

HD **Residential Property** Investors Still Confident, Buying -- ANZ -- Market Talk

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2249 GMT [Dow Jones]--**Residential property** investors are still confident, growing and looking to **buy** more properties despite rising interest rates -- but many would consider selling up in the event of proposed new regulations, ANZ says in a note released alongside its ANZ **Property** Investment Survey. ANZ adds 52% of all respondents in the survey cite government regulations and tax as their biggest worry, up from 37% two years ago. "One in three say Reserve Bank proposals that would require banks to treat investors with more than five properties as **commercial** customers would impact their investment strategy -- mostly by not buying new properties, or by selling." ANZ adds many also raised concerns about the proposed introduction of a "warrant of fitness" for rental properties. (lucy.craymer@wsj.com)

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2238 GMT [Dow Jones]--Deutsche Bank expects Australian 3Q inflation to be benign despite recent history showing the period July to September can produce high inflation outcomes. Phil O'Donoghoe, economist at Deutsche Bank, said the last six 3Q outcomes have averaged a jump of 1.0%. But the repeal of the government's carbon tax in July has prompted energy retailers to materially reduce retail prices for gas and electricity, he said. Utility costs will also have been held down by a water bill rebate initiative introduced by the Victorian government in the quarter, he added. Deutsche Bank is forecasting a CPI rise of 0.4% in 3Q vs 2Q, rising 2.2% from a year earlier. The data are due Wednesday. (james.glynn@wsj.com)

18:08 EDT - Foreign holdings of US Treasury securities hit a record high \$6.07T in August, up nearly \$70B from July, as the dollar began its climb to five-year highs in October and the US recovery showed signs of gaining steam. Japan added more than \$11B to its stockpile--largely in bonds and notes--while **China** and Belgium, a proxy trader for Beijing, added a net \$12B to its holdings. There's a good chance that September and October data could continue to show new records for foreign holdings of US debt, as indicated by the steady strengthening of the dollar since August and plummeting bond yields. Amid increasing worries about emerging markets growth slowing and recession risks in the eurozone rising, investors have plowed their cash into the relative safety of US debt. (ian.talley@wsj.com)

18:01 EDT - A day of reflection is expected for the Australian dollar ahead of the weekend following wild swings in global markets this week. No major domestic data is on the slate. Weakness in the iron ore price, which accounts for 30% of Australian exports should keep the currency contained to ranges. The Aussie is currently trading at US\$0.8751. ANZ currency strategists say the US dollar remains strong and forecast a near-term range of US\$0.8690 to US\$0.8830. (james.glynn@wsj.com; @JamesGlynnWSJ)

17:58 EDT - Home builder Oakwood Homes notched an increase in production in September, but its CEO still sees high prices hindering the market. Oakwood CEO Pat Hamill says the closely held **company** started 75 homes in its home state of Colorado last month, up about 20% from September 2013. He says he has seen more entry-level homes sprouting in the Colorado and Utah markets where Oakwood operates. However, rising new-home prices continue to deter buyers. "Pricing has expanded quite dramatically, and costs have, too," Hamill says. "That's kind of taken a little froth out of the market." The Commerce Department is slated to release data on September home starts Friday morning. (kris.hudson@wsj.com; @KrisHudsonWSJ)

17:09 EDT - Investors withdrew \$549M from junk bond funds in the week ended Oct. 15, after ploughing \$1.28B into them the prior week, says fund tracker Lipper. The market has been whipsawed along with the drubbing stocks and commodities have received from fears about global growth. Selling has continued as fund managers look to raise cash to meet redemptions. The risk premium investors were

demanding to own US junk-rated corporate bonds rose to 5.08 percentage point above comparable Treasuries Wednesday, according to Bank of America Merrill Lynch index, from 4.66 points at the start of the week and 3.97 points in mid-September. (katy.burne@wsj.com)

17:00 EDT - Two Cyprus firms were targeted with sanctions from the U.S. Treasury Department, which said they served as intermediaries between Russian entities and the regime of Syrian President Bashar al-Assad. One Cypriot **firm** allegedly worked with a sanctioned Russian bank, Tempbank, to finance energy deals in Syria, while another **firm** allegedly contracted with Moscow's official currency-printing bureau to produce Syrian banknotes, Treasury said. Russian tycoons and financial institutions have long favored doing business in Cyprus because of its developed court system, Moscow-friendly government and European credentials. Since Moscow and Damascus are both now the subject of major sanctions campaigns, it's not unlikely Washington will further probe connections between the two economies, including the firms that work between them from other countries along the Mediterranean. Meanwhile, the Treasury is also looking to cut off financing to Assad's most dangerous battlefield foe--the Islamic State. (william.mauldin@wsj.com)

16:55 EDT - The drop in the price of Mexico's oil exports is not a concern for public finances in the short-term but could weaken the economy down the road, says Banco Ve Por Mas. Short-term risks are mitigated by the government's oil hedges along with a revision of the 2015 exchange rate to project more peso income from oil sales, it says. "The principle risk for Mexico in the medium- and long-term comes from the heavy dependence on oil for public finances," which represents about a third of the federal budget. "This could potentially deteriorate the macroeconomic fundamentals of the country, which have been distinctive of Mexico in periods of volatility and have allowed it to better handle itself than other economies," the bank says. (laurence.iliff@wsj.com)

16:07 EDT - An 800-page report the federal Nuclear Regulatory Commission staff issued concludes that Yucca Mountain, a proposed repository **site** in Nevada, can safely store waste, though the conclusion by itself doesn't breathe new life into the project, whose review process President Barack Obama put on ice in 2009 largely at the request of Senate Majority Leader Harry Reid (D., Nev.) Congress must authorize funding to the NRC to complete its licensing process to really change the dynamics, which has slightly better odds of happening if Republicans take the control of the Senate next year. (amy.harder@wsj.com, @AmyAHarder)

(<http://pbadupws.nrc.gov/docs/ML1428/ML14288A121.pdf>)

1912 GMT - NZD/USD may consolidate in the Asian session as "a day of reflection beckons following 36 hours of intense market moves," says ANZ Bank. Overall, however, U.S. fundamentals "remain strong" with overnight data showing September industrial production surged and weekly jobless claims dropped to a 14-year low. "Fundamentally the U.S. remains strong and we expect USD to remain on trend and to continue strengthening," it says. The pair is at 0.7944 and ANZ Bank tips a short-term range of 0.7880-0.8020. (rebecca.howard@wsj.com; @FarroHoward)

15:01 EDT - Prime Minister John Key welcomes New Zealand securing a place on the United Nations Security Council for the 2015-16 term. In three rounds of voting the UN General Assembly elected Angola, Malaysia, New Zealand, Spain and Venezuela to serve as non-permanent members on the Security Council for two-year terms beginning 2015. The new members will serve until Dec. 2016. "New Zealand's success in gaining a place on the Security Council is a victory for the small states that make up over half the United Nations membership," Key says. The Security Council comprises five permanent members--Russia, Britain, the US, **China** and France--and 10 elected temporary members. (rebecca.howard@wsj.com; @FarroHoward)

14:52 EDT - The Bank of Canada should hold its key overnight rate at 1% next week and through the spring of 2015, and raise it to 1.50% by the end of 2015, says think tank C.D. Howe Institute's monetary policy council, a kind of shadow rate-setting panel. The **group** sees some positive indicators for the Canadian economy, and building momentum in the US which is key for Canada's outlook. However, their sentiment was "strongly colored" by a build-up of negative risks from abroad, including the eurozone and financial market unrest, and they see lower energy prices as a "significant negative influence" on domestic output and exports. (nirmala.menon@wsj.com, @NirmalaMenon)

(END) Dow Jones Newswires

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