

**HD Australian Labor Conditions to Stabilize in 2015 -- Market Talk****WC** 1,542 words**PD** 12 December 2014**ET** 12:48**SN** Dow Jones Institutional News**SC** DJDN**LA** English**CY** Copyright © 2014, Dow Jones & Company, Inc.**LP**

0148 GMT [Dow Jones] As **mining**-industry investment continues to be wound back, it's likely to prove an outsized drag on Australia's gross domestic product relative to unemployment, ANZ suggests. It forecasts the jobless rate to remain broadly steady at about 6.3% next year, with no further deterioration in the slow pace of employment growth. Still, it expects much of the hit to Australia's economy from rapidly falling terms of trade will be felt in 2015 and economic growth will remain below trend. (robb.stewart@wsj.com; Twitter: @RobbMStewart)

Editor JSM

**TD**

0144 GMT [Dow Jones] Morgan Stanley recommends selling NZD/JPY targeting a move to 88.00 as initial signs of risk appetite waning into year-end are appearing, and suggests placing a buy-stop at 94.00 to limit losses. "NZD remains a high-beta currency which we expect would underperform if we see an **equity** market correction or a hawkish outcome from the Fed next week," the bank says. Morgan Stanley says a risk to this short-NZD trade is a very dovish outcome from the Fed's meeting which would be supportive for the NZD. Spot NZD/JPY is at 92.59, down from 92.76 in late New York trade Thursday. (jerry.tan@wsj.com)

Editor JSM

0144 GMT [Dow Jones] The bullish technical bias for spot USD/CNY has been reaffirmed by Thursday's bounce off the base of the daily Bollinger uptrend channel. The dollar is now more likely to rise again, especially after the benchmark U.S. dollar index rebounded overnight after dropping for three straight days. The People's Bank of **China** set the daily USD/CNY benchmark rate higher at 6.1184 versus Thursday's 6.1153, breaking a 5-day streak of lower fixings. Spot USD/CNY could mark a new 5-month high if it surpasses Tuesday's peak of 6.2064. Shanghai stocks will likely be driven by economic data due later. **China** releases its November retail sales and industrial output data at 0530 GMT. Spot USD/CNY is now 6.1940 from its Thursday close of 6.1886. (ewen.chew@wsj.com)

Editor: KLH

0109 GMT [Dow Jones] AUD/USD is at 0.8258 after being knocked to an overnight low of 0.8215 when investors picked up on the online edition of an interview with Reserve Bank Governor Glenn Stevens in which he tries to give the Aussie another kick lower, National Australia Bank says. NAB says the pair was knocked by Stevens comments to the Australian Financial Review that 0.75 is now better for the economy than the 0.85 he a year earlier had mentioned was his preference. (robb.stewart@wsj.com; Twitter: @RobbMStewart)

Editor JSM

0059 GMT [Dow Jones] EUR/GBP is likely to trade in a lower range Friday. The cross is weighed by increased expectations for more aggressive stimulus measures by the European Central Bank after eurozone financial institutions on Thursday borrowed less-than-expected EUR129.8 **billion** (versus EUR150 **billion** forecast) in the second installment of a four-year LTRO lending program for banks. Daily chart is mixed as bearish outside-day-range pattern completed Thursday, MACD bearish; but stochastics in bullish mode. Support at 0.7873 (Thursday's low); breach would target 0.7856 (Tuesday's low), then the 0.7835-0.7828 band (Monday's low-Dec. 3 low). Resistance at 0.7954 (Thursday's high); breach would target 0.7976 (Dec. 1 high). Spot EUR/GBP is at 0.7888. (jerry.tan@wsj.com)

Editor: MNG

0056 GMT [Dow Jones] USD/CAD is likely to trade with a bullish bias Friday after hitting a five-year high 1.1550 on Thursday. The currency pair is supported by weak **oil** prices (Nymex crude hit a fresh five-year low of \$58.80/bbl this morning) and bullish dollar sentiment. Daily chart is positive-biased as MACD and stochastics bullish, although latter at overbought levels; five- and 15-day moving averages advancing. A rise above 1.1550 would expose upside to 1.1666 (61.8% Fibonacci retracement of decline from March 9, 2009 high of 1.3063 to July 26, 2011 low of 0.9403), then to 1.1724 (July 8, 2009 reaction high). Support at 1.1449 (Thursday's low); breach would target 1.1430 (Wednesday's low), then 1.1394 (Tuesday's low). Spot USD/CAD is at 1.1532. (jerry.tan@wsj.com)

Editor: MNG

0053 GMT [Dow Jones] The New Zealand ANZ-Roy Morgan Consumer Confidence Index rose to 126.5 in December from 121.8 in November, taking sentiment well off the 14-month low recorded last month, says ANZ Bank Chief Economist Cameron Bagrie. He notes that the bank's Composite Confidence gauge--which combines sentiment from both businesses and consumers--"remains incredibly buoyant." According to Bagrie, 4%-plus economic growth is signaled. "There appears no stopping this locomotive despite some cracks in the likes of dairying," he says. (rebecca.howard@wsj.com; Twitter: @FarroHoward)

Editor: KLH

0050 GMT [Dow Jones] Growth in Australia's economy should gradually improve in the year ahead as strengthening household finances, low interest rates and a more competitive Aussie dollar boost domestic spending, Westpac (WBC.AU) Chairman Lindsay Maxsted suggests. That, he says in a speech, should eventually flow through to business investment and jobs. Business confidence should also get a lift from an improving world economy and buoyant asset markets, he says, but adds the global scene does remain difficult to predict since many economies rely heavily on monetary policy "to the exclusion of sound fiscal policy and structural reforms." (robb.stewart@wsj.com; Twitter: @RobbMStewart)

Editor: KLH

0050 GMT [Dow Jones] The Nikkei is up 0.7% at 17376.34 as the dollar stages a modest recovery from recent selloffs (now Y118.91) following a stronger-than-expected 0.7% on-month increase in U.S. November retail sales (forecast: +0.4%). "The recent three-day selloff put stocks back in 'affordable' territory after valuations had started to look stretched," says Hiroichi Nishi, general manager of equities at SMBC Nikko Securities. "There remains plenty of technical resistance at the 18000 Nikkei level, but forthcoming data--including U.S. (December) consumer sentiment, next week's Federal Open Market Committee (FOMC) meeting--will be critical to determining market direction." While Sunday's lower house parliamentary election results will be closely eyed, no major changes affecting markets are expected, with the ruling Liberal Democratic Party-led coalition seen keeping its grip on power, he says.

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Editor: MNG

0047 GMT [Dow Jones] USD/CHF is likely to trade with risks skewed to the upside Friday after hitting an eight-day low 0.9625 on Thursday. The currency pair is supported by positive dollar sentiment and contagion from a weak euro on the Swiss franc. However, daily chart is still negative-biased as MACD and stochastics in bearish mode. Resistance at 0.9710 (Thursday's high); breach would target 0.9723 (Wednesday's high), then 0.9778 (Tuesday's high). Support at 0.9625 (Thursday's low); breach would target 0.9613 (Dec. 1 low), then 0.9593 (Nov. 26 low, near the 55-day moving average). Spot USD/CHF is at 0.9685. (jerry.tan@wsj.com)

Editor: MNG

0046 GMT [Dow Jones] Australia's equities market is drifting in and out of the red in early trading, as sentiment is torn between another slide in oil prices overnight, caution ahead of monthly data on China's economy and strong U.S. retail sales data that added to positive signs on the world's biggest economy. The ASX 200 is up 0.1% at 5237.1, with the mining subindex lower but energy and banking shares slightly higher. BHP (BHP.AU) and Rio Tinto (RIO.AU) are both down 1.3% and Newcrest (NCM.AU) is 1.1% lower. Woodside (WPL.AU) is up 0.6% and Santos (STO.AU) has recovered 1.9%. Ric Spooner, chief market strategist at CMC Markets, says bargain hunters in energy stocks are cautious about trying to "catch a falling knife," while more broadly caution is likely ahead of Chinese industrial production figures. (robb.stewart@wsj.com; Twitter: @RobbMStewart)

Editor: MNG

0041 GMT [Dow Jones] GBP/USD is likely to consolidate Friday after hitting an eight-day high 1.5756 on Thursday. The currency pair is supported by sterling demand on a soft EUR/GBP cross. But GBP/USD upside is capped by positive dollar sentiment. Daily chart is still positive-biased as MACD and stochastics bullish; five-day moving average rising above 15-day moving average. Resistance at 1.5756-1.5763 band (Thursday's high-Dec. 1 high); breach would expose upside to 1.5825 (Nov. 27 high). Support at 1.5645 (Wednesday's low); breach would target 1.5624 (Tuesday's low), then 1.5539 (Monday's 15-month low). Spot GBP/USD is at 1.5725. (jerry.tan@wsj.com)

Editor: MNG

(END) Dow Jones Newswires

December 11, 2014 20:48 ET (01:48 GMT)

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**AN** Document DJDN000020141212eacc00050