

**HD S&P/ASX 200 Flat as Miners Offset Banks -- Market Talk**

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0127 GMT [Dow Jones] Australia's S&P/ASX 200 is flat Tuesday as falls in **iron ore** miners offset gains in banks and other dividend plays. Rio Tinto (RIO.AU) falls 0.5% after spot **iron ore** hit a 2-month low, while banks rise 0.1%-0.3% and Telstra (TLS.AU), QBE (QBE.AU) and Woodside (WPL.AU) rise 0.4%-0.6% before upcoming dividend payments. "I think the market is a bit tired," says marketmatters.com.au principal Shawn Hickman. "But it's a dangerous time to be short the **iron ore** miners as **China** is likely to stimulate again in the second half. And you still have dividend support for banks and Telstra while global bond yields remain low." Focus remains on earnings reports, with Boart Longyear (BLY.AU) down 10% after it gave cautious earnings guidance despite a narrower first-half loss. McMillan Shakespeare (MMS.AU) gains 4.3% on positive guidance for fiscal 2015. (david.rogers@wsj.com; Twitter: @DavidRogersWSJ)

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0123 GMT [Dow Jones] The Canadian dollar/yen cross sank as low as 94.52 Tuesday as it extends its retreat from Monday's six-week high of 95.30 on dovish comments from Bank of Canada Governor Stephen Poloz. Mr. Poloz said BOC's policy is "quite capable of being fully independent" from the Fed, and the 1% level of the BOC's key overnight rate is "a high number" compared with peers who are starting at zero. Dow Jones technical analysis shows a bearish shooting-star candlestick pattern was completed Monday on the CAD/JPY daily price chart, and the spot rate has fallen below the uptrend support line that runs from the Aug. 8 swing low of 92.71. The cross may slip further in the near term to its 55-day moving average (now at 94.43), and then to the base of the daily Ichimoku cloud (now at 94.34), followed by its 200-day moving average (now at 94.19). Spot CAD/JPY is at 94.56. (jerry.tan@wsj.com)

0106 GMT [Dow Jones] **Hong Kong** equities are seen falling in early trading as investors cool off after the Hang Seng Index set fresh highs for the year on Monday. The benchmark gained 0.2% to 25,166.91, and index futures are down 0.7% ahead of the market open. Emerging market equities "are likely to consolidate with an upward bias as mood in global markets is positive after S&P 500 closed at a record overnight," says Credit Agricole. **Chinese** corporate earnings season continues, with companies including Agricultural Bank of **China** (1288.HK), COSCO Pacific (1199.HK) and Henderson Land Development **Company** (0012.HK) among the companies scheduled to report earnings today. (gregor.hunter@wsj.com; Twitter: @gregorhunter)

0103 GMT [Dow Jones] The New Zealand dollar slipped to a four-day low of 86.46 against the yen Tuesday after Statistics New Zealand said the country recorded a NZ\$692 **million** trade deficit for July, wider than the consensus forecast of a NZ\$500 **million** deficit. Diminished investor risk appetite as Tokyo stocks post modest losses (Japan's Nikkei Stock Average is down 0.09% at 15,599.79) is also weighing on the risk-sensitive Kiwi. Dow Jones technical analysis shows the NZD/JPY spot rate falling below the base of a bearish flag pattern. The cross could slip further in the near term to 86.30 (Wednesday's reaction low), and then to 85.96 (Aug. 12 minor pivot low). Resistance is expected at 86.85 (middle 20-day Bollinger Band), then at 87.22 (upper 20-day one-standard deviation Bollinger Band). Spot NZD/JPY is at 86.62 versus 86.76 late Monday. (jerry.tan@wsj.com)

0059 GMT [Dow Jones] Australia's central bank looks to be too pessimistic on the outlook for investment, says Diana Mousina, economist at the Commonwealth Bank of Australia. Leading indicators of non-mining business investment continue to point to a sustained pick up in growth, she says. Mousina notes that a significant lift in commercial finance commitments over the past six months suggests we should see non-mining investment lift toward the end of the year. She also says that business surveys have shown a marked improvement for confidence and trading conditions but also in expected investment plans. Official government data excludes investment in sectors like health and education where investment is growing strongly. 2Q business investment data is due out on Thursday. (james.glynn@wsj.com; Twitter @JamesGlynnWSJ)

0024 GMT [Dow Jones] The Aussie/Kiwi cross reached 1.1169 Tuesday--its highest mark since Dec. 2, 2013--after Statistics New Zealand said the country recorded a NZ\$692 million trade deficit for July, wider than the consensus forecast of a NZ\$500 million deficit. Dow Jones technical analysis shows the AUD/NZD daily price chart is positive-biased as the five- and 15-day moving averages are advancing. The cross is poised to advance further in the near term to 1.1223--the Nov. 29, 2013 reaction high. Support is expected at 1.1065--base of "buy zone" of the 20-day Bollinger Band (an area between the one- and two-standard deviation upper Bollinger bands); and then at 1.1002 (middle 20-day Bollinger Band). Spot AUD/NZD is at 1.1148 versus 1.1132 late Monday. (jerry.tan@wsj.com)

0022 GMT [Dow Jones] The Australian dollar has continued in a narrow range overnight, despite another leg down in the spot iron ore price, says David de Garis, senior economist at NAB. Iron ore fell another 1.0% to US\$89.2/ton, putting "within a whisker" of its post global financial crisis lows of US\$86.70/ton reached in September 2012, he added. "It's just another reason to frustrate the Reserve Bank of Australia on the continuing divergence between the Australian dollar and Australia's terms of trade," Mr. de Garis said. The Australian dollar was trading in early Asia at US\$0.9275. (james.glynn@wsj.com; Twitter @JamesGlynnWSJ)

0011 GMT [Dow Jones] The strong NZD and falling commodity prices are starting to affect New Zealand's trade position "which contributed to a larger-than-expected July trade deficit," ANZ says. And while "the annual trade surplus widened" this looks to be on borrowed time, it says. The NZD/USD is now close to 0.0500 below last month's peak and the adjustment of the NZD to lower commodity prices appears to be happening. "However, the NZD remains a roadblock to export-sector earnings and wider economic activity--underscoring the need to lift productivity to remain viable." (lucy.craymer@wsj.com; Twitter: @lucy\_craymer)

0000 GMT [Dow Jones] The NZ July merchandise trade deficit was larger than Westpac or the market expected, "due to a larger than expected drop in export receipts," Westpac senior economist Michael Gordon in a note. "We suspect that the surprise is largely due to normal monthly volatility in export volumes, given that the fall in world prices for dairy and logs was already known." He adds that Westpac had expected the import bill to include the first of Air New Zealand's new Boeing 787 Dreamliners--probably worth around NZ\$200m; "However, Statistics NZ excluded this item from the trade figures in order to keep the purchase price confidential." (lucy.craymer@wsj.com; Twitter: @lucy\_craymer)

2329 GMT [Dow Jones] While Australia's labor market has deteriorated over recent years, Barclays, Australia chief economist Kieran Davies said he thinks the recent rise in unemployment to 12-year highs is overstated. The jump in unemployment in July to 6.4% from 6.0% is typically seen in a deep recession, he said. Davies adds the backdrop for the labor market has actually improved this year. Companies are hiring again, job ads are up and surveyed business conditions have improved. Importantly, capacity utilization has trended higher, which normally foreshadows falling unemployment, he said. This suggests that unemployment could peak this year, far sooner than the Reserve Bank's bleak forecast that unemployment will stay high until 2016. (james.glynn@wsj.com; Twitter @JamesGlynnWSJ)

2315 GMT [Dow Jones] The decline in AUD may accelerate this week according to BNP Paribas. It notes the 2Q private sector capex will be released Thursday and "there is a risk of a third straight negative print, which would weigh on the AUD given that FX markets remain long according to BNP Paribas Positioning Analysis." It is currently short AUD/CAD and "we see the AUD as vulnerable this week." AUD/CAD is at 1.0206 while AUD/USD is at 0.9285. (rebecca.howard@wsj.com; Twitter: @FarroHoward)

2311 GMT [Dow Jones] Europe's problems remain the major focus for markets as German confidence continues to decline and French politics remains turbulent, says ANZ Bank - noting Hollande has been forced into his third major ministerial reshuffle in two years. The result was new record lows in Bund yields and Belgium two year yields dropping into negative territory for the first time. However "European equities are following the U.S. model and rallying on speculation that the ECB may be closer to acting," it says. Draghi's emphasis on fiscal policy at Jackson Hole - in suggesting that national structural policies need to step up to the plate - mean European politics remain key in analysing the direction for EUR, says

ANZ. "Current sentiment is swayed towards anti-austerity, with associated political tensions as austerity is perceived to be a German imposed policy in Europe," it says. (rebecca.howard@wsj.com; Twitter: @FarroHoward)

(END) Dow Jones Newswires

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