DOW JONES NEWSWIRES

HD **Sep US T-Note Poised For Upside Break -- Market Talk**

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0000 GMT [Dow Jones] Tuesday's low at 125-020 on the September U.S. T-Note future marks a probable base for the corrective setback from the July 17 peak at 125-235. Pressure is building on resistance at 125-145, and an upside break should be anticipated during Wednesday's session. And a subsequent break above the lower high at 125-165 would consign the 125-020 low to bear failure status, prompting further gains to the 125-235 high, assisted by Tuesday's bull hammer candle. Strong support lies at 124-315, which has protection at 125-020 and 125-090. The September U.S. T-Note future is at 125-130.

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0913 GMT [Dow Jones]--Despite unanimity in the last U.K. interest rate decision, the Bank of England's minutes contain contradictions that suggest some disagreement within the monetary policy committee, says Ben Brettell, senior economist at Hargreaves Lansdown, in a note. At one point the minutes note there's less risk of higher rates derailing the recovery; but the next paragraph stresses that premature tightening might leave the economy vulnerable, he says. A November rate rise still seems unlikely, according to Mr. Brettell. "I believe the MPC will want to see hard evidence that spare capacity in the labor market has been absorbed before considering higher interest rates." (matthew.cowley@wsj.com)

0910 GMT [Dow Jones] USD/PHP is lower late Wednesday weighed down by offshore banks selling USD and remittance inflows. The pair is at 43.235--its lowest close in eight months. "Offshore banks are driving down the U.S. dollar, doing some arbitrage that takes advantage of the lower peso-dollar rate offshore as well as the swap point," a local trader says. One month USD/PHP NDF are now quoted at 43.18 suggesting further weakness for the USD. Volume is heavy compared with Tuesday. Traders expect the USD/PHP between 43.00 and 43.50 in the near term. (cris.larano@dowjones.com)

0852 GMT [Dow Jones]--Gilts and short sterling contracts are little changed after the release of the minutes from the last meeting of the Bank of England's MPC. Attention now turns to BOE Governor Mark Carney's appearance in Glasgow at the Commonwealth Games Trade and Investment Conference (1145 GMT). "As the Governor has expressed his concerns about markets having been relatively invariant to developments in the economic data, we presume he won't shy away from using this occasion to share his latest thoughts on market pricing of the path of the Bank Rate," says RBC. September gilts +0.10 at 111.03. (nick.cawley@wsj.com)

0850 GMT [Dow Jones] Japan must keep using its nuclear technology for safe decommissioning of the stricken Fukushima Daiichi nuclear power plant and other old reactors, says Mitsui Global Strategic Studies Institute chairman Jitsuro Terashima in a note. One of the reasons for not backing a nuclear free Japan he cites is: "In **China**, South Korea, Taiwan and Russia combined, more than 100 reactors will be surrounding Japan by 2030," thus eliminating domestic nuclear power wouldn't make much difference. Japan's regulator last week said 2 reactors in its southwest meet new, tougher post-Fukushima regulations, but discussions about whether actually to restart them or not are continuing across the nation. (mari.iwata@wsj.com)

0846 GMT [Dow Jones] Mumbai broker Kotak Securities Ltd. says it maintains its view that the Reserve Bank of India would remain cautious and on an extended monetary policy pause. "The monsoon has not augured well till date though the recent upswing in precipitation has raised some hopes," says Kotak. Kotak maintains its GDP growth estimate at 5.3% for fiscal 2015 and March consumer price index inflation at 7.1%. In case of a full-blown drought, growth can be lower by 40 basis points and March CPI inflation is likely to be higher by 100 basis points, the broker says.(kenan.machado@wsj.com)

0837 GMT [Dow Jones]--The BOE's MPC voted unanimously to leave the benchmark rate at a record low of 0.5% in July, and the minutes make it clear that there is as yet no preferred timing for a first raise in the rate. Indeed, the minutes suggests there are still many areas of uncertainty, including the amount of spare capacity in the economy given that unemployment rates are falling and yet real wages have yet to rise. There were arguments for and against an early rise in the rate, but no sense of even a partial consensus being near. (paul.hannon@wsj.com; Twitter: @PaulHannon29)

0834 GMT [Dow Jones]-The Bank of Spain steps onto the optimism train and hikes its growth outlook for 2014 and 2015. This year Spain's GDP will grow 1.3%, slightly more than the 1.2% it previously projected, the Spanish banking supervisor says in its latest economic bulletin on the second quarter. And next year growth could reach 2%, up from the prior estimate of 1.7%. Growth momentum is building on the back of strengthening financing conditions and employment, the regulator says. Private investment will also gradually rebound, driven by the export sector, domestic demand and a growing crop of companies' need to replace some of their production equipment, it says. (ilan.brat@wsj.com)

0833 GMT [Dow Jones] There's little let up in Australia's increasingly competitive mortgage market. That's good news for home buyers but may heighten concerns among central bankers. Commonwealth Bank (CBA.AU) is now offering its lowest five-year rate ever, trimming it 0.7 percentage point to 4.99%. National Australia Bank (NAB.AU) matched its rival and also trimmed its three-year term 0.11 percentage point and its four-year term 0.45 percentage point. "It's good to see some of our competitors try and catch up," says Gavin Slater, NAB's executive for personal banking. A series of eight rate cuts by the Reserve Bank of Australia since November 2011 has helped fuel competition among lenders for mortgage customers. The banking regulator has warned banks against loosening mortgage standards and in a draft guide to mortgage lending released in May said it had seen increasing evidence of higher-risk lending. (robb.stewart@wsj.com; Twitter: @RobbMStewart) 0647 GMT [Dow Jones] Rio Tinto PLC (RIO) Chief Executive Sam Walsh says there's been a "shift" in financial markets this year, with investors now more comfortable buying shares for both growth and dividends, compared with the outright focus last year on cash returns. "Since the beginning of this year we have seen a shift," Mr. Walsh tells industry forum in Perth. "I think it is far more balanced--we've now got investors more focused on growth, expansion, as well as shareholder returns." Still, he says this step change doesn't necessarily suggest an impending turn in Rio's capital management or dividend strategy. Rio closed up 0.6% in Sydney at A$64.53 a share. (stephen.bell@wsj.com) 0527 GMT [Dow Jones] The euro/Aussie cross tumbled from 1.4341 to 1.4256---its weakest since Nov. 11--after data showed Australia's 2Q CPI rose 0.5% from the first quarter and was up 3.0% from a year earlier. The EUR/AUD's fall drags the EUR/USD leg of the cross down from 1.3468 to 1.3458 (an eight-month low), which in turn forced spot EUR/JPY down to a five-and-a-half-month low of 136.47 from 136.67, and spot CHF/JPY down to a five-and-a-half-month low of 112.26 from 112.46--the Swiss franc normally moves lock step with the euro as the EUR/CHF cross stays flat (spot EUR/CHF was last at 1.2148, roughly unchanged from 1.2149 in late New York Tuesday). Spot EUR/AUD was last at 1.4269; spot EUR/JPY at 136.54; spot CHF/JPY at 112.37. (jerry.tan@wsj.com) 0524 GMT [Dow Jones] Rio Tinto PLC (RIO) Chief Executive Sam Walsh says there's a lot of cash sitting on the market sidelines, offering plenty of opportunities to boost growth rates around the world in coming months. Speaking at a business forum in Perth, Walsh says there's a "lot of pent-up opportunity there in terms of business, with government facilitating," as many countries are not fully recovered from the global financial crisis and are hoarding cash in their banking systems. Still, he says the Malaysian Airlines plane tragedy last week emphasizes the risks inherent in the global economy. (stephen.bell@wsj.com) 0405 GMT [Dow Jones] Starpharma (SPL.AU) shares rise to a nine-month high of A$0.9 and are up more than 60% since receiving marketing approval for its VivaGel condom coating on Monday. Social media is lighting up with comments on the "HIV killing condom" using Starpharma's VivaGel technology. "The important thing for investors to remember is that this **company** has seven potential blockbuster deals on tap and this is the least important for earnings," BBY institutional trader Peter Argyrides says. If Starpharma's Doxataxel dendrimer drug delivery [to enhance anticancer drugs] trials continue to produce no side effects Starpharma will be a prime candidate for a takeover and may be worth A$5 a share under that scenario. SPL last up 23% at A$0.90. (david.rogers@wsj.com; Twitter: @DavidRogersWSJ) 0316 GMT [Dow Jones] There are few implications for Australia's central bank from second-quarter core inflation rising 0.7% quarter over quarter and 2.8% year over year, Deutsche Bank chief economist Adam Boyton says in Sydney. The data is consistent with only modest inflation at present--a view also supported by modest wage outcomes seen in recent quarters. Inflation in the third quarter should be lower with repeal of the carbon tax likely to subtract 0.7 percentage points from the CPI. (james.glynn@wsj.com) 0307 GMT [Dow Jones] Australia's 2Q inflation are hardly conducive to

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the central bank easing monetary policy any time soon, says Stephen Walters, chief economist at JPMorgan. He says, the RBA has been communicating a base case that assumes inflation will be consistent with target, and that remains the case. JPM forecasts that the RBA will be inactive on policy for some time yet, he says. (james.glynn@wsj.com) 0118 GMT [Dow Jones] BHP Billiton Ltd. (BHP.AU) lifts its mineral resource estimate for its Pilbara **iron**-**ore** assets by 13% and while this is "reassuring," Macquarie analysts say they don't expect it to have a substantive impact on current **operations**. "We note that given limited appetite to push on beyond 270 **million** tons per annum, this merely takes BHP's Pilbara resource life from 78 years to 88 years," they write in a note. Still, they describe BHP's FY14 operational report as "extremely strong"--particularly in terms of **iron ore** output, which "suggests incremental Pilbara capacity has been delivered earlier and cheaper than expected." Macquarie retains an outperform rating and a A$41.00 price target. BHP shares trade up 1.8% in Sydney at A$39.20. (rhiannon.hoyle@wsj.com; Twitter: @RhiannonHoyle)

0828 GMT [Dow Jones]--Hungary's bigger-than-expected 20 basis points rate cut to a record low 2.10% Tuesday was "inconsistent with 'further cautious monetary easing'," signaled by the central bank's latest minutes, says Credit Agricole CIB. Says the intensification of deflation in June and highly probable continuity of deflation in 3Q were the major arguments for accelerating the easing cycle. "This decision was supported by relatively low domestic risk premium," Credit Agricole's analysts say, adding that the central bank's decision to deliver a greater cut in the base rate signals the end of the easing cycle. (emese.bartha@wsj.com; @EmeseBartha)

0826 GMT [Dow Jones] Ahead of the July MPC minutes (0830 GMT), which are expected to show a widening gap between the ECB/BoE policy outlook on rates, EUR/GBP falls to a fresh 22-month low of 0.7872. The MPC voting pattern on unchanged rates is expected to remain at 9-0, however given recent hawkish commentary from some MPC members and a run of upbeat data (PMIs, housing) this may be the last time a unanimous vote is seen. Next support for EUR/GBP is 0.7830. (gary.stride@wsj.com)

0825 GMT [Dow Jones] **China** government **bonds** are higher as investors expect the central bank to maintain liquidity despite money market rates rising thanks to IPOs. The three-year government bond yield is down 2 bps at 3.97% and the five-year government bond yield is down 1 bp at 4.13%. Investor sentiment is much improved after local news reports the PBOC has given a 1 trillion yuan facility to **China** Development Bank, traders say. The benchmark seven-day repo rate is up at 4.30% compatred with 4.00% late Tuesday as 10 companies started to take IPO orders from Tuesday. (wynne.wang@dowjones.com)

(END) Dow Jones Newswires

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