DOW JONES NEWSWIRES

HD **Some Positive Signs from Aussie Earnings -Macquarie -- Market Talk**

WC 1,532 words

PD 11 August 2014

ET 11:15

SN Dow Jones Institutional News

SC DJDN

LA English

LP

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0115 GMT [Dow Jones] Macquarie Equities strategists are seeing some positive signs in the early stages of the Aussie earnings period. "Importantly, guidance for most companies has been maintained with relatively few companies providing profit warnings leading to this reporting season," the broker says. "Macquarie's FY15 bottom up EPS growth forecast for All Companies ex-Resources also remains largely unchanged at +11.9% after the first week of reporting season." Index last up 0.6% at 5468.7. (david.rogers@wsj.com; Twitter: @DavidRogersWSJ)

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0111 GMT [Dow Jones] Nomura predicts India's food grain production to shrink by around 4% on-year in 2015 and GDP growth from agriculture at "close to zero" due to weaker-than-normal monsoon rains this summer. It notes that vegetable and **milk** prices have increased as a result of the delayed monsoon, but says that any inflationary impact is mitigated by the small increase in minimum support prices for summer crops and moderate wage inflation. (isabella.steger@wsj.com)

0111 GMT [Dow Jones] JPMorgan Securities expects Japan's Government Pension Investment Fund to raise its domestic stock holding to at least 20% from the current 12%, and to cut the yen bond portion to 40% from the current 60%, says the brokerage's chief Japan economist Masaaki Kanno. Nikkei reported in its Sunday edition that GPIF's committee decided to temporarily remove the ceiling for the domestic stock holding. "To the extent that the GPIF will have more risk assets, the GPIF should have a sophisticated risk management system, and have the **board** of directors, which supervises the execution, led by the CEO or the CIO," he adds. "In order to reform the GPIF's governance, the GPIF law needs to be changed...Ideally, the new GPIF law should give independence to the GPIF, like the BOJ and should be fully responsible to the Japanese people directly." (megumi.fujikawa@wsj.com)

0103 GMT [Dow Jones] **Hong Kong** equities are seen rebounding on Monday as Asia recovers from last week's geopolitical shocks and **Chinese** inflation data for July meets expectations. The Hang Seng Index fell 0.2% to 24,331.41 on Friday but are poised to recover lost ground this morning, with index futures rising 1.1% ahead of the market open. "**Hong Kong** and US **equity** futures rallied Aug. 8, validating our view that geopolitical risks are containable," says Reorient **Group**. "We expect Asian markets to rally on Monday's as the contagion from Europe wears off." Meanwhile, **Chinese** consumer price inflation holds steady in July at 2.3% year-on-year, though HSBC says "the weakness in core inflation suggests that there is still considerable slack in the economy." Nomura also points to Fujian province loosening home **purchase** restrictions, marking the first easing of housing policy at a provincial level. (gregor.hunter@wsj.com; Twitter: @gregorhunter)

0102 GMT [Dow Jones] Morgans hikes its price target for Rio Tinto PLC (RIO) as it lifts earnings estimates on higher-than-anticipated near-term prices, rising volumes and lower costs. The broker, which reiterates its "add" rating, bumps its target to A$92 a share from A$84 previously. It lifts its FY14 Ebitda forecast 8.0% to US$20.54 **billion** and its underlying net profit forecast 2.6% to US$10.30 **billion**. Higher **iron**-**ore** production will bolster earnings in 2014-15, it says. It also expects aluminum earnings to expand over the longer run on lower costs and the ramp up of the Kitimat modernization project in

Canada. RIO trades up 0.8% in Sydney at A$66.98. (rhiannon.hoyle@wsj.com; Twitter: @RhiannonHoyle)

0046 GMT [Dow Jones] Korean equities rise in early trading as markets prepare for an interest rate decision from the Bank of Korea on Thursday, widely expected to bring a 25bps cut to the current policy rate of 2.5%. "A sharp slowdown in Korea's economy in Q2 and dovish rhetoric from the central bank has raised expectations that interest rates will be cut," says Capital Economics. Korea's Kospi fell 2% last week, losing ground on Friday after geopolitical tensions in the Middle East spiked. "Foreigners turned to net selling although they bought KRW0.2trn for the week," says Goldman Sachs, while "retail investors turned around to net buyers of KRW0.7trn after selling for three weeks." The index starts the week rising 0.4% to 2,039.06. (gregor.hunter@wsj.com; Twitter: @gregorhunter)

0039 GMT [Dow Jones] FXCM currency analyst, David de Ferranti, is bearish on the Aussie this week as it extends declines on the back of broad-based risk aversion and disappointing domestic data last week. he says that if tensions in the Middle East or Ukraine escalate further, the Aussie could face further weakness in the short term. crucially, the Australian dollar is drawing closer to the US$0.9200 handle and if broken, it could set the stage for a sustained decline to the psychologically significant 0.9000 handle. Pair now US$0.9279. (james.glynn@wsj.com; Twitter @JamesGlynnWSJ)

0030 GMT [Dow Jones] Mount Gibson **Iron** Ltd.'s (MGX.AU) fat cash balance of around A$520 **million** will allow the miner to sustain its **iron**-**ore operations** through a price trough, but that cash pile will subsequently erode over the next couple of years, says Credit Suisse. "We estimate that positive cash flow from Extension Hill will not make up for negative cash flow from Koolan Island," it says in a note. "On the positive side, cash generation should resume in FY17." Its analysts meanwhile think MGX's Shine project won't be viable as average **iron**-**ore** prices slip and will be deferred. Credit Suisse has a neutral rating on stock with a A$0.80 target. MGX trades up 1.4% at A$0.75. (rhiannon.hoyle@wsj.com; Twitter: @RhiannonHoyle)

0023 GMT [Dow Jones] Australian second-quarter wage price index will be released on Wednesday and RBC Capital Markets expects another quarter of modest wage growth of 0.7%, which would see the annual rate remain at 2.6%. Elsa Lignos, senior currency strategist at RBC said annual wage growth has been running at this subdued pace for the last 12 months and largely underpins the central bank's expectation that core inflation will remain comfortably within the 2% to 3% target range even with a lower Australian dollar. (james.glynn@wsj.com; Twitter @JamesGlynnWSJ)

0020 GMT [Dow Jones] Nymex crude is likely to consolidate for now after hitting a three-session high of $98.45/bbl on Friday before settling up 31 cents at $97.65/bbl, Dow Jones technical analysis shows. The daily continuation chart is mixed as the five- and 15-day moving averages are declining, the MACD indicator is bearish; but the slow stochastic measure is bullish at the oversold level. A rise above the $98.45 resistance would be near-term positive, targeting $98.67 (Tuesday's reaction high), then $99.85 (July 31 high, near the 200-day moving average), $101.67 (July 30 high), $101.83 (July 29 high) and $102.10 (July 28 high). But a drop below $97.15 (Friday's low) would tilt the near-term view negative, targeting $96.55 (six-month low hit Thursday), then $96.26 (Feb. 3 low), $95.21 (Jan. 27 low) and $93.43 (Jan. 21 low). September crude is up one cent at $97.66/bbl on Globex. (jerry.tan@wsj.com)

0019 GMT [Dow Jones] The U.S. dollar has made an attempted break higher across the **board** and if the U.S. dollar index manages to gain a stronger foothold at higher levels it should mean the Australian dollar renews and maintains negative momentum, says Emma Lawson, senior FX strategist at National Australia Bank. She adds that if market volatility slips lower again, the Australian dollar is likely to move into a US$0.9400 - US$0.9200 range. AUD/USD is now trading at US$0.9276. (james.glynn@wsj.com; Twitter @JamesGlynnWSJ)

0008 GMT [Dow Jones] J.P. Morgan identifies six malls it reckons Westfield (WFD.AU) will sell to focus on more lucrative developments, together worth US$1.18 **billion**. These include Mainplace in Los Angeles; Vancouver in Washington; Connecticut Post and Meriden in Connecticut; and Fox Valley and Hawthorn in Illinois. The broker also expects Westfield to earn around US$710 **million** in development fees by selling 50% stakes in current projects, including the retail wing of the World Trade Centre, under construction in New York, and the Century City mall development in Los Angeles. "Westfield has a high quality portfolio, which will continue to improve through a US$11.8 **billion** premium mall development pipeline," J.P. Morgan says. It however stays "neutral" on the stock, given a recent price rally.

(Ross.Kelly@wsj.com)

(END) Dow Jones Newswires

August 10, 2014 21:15 ET (01:15 GMT)

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AN Document DJDN000020140811ea8b0000s

