DOW JONES NEWSWIRES

HD **Australian Shares Down but off Lows -- Market Talk**

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0306 GMT [Dow Jones] Australia's S&P/ASX 200 is down 0.4% at 5430.8 after having fallen as low as 5423 after data showed unemployment held steady at 5.8% in May for a third straight month. "We have a mixed bag today," CMC Markets Stockbroking equities dealer Chay Flak says. Media stocks are back in the spotlight on speculation over government changes to industry regulations while Ramsay Health Care (RHC.AU) shares have risen after brokers reacted largely positively to an **acquisition**, he says. Falling **iron**-**ore** prices, meanwhile, have reignited worries about Fortescue Metals Group (FMG.AU) debt. (robb.stewart@wsj.com; Twitter: @RobbMStewart)

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0303 GMT [Dow Jones] The Nikkei is down 0.8% at 14,952.77 midday, as the dollar regains the Y102 level (now Y102.09). Futures and options trade continues to be brisk, with special quotations (SQ) for June settlement coming up tomorrow. The most active call options are at the 15000 strike price, while the most traded puts are at 14750. But overall cash market volume remains somewhat tepid at under 1.1 **billion** shares. "Order flows from foreign players remain light, as the 15,000 mark is seen as about the upper limit for the current market," says an **equity** trading director at a European brokerage. "If (Prime Minister) Abe disappoints with his economic policy speech--especially in his target for corporate tax cuts--there could be a further selloff. If the PM's presentation is next week, which is likely, event-driven hedge funds will have their plates full." (bradford.frischkorn@wsj.com)

0302 GMT [Dow Jones] A slump in the shares of **China**'s transportation service provider Shanghai Haibo (600708.SH) shows that "investors are voting with their feet," says Jack Zhang, an investment adviser with BOC International (**China**). Shanghai Haibo announced Thursday in filings to the exchange that its parent **company**Bright Food plans to inject 8 **billion** yuan ($1.3 **billion**) worth of property development assets into the listed **firm**. Exchange filings show that the NGS Real Estate Group, the unit of Bright Food that is part of the Haibo deal in an asset and cash swap, posted declines in its net profits over the past two consecutive years. Zhang adds that "investors remain bearish on property market outlook." (amy.li@dowjones.com)

0249 GMT [Dow Jones] USD/MYR is inching higher after nullifying its bearish technical bias on Wednesday's close above the ceiling of the daily Bollinger downtrend channel. The U.S. dollar may however find technical resistance at 3.2160 - the 20-day Bollinger mid line - and stall there. If this barrier is breached at Thursday's close, more gains could be in store for the greenback. The U.S. dollar is rising against most Asian currencies as risk aversion emerges in regional stock markets. USD/MYR is now 3.2140 from its Wednesday close of 3.2100. (ewen.chew@wsj.com)

0245 GMT [Dow Jones] South Korea widens its liquefied natural gas import possibilities, thanks to Samsung Engineering Co. Ltd.'s (028050.SE) deal Thursday with mid-sized U.S. gas export project, Texas LNG. The agreement, which also gives the Samsung Group unit an **equity stake** in the project, is to complete design work within a year for the Texas LNG export facility, which has also just received government authorization to ship abroad 2 **million** tons a year of U.S. gas, with deliveries expected from 2018. Samsung's "relationship with major Korean LNG offtakers and financial institutions is also a big plus, especially since Korea is the second largest consumer of LNG in the world," says Langtry Meyer, COO of Texas LNG. (simon.hall@wsj.com)

0243 GMT [Dow Jones] Japan enters a "reign of error" as Abenomics will not only fail to get the economy back to growth but will increase risk that may eventually precipitate a financial crisis, Lombard Street Research says. "These policies ignore the chief structural defect of the Japanese economy--seriously insufficient consumer spending caused by an excessive flow of income dammed up in the business sector," Lombard Street Research chief economist and Chairman Charles Dumas says. "Abenomics has produced only a temporary growth spurt and has worsened already-weak household incomes." Japan may return to deflation without a currency devaluation but a lower yen will **lead** to higher interest rates putting an increasing burden on the national debt. "A major financial crisis in [three to five years] is a serious risk...not some remote possibility." (jacky.wong@wsj.com; Twitter: @jackycwong)

0239 GMT [Dow Jones] Australia's unemployment rate of 5.8% continues to significantly understate the weakness in the job market seen in recent years, says Shane Oliver, head of research at AMP Capital. He says that if the job market participation rate had remained at its 2011 average level, the unemployment rate would now be 7%. Mr. Oliver also pointed to the labor force underutilization rate which takes account of unemployed and underemployed workers, saying it remains very high at 13.5%. Still, recent forward looking indicators of hiring intention and job advertising suggest there could be better days ahead, he added. (james.glynn@wsj.com)

0238 GMT [Dow Jones] The USD/SGD pair slipped this morning as low as 1.2491 from 1.2499 in late New York trade Wednesday as buying on the SGD/JPY cross and buoyant Singapore shares boosted the SGD. The SGD/JPY cross was last at 81.68, up from 81.58 late Wednesday, while the Straits Times Index was recently up 0.1% at 3292. Dow Jones technical analysis shows further downside in USD/SGD may encounter support at 1.2475 and then at 1.2450. Spot USD/SGD was recently quoted at 1.2493-98 in the interbank market. (jerry.tan@wsj.com)

0236 GMT [Dow Jones] The USD/JPY will likely bounce back later in June in tandem with gains in U.S. interest rates, says Yunosuke Ikeda, chief FX strategist at Nomura Securities. Unexpected falls in U.S. Treasury yields and receding hope for BOJ monetary easing help decelerate the pace of gain in the USD/JPY, but "it is just a matter of time before the USD/JPY will increase," says Mr. Ikeda. He tips the pair to likely advance to 104 at the end of June from its current 102.01 partly on hopes for a $1.2-trillion Government Pension Investment Fund (GPIF). Japan's GPIF is the largest public pension fund in the world. General expectations are high that the GPIF will take a more aggressive approach to investment. A shift in the GPIF's assets towards more foreign assets could help support a higher USD/JPY. (hiroyuki.kachi@wsj.com)

0232 GMT [Dow Jones] **China** shares slip slightly Thursday morning, amid a lack of further reform news from policymakers. The Shanghai Composite is last down 0.1% to 2051.97. "There's nothing in the way of fresh economic data or comments from Beijing, so the index is just wavering," says Tang Yonggang, analyst with Hongyuan Securities. "It's still the consumer names that are being favored." Among the gainers were aerospace manufacturers--XiAn Aero-Engine PLC (600893.SH) is up 5.0% to CNY22.89, Shaanxi Aero-space Power Hi-Tech Co. Ltd. (600343.SH) gains 1.8% to CNY10.36 and **China** Spacesat Co. Ltd. (60018.SH) is 0.8% higher to CNY17.47. The Shenzhen Index slips 0.2% to 1066.39. (chao.deng@wsj.com; Twitter @Chao_Deng)

0227 GMT [Dow Jones] It's all running pretty much to plan in Australia, says Craig James, chief economist at CommSec. When economic activity picks up, employers tend to work existing staff more intensively and perhaps take on more casual staff, Mr. James says. And when businesses assume that the pick-up in orders and production will be sustained, they will take on full-time staff and attempt to convert part-time staff to full-time employees. He notes that more than 100,000 full-time jobs have been created in 2014--the best start to a year in seven years. (james.glynn@wsj.com)

0215 GMT [Dow Jones] Australia's unemployment rate remained steady at 5.8% in May for a third month in a row. Weak employment growth through that three month period was offset by a fall in the number of people seeking work. The silver lining in the May data came in the form a strong 22,200 rise in full-time employment. This was offset by a 27,000 fall in part-time job creation. Overall the data offers few clues to the outlook for interest rates, although the apparent stabilization in the unemployment rate is a better outcome to the steady increases seen last year. (james.glynn@wsj.com)

(END) Dow Jones Newswires

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