DOW JONES NEWSWIRES

HD **BHP's Nickel West Must Procure More Third-Party Ore: Deutsche -- Market Talk**

WC 1,578 words

PD 29 July 2014

ET 17:18

SN Dow Jones Institutional News

SC DJDN

LA English

LP

Contact us in Singapore. 65 64154 140; MarketTalk@dowjones.com

0717 GMT [Dow Jones] BHP Billiton Ltd.'s (BHP.AU) Nickel West unit has become increasingly reliant on processing material from smaller miners and procuring more high quality third-party **ore** and concentrate is "crucial for whoever owns and operates the Kalgoorlie smelter in the future," says Deutsche Bank. BHP is considering selling the **business**, which the bank values at US$321 **million**, but doesn't expect to post positive earnings until FY16. Miners including Western Areas Ltd. (WSA.AU) Sirius Resources NL (SIR.AU) are due to sign new offtake agreements in 2H14 and Deutsche Bank says Nickel West needs to secure extra concentrate in these negotiations to fill its smelter after BHP's Perseverance mine closed. A buyer of the unit, if **sold**, would "likely view SIR and WSA as strategic if Nickel West fails to sign further concentrate offtake," they add. (rhiannon.hoyle@wsj.com; Twitter: @RhiannonHoyle)

TD

0715 GMT [Dow Jones] Very little movement in the major currency pairs overnight as investors keep their powder dry ahead of three days of heavy event and data risk that include the FOMC and July nonfarm payrolls. What limited action there was took place in the Asia session, NZD slipped after **dairy** giant Co-operative **Group** Fonterra slashed its forecast for **milk** payments to farmers. USD/JPY nudged up to a 3-week high on a combination of month-end-buying and a decent 0.6% gain for the Nikkei. For Tuesday UK mortgage and credit data are the morning data highlights, while details of fresh EU/US sanctions against Russia may be released during the day. (gary.stride@wsj.com)

Contact us in London. +44-20-7842-9464
markettalk@wsj.com

0656 GMT [Dow Jones]--Investor buying of euro zone government **bonds** was led by the two big guns last week, Germany and France, according to flow analysis by Citi. On the flipside, there was net selling of Belgium, Portugal and Ireland. On the curve, most of core demand was concentrated in the long-end. In contrast, non-core saw most of its demand in the 2-5yr sector last week. (nick.cawley@wsj.com)

Contact us in London. +44-20-7842-9464
markettalk@wsj.com

0646 GMT [Dow Jones] South Korea's upcoming trade data will likely show an uptrend in the latter half of this year and support a view that the central bank will hold--rather than cut--its base rate in August, says Barclays. "We expect the July trade report to support our view and hint at an improving trend for activity in Q3," Barclays says. It notes the country's current account surplus is likely to continue to widen after posting a cumulative $39.2 **billion** surplus in 1H. While weaker July data will make it harder for the BOK to resist a call for a rate cut in August, Barclays says it expects the BOK to stand pat at the Aug. 14 monetary policy meeting. July trade figures will be released Aug. 1. (kwanwoo.jun@wsj.com)

0639 GMT [Dow Jones] The Australian dollar is going nowhere fast ahead of a monetary policy meeting at the U.S. Federal Reserve Wednesday, but downside risks remain in place, says Ray Attrill, global head of currency strategy at NAB. The fact the Aussie has given back the gains last week after second quarter inflation data and a robust **China** report "keeps me encouraged in the view that the next big move in the currency is down," Mr. Attrill said. That said, immediate upside risk for Aussie dollar would come from a sub-3% U.S. GDP growth print on Wednesday, and/or any failure of the FOMC to move the debate forward on the timing of Fed policy tightening, he said. (james.glynn@wsj.com)

0635 GMT [Dow Jones] **China**'s six-session winning streak might have lifted investor sentiment, but its sustainability over the longer term remains in doubt. Mr. Yu, a Shanghai-based investor, calls the gains an "artificial" bull market because it is the result of Beijing's broad variety of supportive measures, such as a mini-economic stimulus package and an expansion of the RQFII program. He says the bull market still has legs but warns of an end in October when a cross-market stock investment program between Shanghai and **Hong Kong** starts as expected. He targets the benchmark Shanghai Composite Index at 2300 in coming months. The index is up 0.4% at 2187.23. For the next year, Mr. Yu says there is no reason to be optimistic, at least for now. (amy.li@dowjones.com)

0628 GMT [Dow Jones] Signs of a U.S. dollar rally in the near-term are appearing on the USD/JPY daily chart. The greenback has risen above the 101.91 ceiling of the daily Ichimoku Cloud resistance zone and on a daily close above this mark, would also be inside the Bollinger uptrend channel. The confirmation of these two bullish technical signals suggest USD/JPY could be on its way to 102.18 - the top of the uptrend channel - and then possibly to 102.43 where the weekly Bollinger uptrend channel awaits. The U.S. dollar has been rising across the **board** before U.S. 2Q GDP data and the FOMC meeting on Wednesday. USD/JPY is now 101.96 from its Monday close of 101.85. (ewen.chew@wsj.com)

0627 GMT [Dow Jones] The conventional association between Aussie dollar strength and **China**'s growth is receding, says Nomura Securities Chief FX Strategist Yunosuke Ikeda. Traditionally, strong **China** growth has led to expansion in resources-related demand and a stronger AUD. But the AUD has shown no reaction even after a solid performance of Shanghai stocks--up 2% on Monday alone and up 6% in the past week--and brisk economic indicators such as 2Q GDP and July PMI, says Ikeda. It's likely that the relationship between the Aussie dollar and **China**'s economic growth is receding due to **China**'s efforts to step out of heavy dependence on construction-related outlays. The AUD/USD is now at 0.9400, compared with 0.9373 a week ago. (hiroyuki.kachi@wsj.com)

0626 GMT [Dow Jones] Bunds yields move fractionally higher at the open but still remain within a few bps of their record all-time low levels as risk aversion trumps stronger economic data. "A robust economic environment in the US and the continued debate about the timing of the Fed's key rate reversal are weighing on Bund yields. However, interest in safe government **bonds** is not diminishing as the crises in Gaza and Ukraine are leading to increased risk aversion. This situation should not change significantly today, especially as the data will have little impact on the market," says Helaba. 10-year Bunds yield 1.152% and the September contract is 4 ticks lower at 148.23. (nick.cawley@wsj.com)

```
Contact us in London. +44-20-7842-9464
markettalk@wsj.com
```

0616 GMT [Dow Jones] Bank of Japan policy **board** member Koji Ishida indicates a correlation between **business** fixed investment and exports has weakened. "Compared with the past, firms, particularly exporters, are less intent on **business** fixed investment aimed at raising their production capabilities (at home)," Mr. Ishida said at a press conference following a meeting with **business** leaders in Yamaguichi prefecture, western Japan. Their investment has been increasingly motivated by those to maintain their existing facilities. Mr. Ishida adds even if exports were to pick up, exporters are unlikely to ramp up investment at home. He also said some **business** leaders there call for the BOJ to stabilize the yen's exchange rate, signalling that companies are getting less reliant on a weak yen for boosting exports. (tatsuo.ito@wsj.com)

0547 GMT [Dow Jones] The NZX-50 closes down 0.4% at 5165.56 led by weakness in large cap stocks Telecom (TEL.NZ) and Fletcher Building (FBU.NZ), says Hamilton Hindin Greene broker Grant Williamson. Telecom was down 3.1% at NZ$2.85 after UBS downgraded the **company** to Sell from Neutral, saying recent outperformance had left the **company** 25% above its valuation. He adds that Fletcher Building (FBU.NZ) fell 1.6% at NZ$9.04. Williamson adds Fonterra Shareholders Fund (FSF.NZ) ended up 1.2% at NZ$6.07 after the **company** announced it expected to pay a NZ$0.20-NZ$0.25 dividend per unit vs. a NZ$0.10/unit dividend in 2014. (lucy.craymer@wsj.com;Twitter: @lucy_craymer)

0538 GMT [Dow Jones] **Oil**-refining margins will likely to remain good in Japan through March 2017 thanks to a government-imposed refining-capacity cut, SMBC Nikko Securities analyst Hidetoshi Shioda says. Gasoline margins have already more than doubled from January to Y15.7 ($0.15) a kiloliter in the first week of July after closures of three refineries from July 2013 to March 2014. Besides, the government announced an additional 10% capacity-cut by March 2017 on expectations of even lower domestic **oil** demand in line with adoption of **energy** efficient technologies. (mari.iwata@wsj.com)

(END) Dow Jones Newswires

July 29, 2014 03:18 ET (07:18 GMT)

CO bkhlp : BHP Billiton Ltd | bltplc : BHP Billiton PLC

IN i211 : Metal Ore Mining | imet : Mining/Quarrying | ibasicm : Basic Materials/Resources

NS c1521 : Analyst Comments/Recommendations | ccat : Corporate/Industrial News | namt : All Market Talk | ncmac : Commodities Asset Class News | ndjmt : Dow Jones Market Talk | nenac : Energy Asset Class News | neqac : Equities Asset Class News | nfiac : Fixed Income Asset Class News | c181 : Acquisitions/Mergers/Takeovers | c15 : Performance | c152 : Earnings Projections | c18 : Ownership Changes | cactio : Corporate Actions | ncat : Content Types | nfact : Factiva Filters | nfce : FC&E Exclusion Filter | nfcpin : FC&E Industry News Filter

RE austr : Australia | eurz : Europe | apacz : Asia Pacific | ausnz : Australia/Oceania

PUB Dow Jones & Company, Inc.

AN Document DJDN000020140729ea7t000lo

