall consumer inflation remains in stable condition. July's CPI rose 1.75% on-year after June's 1.64% increase. In the first seven months, the CPI rose 1.29% -- below the central bank's target of 2%. The government says that consumer inflation so far remains acceptable. Ta Chong Bank economist Woods Chen says the CPI's on-year growth probably hit its peak in July and will likely ease to 1.67% in August if no typhoon hits Taiwan later this month. "The rise in cost of eating-out has eased, that will likely help slow the CPI's overall rise," he says, and expects the CPI to rise 1.60% on-year in 3Q and 1.40% in 4Q. (fanny.liu@wsj.com)

0218 GMT [Dow Jones] Australia's S&P/ASX 200 continues to fall, hitting a 3-week low of 5517.6 after disappointing **China** services sector data. HSBC Markit's **China** services PMI fell to 50.0 in July vs 53.1 in June, the lowest reading in the nearly nine-year history of the release. The data are weighing on **iron**-**ore** miners, with BHP (BHP.AU), Rio Tinto (RIO.AU) and Fortescue (FMG.AU) down 0.7%-1.4%. Financials remain weak, with the four major banks down 0.4%-0.6%. The index is down 0.4% at 5518.7. (david.rogers@wsj.com; Twitter: @DavidRogersWSJ)

0216 GMT [Dow Jones] Crude-**oil** futures are steady in early Asian trade Tuesday after overnight gains; analysts say a minor technical correction likely helped stem **oil** market losses. "Markets seem complacent about further supply disruptions from Libya and potential risks from Iraq and Russia. Stronger underlying demand should see prices edge higher in the coming weeks," ANZ says. Later Tuesday, the API will publish weekly U.S. **oil** inventory data that shows **oil** demand levels in the country. Citi Futures expects some seasonal decline in refinery operating rates and a moderate 0.5-1.5 **million**-barrel in overall U.S. inventories. Nymex crude is up 10 cents at $98.39/bbl, Brent crude is up 10 cents at $105.51/bbl. (eric.yep@wsj.com)

0214 GMT [Dow Jones] USD/TWD is more likely to fall, implying a stronger Taiwan dollar versus the U.S. unit, the daily chart suggests. The dollar is well-capped by the Ichimoku Cloud resistance at 29.990 and the 20-day Bollinger mid-resistance line at 30.020, thus making a U.S. dollar rally less likely in the near term. Data released Tuesday showed inflation rose 1.75% in July, higher than the 1.64% rise seen in June. Stocks fell 1.1% while the Taiwan dollar rose even though the central bank governor in June had played down the trend of rising prices--and thereby the odds of an interest rate hike. The central bank expects the consumer price index to stay below 2.0% this year. USD/TWD is now 29.990 from its Monday close of 30.040. (ewen.chew@wsj.com)

0211 GMT [Dow Jones] **Hong Kong** stocks fall after HSBC's **China** services PMI for July falls to 50.0, compared with 53.1 a month earlier. The print, on the brink of showing contraction among service-sector firms, is "the lowest reading since the series began in November 2005," HSBC says. "The weakness in the headline number likely reflects the impact of the ongoing property slowdown in many cities as property related activity, such as agencies and residential services, see less business... In the coming months, we think the service sector may get some support from the recovery in investment." The Hang Seng Index sinks 0.3% to 24,529.03, while H-shares drop; the Hang Seng **China** Enterprises Index is off 0.7% at 11,015.82. Both indexes had been roughly flat prior to the release. **Hong Kong**-listed services companies and property stocks lose the most of any industry groups.(gregor.hunter@wsj.com; Twitter: @gregorhunter)

0207 GMT [Dow Jones] Kim Eng downgrades HSBC's (0005.HK) shares to sell from hold. A 12% decline in pre-tax profits in the first half of the year wasn't a surprise, the brokerage says, but it is worried that the bank's return on shareholder **equity** is recovering "slowly," hovering around 10%. A share buyback also looks "unlikely in 2014," Kim Eng adds. Shares are trading higher in early **Hong Kong** trade, up 0.9% at HK$82.80. (mia.lamar@wsj.com)

(END) Dow Jones Newswires

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IN i81401 : Central Banking | i814 : Banking | ibnk : Banking/Credit | ifinal : Financial Services

NS c1522 : Share Price Movement/Disruptions | e1101 : Economic Growth | epmi : Purchasing Managers Index | m11 : Equity Markets | ecat : Economic News | mcat : Commodity/Financial Market News | namt : All Market Talk | ndjmt : Dow Jones Market Talk | neqac : Equities Asset Class News | nfiac : Fixed Income Asset Class News | nfxacb : Forex Asset Class Basic News | nfxacp : Forex Asset Class Premium News | nfxmt : Foreign Exchange Market Talk | nrmf : Routine Market/Financial News | c15 : Performance | ccat : Corporate/Industrial News | e11 : Economic Performance/Indicators | e1111 : Industrial Production | ncat : Content Types | nfact : Factiva Filters | nfce : FC&E Exclusion Filter | nfcpin : FC&E Industry News Filter | niwe : IWE Filter

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