DOW JONES NEWSWIRES

HD **Iron-Ore Supply Surge No Shock, Says BHP Billiton -- Market Talk**

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0426 GMT [Dow Jones] The market shouldn't be shocked by the jump in iron-ore supply that's dragged prices sharply lower, according to the top ranks of BHP Billiton (BHP.AU), one of the world's biggest miners of the steelmaking commodity. "These capacity increases are long-term pipeline investments, they don't creep up on you. These are no secret capacity additions," says BHP chairman Jac Nasser at the miner's Australian annual general meeting. The strategies of the world's biggest iron-ore miners has come under fire as they've tipped rising tons of raw material into the seaborne market, creating a glut and pushing prices down by nearly half this year. BHP's leaders reiterated their business would be able to weather the storm, though. "Our margins are still good, even at these lower prices," Nasser says. (rhiannon.hoyle@wsj.com; Twitter: @RhiannonHoyle)

Editor JSM

TD

0401 GMT [Dow Jones] Indian rupee falls to a eight-and-a-half-month low against the U.S. dollar following the greenback's rise against major currencies. In early spot-session trading a dollar is buying 62.06 rupees compared with 61.96 Wednesday. "The fall is mostly due to global factors rather than any domestic factor," says Kishore Narne, associate director of currency and commodities at the brokerage Motilal Oswal. In fact, the rupee has not depreciated much compared with other emerging market currencies due to higher foreign flows and timely central bank interventions, he says. Narne expects the rupee may fall a little more to 62.80-63 and will stabilize at that level. (debiprasad.nayak@wsj.com)

Editor: KLH

0355 GMT [Dow Jones] ChinaHSBC PMI suggests that manufacturing activity has continued to cool, but it also provides some hope that downward pressure on domestic demand has eased up, says Julian Evans-Pritchard, China economist with Capital Economics. Domestic demand looks to have held up reasonably well as the new order sub-index edged up in November, says Evans-Pritchard. "Firms have begun to deplete their stocks of finished goods which, along with the increase in orders, hints at some potential upside to output," he says. But he also warns that the economic growth may slow further in the coming quarters with the outlook for investment still downbeat and policymakers unlikely to intervene heavily. (grace.zhu@dowjones.com)

Editor: KLH

0352 GMT [Dow Jones] The USD/CNY is higher following a higher central parity set by the People's Bank of China following dollar gains overnight. The pair is at 6.1229 versus 6.1198 at Wednesday's close. The PBOC set fixing at 6.1417 versus Wednesday's 6.1397. The release of the HSBC "flash" manufacturing purchasing managers' index (PMI) did little to help the yuan. The index came in at 50.0, down from 50.4 in October, amplifying concerns about an economic slowdown in China. "With the outlook for investment still downbeat and policymakers unlikely to intervene heavily to shore up activity in the near term given the healthy labour market, we still expect growth to slow further over the coming quarters," says Julian Evans-Pritchard, an economist at Capital Economics. Offshore, one-year USD/CNY non-deliverable forwards are up at 6.2515/6.2545 from 6.2500/6.2530 late Wednesday. (esther.fung@wsj.com, @estherfung)

Editor JSM

0344 GMT [Dow Jones] Base metals are mixed despite HSBC's preliminary data on China's manufacturing sector showing a decline in November after a pickup the previous month. At 0332 GMT, three-month London Metal exchange copper prices were at $6,671.5/ton, down from the opening price of $6,676/ton. Zinc prices were flat at $2,254/ton, while nickel was up at $16,300/ton from $16,250/ton and aluminum was up at $2,014.75/ton from $2,014.25/ton. (biman.mukherji@wsj.com)

0317 GMT [Dow Jones] Latest economic indicators on China are showing mixed signals, says Nomura. The HSBC flash purchasing managers' index drops more-than-expected but the China MNI business sentiment index improves slightly in November. Nomura says this highlights "the uncertainties around growth momentum amid policy on the one hand and strong headwinds from the property market correction and structural challenges on the other." It says the mixed signals means that growth momentum has at best only stabilized despite further policy easing. It expects further easing to come and in particular, one 50 basis point reserve requirement ratio cut each quarter through to the fourth quarter of next year. (jacky.wong@wsj.com; Twitter: @jackycwong)

Editor JSM

0308 GMT [Dow Jones] The Singapore government will spend $3.2 billion on information technology this year, up 3.2% from 2013, the research firm Gartner reckons. The money will be used for software, staff salaries, data centers, devices and more. Software spending should be the fastest-growing IT component, advancing 10.8% from last year to account for $350 million in 2014. The wealthy city-state, home to about 5.4 million people, is "one of the leading countries in adopting an eGovernment roadmap," writes Gartner analyst Sony Shetty, referring to the country's plan for incorporating technology into its systems of governance. Shetty reckons IT avenues the government is likely to increasingly explore include the use of cloud technologies and analytics to examine individual departments' performance. (newley.purnell@wsj.com; Twitter: @Newley)

Editor JSM

0305 GMT [Dow Jones] A clearer direction for USD/PHP has emerged after Wednesday's break of the 45.00 round-figure trading barrier and strong closing inside the daily Bollinger uptrend channel. The bullish chart signal has rallied USD/PHP to an eight-month high of 45.15. The next target is the top of the weekly Bollinger uptrend channel at 45.47. USD/PHP has come off its intraday high but is still up, trading at 45.11 versus its Wednesday close of 45.07. The peso is slipping due to overarching U.S. dollar bullishness. But fundamentally, the peso appears an attractive currency due to Philippines' likely inclusion in China's New Silk Road plan, and the government's new focus on boosting growth in eight key sectors including infrastructure and manufacturing. (ewen.chew@wsj.com)

Editor JSM

0304 GMT [Dow Jones] Office markets in China's first tier cities of Beijing, Shanghai, and Guangzhou have shown a decrease in rental growth in the third quarter as firms pullback on expansion plans, according to data from property consultancy Knight Frank Asia Pacific. Office rents fell 1.4% in Beijing, 2.7% in Shanghai and 0.6% in Guangzhou in the third quarter compared to the year-earlier period, underperforming markets in Japan, India and Australia. "In mainland China, an economy which is attempting to manage its economic slowdown, a decline of activity from multinational corporations has contributed to rental declines across all Tier-1 markets tracked," says Nicholas Holt, Asia Pacific head of research. There has also been a flood of office space launched in these Chinese cities, with more launches in the coming months that would put a lid on rental growth. (esther.fung@wsj.com, @estherfung)

0303 GMT [Dow Jones] China's economy is struggling with restricted access to credit, as capital inflows slow and banks dial back on opaque off-balance-sheet activities, says Macquarie economist Larry Hu.

"Credit growth in the real economy is pretty sluggish," he says. That, along with huge overcapacity, could explain why the HSBC "flash" purchasing managers' index fell to 50.0, on the boundary between expansion and contraction, in November. China's economy will slow down sharply in the first quarter of next year, Hu predicts. (richard.silk@dowjones.com)

Editor JSM

0300 GMT [Dow Jones] The Nikkei is flat midday at 17292.26 after briefly dipping into negative territory following the release of the HSBC "flash" manufacturing purchasing managers' index (PMI), which came in at 50.0, down from 50.4 in October. The currency market showed little net effect, however, and the dollar remains well above 118 yen (now 118.13 yen). "Coming in the midst of an overbought market, the [China] PMI data was enough to trigger an mini-event trade of its own, generating some stock selling," says an equity trading director at a European brokerage. "Foreign investors are otherwise somewhat reluctant to chase the market higher without a formal economic plan from the Abe government on how to pull the country out of recession." (bradford.frischkorn@wsj.com)

Editor JSM

0242 GMT [Dow Jones] Credit Suisse trims its 2015 Indonesia GDP forecast to 5.0% from 5.2% in the wake of Bank Indonesia's decision to raise interest rates, a decision the central bank made following a government move to raise subsidized fuel prices this week. Credit Suisse cites softer investment growth and a weaker domestic demand outlook, with lower China growth also playing a role. It notes it's bearish relative to consensus forecasts of 5.6% growth for the year, "although we suspect this too will come down" once forecasters adjust to new fuel prices and the interest rate increase. "On the other hand, we have turned more constructive on the rupiah in the near term. We believe there was more monetary policy tightening than meets the eye in the recent central bank's move and the main purpose was to ensure currency stability going forward." It says the twin moves this week "should bias USD-IDR toward the lower end of its 12,000-12,200 range." (ben.otto@wsj.com; @benottoWSJ)

Editor: KLH
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NS mnonfr : Non-ferrous Metals | epmi : Purchasing Managers Index | c411 : Management Moves | cboard : Board of Directors | ccat : Corporate/Industrial News | mirono : Iron Ore Markets | 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 | c41 : Management | e11 : Economic Performance/Indicators | e1111 : Industrial Production | ecat : Economic News | m14 : Commodity Markets | m142 : Metals Markets | mcat : Commodity/Financial Market News | ncat : Content Types | nfact : Factiva Filters | nfce : C&E Exclusion Filter | nfcpex : C&E Executive News Filter | nfcpin : C&E Industry News Filter

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