

HD Tabcorp Upgraded to **Buy** from Underperform - BBY -- Market Talk

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0417 GMT [Dow Jones] BBY upgrades Tabcorp (TAH.AU) to **buy** from underperform after stronger-than-expected FY14 results and an increase in the FY15 target payout ratio to 90% of net profit from 80% previously. Target price rises 15% to A\$4.03. TAH last up 2.9% at A\$3.55. (david.rogers@wsj.com; Twitter: @DavidRogersWSJ)

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0407 GMT [Dow Jones] **China** shares fall by the midday break, extending a correction into a third consecutive session, as investors pause following recent gains and await fresh catalysts, says Tang Yonggang, chief investment adviser at Hong Yuan Securities. The Shanghai Composite Index drops 0.6% to 2204.33, and is tipped to trade around 2200 during the session. Tang tips the index to retreat to 2150-2200 before a fresh round of gains. While the PBOC drained funds from the money market for the second week, liquidity remains ample which could curb the downside, analysts say. Coal miners succumb to profit-taking following a surge; Shaanxi Coal Mining (601225.SH) eases 2.3% to CNY4.71. Financial stocks extend losses; New **China** Life Insurance (601336.SH) slides 2.6% to CNY23.94. The Shenzhen Composite Index is down 0.1% at 1175.67. (amy.li@dowjones.com)

0406 GMT [Dow Jones] Asian junk bonds start to feel the pain from the selloff in their U.S. counterparts. "Bonds with high concentration of U.S. ownership have suffered the most this week being off by 1.5-2.5 [points]" on average, says a Lucr Analytics report. "This has been driven by a more than 90 [basis points] increase in U.S. [junk bond] yields in the last five weeks." This comes as Asian junk bonds have been relatively resilient amid U.S. selloff. Those being hit hardest are the ones snapped up by U.S. investors earlier, including India's Greenko **Group** PLC, whose 5-year bond issued last week fell by 3 points; Casino operators Melco Crown and Wynn Macau have their bonds down 1.5 and 2.5 points, respectively, according to Lucr Analytics. (fiona.law@wsj.com)

0400 GMT [Dow Jones] South Korea's new tax plan designed to nudge firms to pay out more of cash stockpiles in dividends will likely bring long-term benefits for household income and consumption growth, say Credit Suisse economists. They note a 1 percentage point increase in dividend yield will raise disposable income by 0.6%. Credit Suisse says the potentially larger dividend payouts will be "an added support" for not just domestic consumption but also the **property** market, in favor of local construction and banking shares at the local bourse. The revised taxation scheme proposes tax breaks for businesses increasing wages and dividends and an extra 10% punitive tax on part of their net income if they hoard excess cash reserves. (kwanwoo.jun@wsj.com)

0358 GMT [Dow Jones] The People's Bank of **China** is expected to continue with targeted monetary easing for now, due to the headwinds to economic growth in the current half year, says Ting Lu, economist at Bank of America Merrill Lynch. The central bank introduced the new term "new normal" for **China's** economy in its recently released second-quarter monetary policy report, which could be interpreted as a lower trend growth rate with higher quality, Lu writes in a research note. "However, we believe the government needs a stable growth path in the beginning of its tenor, therefore the 'new normal' thinking may take some time to dominate the policy consideration. We expect the PBOC to

remain on the course of targeted easing to lower funding cost and maintain the ample liquidity in the market," he writes. (hong.shen@wsj.com)

0351 GMT [Dow Jones] The Indian telecommunications regulator's new rules to allow cellphone companies to share frequencies is unlikely to benefit Reliance Communications Ltd. (532712.BY), and Reliance Jio Infocomm Ltd., the telecom unit of Reliance Industries Ltd. (500325.BY), says Phillip Capital. Reliance Communications cannot share its frequencies as it is in a different band, unless Reliance Industries wins frequencies in the same band through an auction, the brokerage adds. (krishna.jai@wsj.com; Twitter: @jaikrishna)

0328 GMT [Dow Jones] South Korea's July data on retail sales indicate improvement in private consumption that was badly hit by April's Sewol ferry sinking. Preliminary data released by the finance ministry show sales at the country's top three department store chains rose 4.2% on the year in July--the fastest pace since January--after a 4.6 percent drop in June. Sales at top discount-store chains declined 4.5% in July, less steeply than a 5.9% drop in June. Revised retail sales data will be released by the trade ministry later this month. (kwanwoo.jun@wsj.com)

0308 GMT [Dow Jones] The Nikkei is down 0.2% at 15128.05 midday, little changed from early morning levels, as the dollar remains weak (USD/JPY now 102.17), and the Bank of Japan begins its two-day meeting. "The current BOJ session may have the fewest expectations of any meeting this year," says an equity trading director at a European brokerage. "Quite the contrary, some traders are actually departing for next week's annual Obon summer holiday early, confident that the central bank will do nothing more than stand pat on current policy." In the meantime, stocks with trading incentives such as earnings results continue to garner attention; Inpex (1605.TO) is up 1.0% at Y1,521 after raising its FY net profit view. Social network **site** operator DeNA (2432.TO) is down 7.8% at Y1,201 after delivering bearish guidance. (bradford.frischkorn@wsj.com)

"Taiwan Shares Down 0.3%, Apple Plays Down Despite New Releases -- Market Talk," at 0209 GMT, misstated LCY's shares fell by its daily limit for the fourth straight session. It fell by its daily maximum for the fifth straight session.

0300 GMT [Dow Jones] The Australian employment report was weaker than expected in July, says ANZ Bank senior economist Justin Fabo. But given the sample rotation effect on both employment and unemployment and the potential for some impact from methodological changes on measured unemployment, it is very difficult to get a clear read, he adds. Moreover, most other labor-market indicators are improving, at least slowly, so the jump in the unemployment rate does look odd in that regard, Fabo says. We'll need the August report to confirm that view, he adds. (james.glynn@wsj.com; Twitter @JamesGlynnWSJ)

0259 GMT [Dow Jones] Asian technology equipment and machinery companies enjoyed the most robust business activity in the region last month, according to a sector-specific reading from Markit. Of the 19 sectors monitored by the data **firm**, 12 reported increased business activity in July versus 13 in June. "Manufacturing-related sectors occupied the top three places in the growth rankings, while the remaining sectors signalling expansions were largely services-oriented," the **firm** adds. (mia.lamar@wsj.com)

0256 GMT [Dow Jones] After having heralded a slowdown in employment growth in Australia, Deutsche Bank's labor market tracker' has recovered recently and suggests trend jobs growth in the order of 12,000 a month should be expected. Adam Boyton, chief economist at DB, says he doesn't see the jump in the unemployment rate to 6.4% (a 12-year high) in July as signaling the start of a worrisome trend. Still, the continued trend higher in the unemployment rate means rate hikes are a long way from the RBA's mind--and if the central bank does anything over the next six months it will, in our view, be to ease, he says. (james.glynn@wsj.com; Twitter @JamesGlynnWSJ)

(END) Dow Jones Newswires

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