

**HD India May Start to Build Broadband Network in 3-6 Months: MS -- Market Talk**

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0409 GMT [Dow Jones] Morgan Stanley expects the new Indian government to begin implementation of the national fiber-optic network in the next 3-6 months, as the government aims to connect every citizen through broadband services, and also focus on building infrastructure to boost economic growth. According to a World Bank report a 10% increase in broadband connectivity leads to 1.38% increase to Gross Domestic Product. India's broadband penetration is currently below 2%. (krishna.jai@wsj.com; Twitter: @jaikrishna)

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0359 GMT [Dow Jones] **Gold** prices are likely to trend downwards, after edging above \$1,300 an ounce last week. "Last week's move in the **gold** price back above \$1,300/oz looks based on the market's reassessment of U.S. inflation risks (higher), but we note that inflation expectations remain well-anchored," says ANZ in a research report. **Gold** is likely to trade within a narrow range with little physical demand, it adds. Spot **gold** is at \$1,315.20/oz. (biman.mukherji@wsj.com)

0342 GMT [Dow Jones] While the U.S. dollar is likely to stay quiet before Thursday's U.S. jobs data and Friday's holiday, it may rise temporarily, alongside a fall in U.S. Treasury and swap yields, should the Argentine government default, CBA currency strategists say. "The Argentine government has its next payment due today on restructured **bonds**, albeit there is a thirty day grace period," they note. "The concern over a possible default has arisen following the U.S. Supreme court's decision not to hear Argentina's petition to review a ruling on the pari passu clause, which states that a borrower cannot discriminate among creditors of the same class. The ramifications are that Argentina is legally required to pay holdout claims totalling US\$1.5 **billion** on 2005 and 2010 exchanged sovereign **bonds** if they pay holders of already restructured **bonds**." (david.rogers@wsj.com; Twitter: @DavidRogersWSJ)

0339 GMT [Dow Jones] NZD/USD is "toppy" but ANZ Bank says the rally is one to "fade" as opposed to one to "turn on." It says the kiwi is "overvalued and unsustainable at current levels" but it is "yet to see any radical repricing on the interest-rate front and this is a prerequisite for a turn in the NZD." It notes that the Bank of England has "joined the RBNZ on the road to removing policy accommodation" after its financial policy committee recommended macroprudential steps and says "developments in NZD/GBP should be closely watched as we believe they will provide an important insight into what may happen when the FOMC begins lifting U.S. rates in 2015." (rebecca.howard@wsj.com; Twitter: @FarroHoward)

0329 GMT [Dow Jones] AUD/USD is likely to rise towards 0.9500 by August before continuing to 0.9700 by the end of the year, CBA says. The Australian economy is improving and worries about domestic **mining** investment slowing is receding, CBA says. Foreign purchases of AUD **bonds** have picked up, the Reserve Bank of Australia appears to have stopped talking down the AUD after shuffling to a neutral bias, the global economy is improving and Australia's terms of trade are not under large downward pressure and the U.S. dollar is likely to remain soft, CBA currency strategists say. AUD/USD is last 0.9415. (david.rogers@wsj.com; Twitter: @DavidRogersWSJ)

0321 GMT [Dow Jones] Moderate Australian private-sector credit growth of 0.4% in May is likely to be welcomed by the Reserve Bank of Australia. The annual growth rate of 4.7% is the fastest since early

2009 but modest by historical standards, according to RBC. "Stronger credit growth for housing-related purposes will provide the RBA with reassurance of policy traction but, again, it too remains well below the heady double-digit pace of the 1990s and first half of the 2000s," RBC chief economist Su-lin Ong says. "This, however, is likely to be welcomed by the RBA--not too hot, not too cold--and, in part, will temper any concerns it may harbor over the pace of house-price growth from an already elevated level." (david.rogers@wsj.com; Twitter: @DavidRogersWSJ)

0315 GMT [Dow Jones] The Nikkei is down 0.2% at 15070.08 midday as the dollar continues to slide. USD/JPY is now 101.28. Trading volume remains light at just 953 million shares. "Many investors are reluctant to buy into the major indexes with most technical indicators still pointing to an overbought market. It seems that a lot of the pension funds that wanted to get in have already done so by now," an equity trading director at a foreign brokerage says. "On the other hand there is still some trepidation before the quarterly tankan is also keeping people on the sidelines." The BOJ survey of business results is due July 1. Small-cap buying is continuing, he says, especially from overseas investors. The Topix Small Japan (1318.TO) is up 1.0%. (bradford.frischkorn@wsj.com)

0312 GMT [Dow Jones] Australian credit aggregates show broad-based sluggishness in April, with total credit slowing to 0.4% in June vs 0.5% and annual housing credit growth of 6.2% still well below the 8%-9% growth rates RBA officials have flagged as potentially being troublesome, according to J.P. Morgan chief economist Stephen Walters. He also notes that personal credit fell for the third time in four months, and business credit rose slowed to 0.2%. "This probably reflects ongoing caution in the business community that is making managers uncertain about hiring and investment plans," Walters says. "This is unlikely to change until there is more clarity about how the economy's transition in the post-mining investment boom world is progressing." (david.rogers@wsj.com; Twitter: @DavidRogersWSJ)

0311 GMT [Dow Jones] USD/PHP has dropped well into the daily Bollinger downtrend channel and may be headed even lower contingent on a Monday close below 43.69. The bearish technical signal, if confirmed, may encourage speculators to bet on a further slide toward the base of the weekly Bollinger downtrend channel at 43.20. The dollar is broadly lower in Asia as expectations for the U.S. Federal Reserve to raise interest rates get kicked back after a round of weak consumer data late last week. Asian currencies are benefiting across the board though some more than others. The peso, currently at 43.63 to the dollar is up 0.3% versus its Friday close of 43.75. (ewen.chew@wsj.com)

0310 GMT [Dow Jones] The Australian dollar rose as high as 1.0767 from 1.0746 against the Kiwi on Monday after ANZ Bank's New Zealand business outlook survey for June showed a drop in business confidence--a net 42.8% of respondents expected business conditions to improve over the next 12 months compared with a net 53.5% who had expected an improvement in the prior survey. Further upside in spot AUD/NZD may encounter resistance at 1.0823 (June 24 reaction high). Spot AUD/NZD was recently at 1.0762 compared with 1.0728 in late New York trade Friday. (jerry.tan@wsj.com)

0248 GMT [Dow Jones] Foreigners continue their buying streak in Taiwan for the 19th consecutive week, according to Nomura. Net foreign buying in Taiwan amounted to US\$646 million for the week June 19-25, topping India as the strongest in the region for June so far. Taiwan dedicated funds also see the largest weekly subscription inflows at US\$617 million, a three-year high, among Asia ex-Japan single country funds, says Nomura. (jacky.wong@wsj.com; Twitter: @jackycwong)

0247 GMT [Dow Jones] China's yuan rises after the fixing is set higher to reflect a weaker dollar overseas. The USD/CNY pair is at 6.2095 vs 6.2181 at Friday's close, after the central parity is set at 6.1528 vs 6.1543 Friday. "The pair is set to test 6.2050 level in the session, since month-end dollar purchase has mostly ended," says a Shanghai-based local bank trader. He added the yuan will resume its appreciation trend if it breaks the 6.2000 key level in the coming sessions. Offshore, one-year USD/CNY NDFs are down at 6.2275/6.2295 from 6.2325/6.2368 late Friday. (wynne.wang@dowjones.com)

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