

**HD NZX-50 Closes Flat as Skycity Rallies Post Results -- Market Talk**

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0517 GMT [Dow Jones ] The NZX-50 closes flat at 5054.70 as Skycity Entertainment (SKC.NZ) rises 2.0% to NZ\$3.62 after releasing FY14 results and announcing progress on its international convention center plan and the decision to build a five-star **hotel** in the area as well. However, Xero (XRO.NZ) is down 4.0% to NZ\$22.30 as the stock remains under pressure after the Nasdaq lost 0.3% in overnight trading. (lucy.craymer@wsj.com; Twitter: @lucy\_craymer)

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0453 GMT [Dow Jones ] The pound touched a one-week high of 1.9958 against the New Zealand dollar Wednesday as traders pared short-sterling positions ahead of the Bank of England's inflation report due at 0930 GMT. The GBP/NZD spot rate is currently positioned in the "**buy** zone" of the 20-day Bollinger Band (an area between the one- and two-standard deviation upper Bollinger bands), while the five- and 15-day moving averages are advancing. That suggest higher odds of further gains in the GBP/NZD cross in the short term, targeting the upper Bollinger Band (now at 2.0016), and then 2.0032 (five-month high hit Aug. 6). Support is expected at the middle Bollinger Band (now at 1.9806). Spot GBP/NZD was last at 1.9934. (jerry.tan@wsj.com)

0451 GMT [Dow Jones ] The NZD/USD is trying to push lower but is finding strong support at 0.8400, says HiFX Senior Trader Michael Johnston. "It's a matter of when not if" it will go below that level. The pair is at 0.8429 vs. 0.8439 early this morning. Johnston says that if **China** retail sales, due out shortly, come in below expectations this might be sufficient to push the pair through support. He puts resistance at 0.8460. (lucy.craymer@wsj.com; Twitter: @lucy\_craymer)

0450 GMT [Dow Jones ] New proposals by an Indian regulator on restricting media **company** ownership could potentially constrain investments, says consulting **firm**KPMG. The Telecom Regulatory Authority of India late Tuesday proposed rules on cross-media ownership between print and television media companies. If the government accepts these suggestions, it will become a policy. "Cross media integration provides media owners with opportunities to leverage content, advertiser relationships, build economies of scale and to enhance viability," says Jehil Thakkar, head of media and entertainment at KPMG in India. He adds that India must be careful to frame its regulation in a way that encourages growth rather than restrict scale. (krishna.jai@wsj.com; Twitter: @jaikrishna)

0449 GMT [Dow Jones ] **China**'s "phenomenal" **residential property** investment in Australia will continue for at least three more years, according to a 75 page report from CLSA. It says **China** is now the No. 1 source of foreign-capital investment in Australian real **estate** and is likely to remain so, with around 10 million top income **Chinese** families interested in migrating to Australia. "Education and clean environment are key reasons for emigration," CLSA Senior Investment Analyst Andrew Johnston says. "Australian **apartment** developers are likely to benefit, especially those with well-positioned locations in suburbs that are attractive to **Chinese** investors with NSW and Victoria being the overwhelming destinations of choice." (david.rogers@wsj.com; Twitter: @DavidRogersWSJ)

0443 GMT [Dow Jones ] If Japan's ugly gross domestic product data were "within expectations" of the government, the Bank of Japan and some private economists, that's partly because they had all trimmed

their forecast beforehand, looking at gloomy monthly data. "A little while ago, this was 'beyond expectations' of everyone," tweeted Yoichi Takahashi, a university professor seen as an economic adviser to Prime Minister Shinzo Abe. Indeed, some BOJ officials forecast earlier this year that GDP would likely shrink 4% in the second quarter, according to people familiar with the bank's thinking. That was less striking than the just announced 6.8% drop. All this means that even though the GDP figure fell within officials' latest forecast range, this doesn't necessarily mean things aren't so bad. (takashi.nakamichi@wsj.com)

0440 GMT [Dow Jones ] USD/INR resumes its upward trajectory--implying a weaker rupee versus the U.S. dollar ahead--rising to 61.24 after the pullback seen earlier this week. The immediate target for USD/INR is the 61.61 top of the Bollinger uptrend channel. The base of the uptrend channel at 61.12 is a key technical support that if breached at the end of the day could signal a deeper pullback to come. The rupee has backtracked significantly, falling 4.9% against the U.S. dollar since its post-election peak of 58.25, after prime minister Modi took power. There has been disappointment at the lack of cooperation with the World Trade Organisation in implementing trade agreements--a sign that the new administration will be as resistant to reforms and economic restructuring as the one it replaced. USD/INR is now 61.24 from its Tuesday close of 61.08. (ewen.chew@wsj.com)

0435 GMT [Dow Jones ] The continued recovery in Australian consumer confidence adds to other indicators in suggesting that a fall in real retail sales in the second quarter is likely to be temporary, says Shane Oliver, chief economist at AMP Capital. However, with confidence still low and wage growth staying very weak there is absolutely no pressure from these numbers for the RBA to raise interest rates, he adds. (james.glynn@wsj.com; Twitter @JamesGlynnWSJ)

0432 GMT [Dow Jones ] The exceptionally slow pace of **China's** credit growth in July is not a good sign for the financial system, says ANZ Bank economist Li-Gang Liu. The last time lending slowed so suddenly was during the Lehman crisis. "It's possible there's some unreported stress that has sharply increased risk averseness among **commercial** banks," says Mr. Liu. "It could be that there are undisclosed shadow banking defaults driving this." The central bank puts the reversal down to normal seasonal fluctuations, but Mr. Liu is skeptical. "It's difficult to **buy** that explanation," he says.

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0429 GMT [Dow Jones ] Cement demand in Indonesia is poised for a recovery after a tough month, CIMB says. The bank says July's unusually weak figures were due to a combination of the presidential election and Eid celebrations, which led to three weeks of slower construction activity. Despite the weak figures, CIMB says July 2014 demand was actually higher than August 2013, the time of Eid last year, suggesting that the sector is stronger than originally thought. CIMB favors PT Indocement Tunggal Prakarsa (INTP.JK), citing its higher capacity growth and better pricing power than its competitors. Indocement trades 1.4% lower month-to-date but is up 23% so far this year at 24575 rupiah (US\$2.1) a share. (jake.watts@wsj.com; @jmwatts\_)

0427 GMT [Dow Jones ] The surprise drop in lending this July shows that **China's** regulators are finally getting serious about cracking down on the murky "shadow banking" system, says CIMB economist Fan Zhang. The increase of trust loans, banker's acceptances and foreign currency lending were all negative in July, indicating net repayment of these instruments. Zhang sees the influence of the central bank and **China** Banking Regulatory Commission at work. "Banks might want to get off-balance sheet lending back on their balance sheet," he says. "This shows the regulators are doing something to get shadow banking under control." (richard.silk@dowjones.com)

0418 GMT [Dow Jones ] South Korea's planned changes to taxes to encourage companies to pay higher dividends may be a big leap for more than quarter of KOSPI 200 component stocks, which do not pay out enough to shareholders to qualify, says Goldman Sachs . The income tax cut on dividends, part of a package of measures to spur investment and give the Korean economy a jolt, could boost payouts by companies in the KOSPI 200, which has the lowest dividend yield in Asia at just 1.32%. "Our analysis suggests that 57 listed companies in KOSPI200, of which SK Hynix (000660.SE), NAVER Corp (035420.SE) and Lotte Shopping (023530.SE) are the largest based on market capitalization, may need to raise dividends significantly for 2014 in order to be eligible for the dividend tax cuts," the bank says. Korea's parliament votes on the policy in the fall. (gregor.hunter@wsj.com; Twitter: @gregorhunter)

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