

HD Spain Bond Supply To Be Easily Taken Down, Commerzbank - -- Market Talk

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0637 GMT [Dow Jones]--Commerzbank expects Spain's EUR2 billion-EUR3 billion bond supply to be "easily absorbed" at Wednesday's auction, given the modest auction size and appealing maturities, it says. Strategists Rainer Guntermann and Michael Leister say that the 2.10% April 2017 bond--one of the two bonds on offer--is attractive for strategic convergence trades, while the five-year bond should attract carry-motivated demand. The other bond on offer is the 4.60% July 2019. Auction results are due between 0830 GMT and 0845 GMT. (emese.bartha@wsj.com)

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0634 GMT [Dow Jones] Australia's S&P/ASX 200 closed down 0.3% at 5382.7, its lowest close in two months, as Woodside (WPL.AU) fell 4.6% after Shell's institutional placement, and the four-major banks plus Telstra (TLS.AU) fell 0.3%-0.8%, after U.S. 10-year bond yields rose 6 basis points to a five-week closing high of 2.65%. Fortescue (FMG.AU) rose 2% after spot iron ore rose 0.3% from a 21-month low. Aquila Resources (AQA.AU) jumped 7% to A\$3.35 after accepting a A\$2.40 per share cash takeover bid from China's Boasteel and Australia's Aurizon Holdings . It rejected a A\$2.75 per share scrip bid from Mineral Resources. Traders were otherwise focused on rolling positions before Thursday's quarterly index futures expiry. Attention turns to BOE policy minutes and the outcome of the FOMC board meeting and press conference tonight. (david.rogers@wsj.com; Twitter : @DavidRogersWSJ)

0631 GMT [Dow Jones] The daily AUD/USD chart suggests there may be limited room for the Australian dollar to decline versus the U.S. dollar. The Ichimoku Cloud support zone at 0.9317 nearly coincides with the 20-day Bollinger mid support at 0.9312 rendering this area a strong floor for the Australian currency. If AUD/USD remains above the 0.9312-0.9317 zone by the end of Wednesday, a rebound higher toward the daily Bollinger uptrend channel might ensue. On Tuesday, the pair dropped out of the uptrend channel after slightly dovish remarks from the Reserve Bank of Australia downplayed the possibility of interest rate rises in the near future. AUD/USD is now 0.9332 from its Tuesday close of 0.9333. (ewen.chew@wsj.com)

0629 GMT [Dow Jones] Taiwan shares rise 0.4% to close at a six-year high of 9279.93 thanks to petrochemical players, but analysts say profit-taking may kick in as lingering volatility in the Middle East and an absence of strong catalysts may prompt investors to sell, says Capital Securities analyst Andrew Teng. He expects a 9200-9300 band Thursday. "People are waiting for more clarity, especially how Taiwan's tech names might fare in 2H," he says. Formosa Petrochemical Corp . (6505.TW) jumps 2.3% to NT\$76.50, Formosa Plastics (1301.TW) gains 1.6% at NT\$78 while China Steel (2002.TW) is up 1.8% at NT\$25.30. In tech, TSMC (2330.TW) ekes out a 0.4% gain to NT\$125 and Hon Hai (2317.TW) rises 0.1% to NT\$94.10. (jenny.hsu@wsj.com)

0629 GMT [Dow Jones] The draft of the government's revised Japan Revitalization Strategy published on June 16 largely exceeded market expectations, says Nomura Securities. "A month ago, there was considerable uncertainty about what would be in the strategy," says house analyst Tomo Kinoshita, citing the efforts of the Abe administration. While symbolic results were achieved by cuts to the corporation tax rate and reforming the Government Pension Investment Fund (GPIF), reforms in the labor market, medical and long-term care, and in agriculture, were at a level that wouldn't have been anticipated a

month ago, he says. He also notes new measures in the areas of tourism, national strategic special economic zones, goals for becoming the world's most advanced IT society and a global financial center. Still, execution on the plans remains key, he says, expecting the draft to be formally approved by the Cabinet by end-June. (bradford.frischkorn@wsj.com)

0628 GMT [Dow Jones] A survey of 160 Japanese retailers showing flat May year-over year sales is extremely encouraging given the rise in buying ahead of the April 1 sales-tax hike to 8% from 5%, CLSA says. "At the start of the year there were widespread fears that consumption would collapse as it did after the last sales-tax hike in 1997," CLSA **equity** strategist Nicholas Smith says. "This seems like vindication of the view that the sales-tax hike would be a nonevent. The outlook for earnings upgrades looks good." March sales were up 21.3% year over year while April fell 3.1% as the tax kicked in. (bradford.frischkorn@wsj.com)

0616 GMT [Dow Jones] Japanese department store sales declined 4.2% on year in May, falling for the second straight month due to the impact of the April consumption tax hike, according to data released Wednesday by the Japan Department Stores Association . Still, the result shows a significant recovery from a 12% fall in April and was also better than the 5.1% drop in May 1997, when the sales tax was last raised. "The recovery trend has become more evident" as consumers favor high value-added products and it was warmer than usual during mid- to late-May, the association says. (megumi.fujikawa@wsj.com)

0612 GMT [Dow Jones] The NZX-50 fell 0.2% or 9 points to 5184.46 in quiet trading ahead of the U.S. Federal Reserve's policy statement due later Wednesday. Skellerup (SKL.NZ) added 1.1% to 1.77 New Zealand dollars after news it was planning to build a new **dairy** rubberware development and manufacturing facility in Christchurch for 30 **million** New Zealand dollars. Fletcher Building (FBU.NZ) added 0.5% to 9.00 New Zealand dollars while Contact **Energy** (CEN.NZ) ended unchanged at 5.40 New Zealand dollars. (rebecca.howard@wsj.com; Twitter : @FarroHoward)

0612 GMT [Dow Jones]--The Royal Bank of Scotland expects Spanish and German bond auctions to go well Wednesday. As for Germany's offer of the 1.50% May 2024 Bund, Tuesday's selloff "will likely entice some opportunistic demand," RBS says, but it reckons that the auction is unlikely to be a major market mover. "Though, we could caution that if the auction is uncovered, it should be viewed as a buying opportunity." Regarding Spain's EUR2 **billion**-EUR3 **billion** auction of the 2.10% April 2017 and 4.60% July 2019 **bonds**, RBS says the periphery is likely to continue to feel the support of negative repo rates, hence it anticipates strong demand. (emese.bartha@wsj.com)

0601 GMT [Dow Jones] UBS expects a bumpier ride in Macau stocks in the near term as VIP volume slows but it still sees decent upside as positive growth drivers remain intact. The bank says "a combination of **China**'s weak macro-economy and caution among junket agents has led to weaker player demand and slower junket working capital productivity," leading to lower VIP growth. In a "black sky" scenario of a 20% decline in VIP volume, Wynn Macau (1128.HK) may suffer the most with a nearly 12% drop in Ebitda while Sands **China** (1928.HK) is the most resilient with only a 4% decline in its Ebitda, according to UBS estimates. UBS stays **buy** on players with more mass exposure like Melco Crown (MPEL), Sands **China** and MGM **China** (2282.HK). Wynn falls 1.1% to HK\$27.75 while Sands is unchanged at HK\$53.1. (jacky.wong@wsj.com; Twitter : @jackycwong)

"Fed's Yellen May Guide Market on Timing and Pace of Rate Hikes: RBC -- Market Talk," at 0529 GMT, misstated the brokerage in the headline. The comments came from RBS, not RBC.

0547 GMT [Dow Jones] Treasury**Wine** (TWE.AU) shares fell below KKR 's A\$4.70/share bid price for the first time since the approach was announced a month ago, indicating investors aren't so sure the U.S. **firm** will sweeten its offer. A crucial factor will be whether Treasury**Wine** can survive so-called "confession season" without an earnings downgrade, which would make KKR 's bid look stronger. Australian companies must disclose if profit for the year through June will miss their guidance, ahead of the August earnings season. Treasury**Wine** expects annual operating earnings of between A\$190 **million** and A\$210 **million**, implying a big second-half improvement from A\$46 **million** in 1H. TWE shares are now at A\$4.73 Wednesday after briefly touching A\$4.69. (Ross.Kelly@wsj.com)

(END) Dow Jones Newswires

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