

HD **Kiwi and Aussie Get Lift From China Data - ANZ -- Market Talk**

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0530 GMT [Dow Jones] The NZD/USD and AUD/USD both got a lift after modest improvement in Chinese manufacturing activity dispersed some concerns about sluggish growth in China. However, the Kiwi is largely rangebound ahead of Fonterra's results and possible change to its forecast payout for farmer shareholders early Wednesday, says Murray Hindley, foreign-exchange manager at ANZ Bank. The NZD/USD is at 0.8128 and has support in the low 0.8100s and resistance at 0.8155, he says. AUD/USD is at 0.8911. (rebecca.howard@wsj.com; Twitter: @FarroHoward)

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0529 GMT [Dow Jones] China's "targeted easing" of tight fiscal and monetary policies won't be enough to reverse slower economic growth in the third quarter, Barclays says. The bank says it expects the world's second-largest economy to grow 7% in the three months ending in September. That shakes out to a 7.1% annual growth rate, well below the government's target for growth of about 7.5% this year. "We expect the government to lower its 2015 growth target to 7%," Barclays adds. Tuesday's stronger-than-expected HSBC report on Chinese factory activity so far this month gave a boost to stocks, although enthusiasm has faded in Hong Kong. The Hang Seng Index is flat in afternoon trade. (mia.lamar@wsj.com)

0526 GMT [Dow Jones] When the U.S. and the Philippines signed a new defense pact in April, the deal was hailed as a new beginning in bilateral relations, two decades after the Philippines hustled American forces out of the country. As well as bolstering Philippine security, the return of U.S. troops as outlined by the pact was expected to deliver investment both to run-down Philippine military bases, and also to local businesses and communities. These benefits should still result -- only much later than originally planned. U.S. and Philippine officials in Manila have conceded that a legal challenge seeking to invalidate the agreement, though unlikely to succeed, could take years to wind its way through the Philippine courts, blocking further talks about the deal's implementation. "We agreed a security treaty with Australia in 2007, but we weren't able to [ratify] it until 2012" due to legal obstructions, noted a Philippine defense official, suggesting the U.S. pact could face similar delays. (trefor.moss@wsj.com)

Editor: CNG

0523 GMT [Dow Jones] The NZX-50 added 0.1% or 5 points to 5241.443, helped by an ongoing bounce in electricity shares after the National Party won a resounding victory in Saturday's election, says Peter Young, investment advisor at Forsyth Barr. Contact Energy (CEN.NZ) added 1.0% to NZ\$5.91 while Genesis (GNE.NZ) gained 2.1% to NZ\$1.99. Kathmandu (KMD.NZ) shed 1.6% to NZ\$3.10, partly weighed by its full year result although it was largely expected. Earlier, Kathmandu reported a slightly lower net profit on reduced customer demand during its key sales period in June and adverse impact of the high New Zealand dollar. (rebecca.howard@wsj.com; Twitter: @FarroHoward)

Editor: MNG

0518 GMT [Dow Jones] The baht has recovered from weakness seen earlier Tuesday after a better-than-expected HSBC **China** flash manufacturing PMI report. The Thai currency strengthened to THB32.20 from THB32.27 but is now at THB32.23 to the U.S. dollar. The USD/THB daily chart however suggests U.S. dollar strength - thereby baht weakness - is possible in the short term if the pair closes Tuesday above 32.22 which is the base of the Bollinger uptrend channel. The uptrend channel could **lead** USD/THB to the 32.35 top of the channel and then on to the 32.50 psychological trading barrier. Fundamentally, the likelihood of U.S. interest rates rising versus the accommodative stance of Thailand's central bank - given the tepid economic growth since the coup - will favor the U.S. dollar. (ewen.chew@wsj.com)

Editor: CNG

0515 GMT [Dow Jones] Net foreign buying in emerging Asia ex-**China** is the lowest in seven months, according to data compiled by Credit Suisse. "There could be a few reasons why foreign buying has slowed to a crawl in September-yen weakness or just a pause after six consecutive months of buying resulting in cumulative net foreign buying of US\$41 **billion**," it says; "There is also no large foreign selling or signs of foreign investor capitulation either." Foreign investors are only net buying India and Thailand this month. India has received the most foreign inflows but foreigners are still net sellers in Thailand this year. (jacky.wong@wsj.com; Twitter: @jackycwong)

Editor: CNG

0513 GMT [Dow Jones] After a strong rally in the first half of 2014, Thailand's **equity** market is looking increasingly "challenging" in terms of valuations, KGI Securities says. "In the next 3-4 weeks, we see a good chance for SET to remain volatile or have some correction, as global investors are becoming more worried about signals from the U.S. Federal Open Market Committee on its benchmark interest rate, possibly leading to profit-taking in emerging-market equities," KGI writes. However, it expects a moderate rise from the end of the third quarter, forecasting a fourth-quarter range of 1620 to 1650. The benchmark SET index trades up 22.7% higher in the year-to-date, last at 1593, with a one-year forward price-to-earnings ratio of 16.21. (jake.watts@wsj.com; @jmwatts_)

Editor: CNG

0505 GMT [Dow Jones] Vietnam needs to accelerate reforms to secure sustainable economic growth, says Nguyen Duc Thanh, director of the Vietnam Center for Economic and Policy Research at Vietnam National University in Hanoi. "The government's recent efforts to simplify procedures for businesses paying taxes is a positive move," he says. Thanh says the government needs to speed up reforms of state-owned enterprises and the banking system. He says Vietnam's economy is gaining momentum slowly, though the government shouldn't overexploit natural resources to boost growth. Thanh expects Vietnam's inflation rate to be 5% this year, lower than the government's initial target of 7%. "Prices in September are expected to rise from the previous month led by increases in prices for services and equipment as the new school year began early this month," he says. (anhthu.nguyen@wsj.com)

0504 GMT [Dow Jones] Singapore August CPI rises at a slower-than-expected pace at 0.9% on year vs. a 1.2% gain polled by Dow Jones median estimate of six economists, mainly due to fall in transport and housing costs. The rise in inflation in August, is also slower than the 1.2% rise in July, indicating that the cost pressures remain subdued for now. However, the central bank may have to remain vigilant given that the Monetary Authority of Singapore expects core inflation, which excludes transport and accommodation, to remain elevated. MAS projects core inflation between 2%-3% in 2014. Government data show that August core inflation stood at 2.1% on year vs. 2.2% in July. "Domestic cost pressures, particularly stemming from a tight labour market, are likely to remain the primary source of inflation," the central bank says in a separate statement. (venkat.pr@wsj.com)

Editor: MNG

0456 GMT [Dow Jones] A social-media campaign calling for Philippine President Benigno Aquino III to be allowed to run for a second term has recently been flooding onto Facebook and Twitter. Also, the

president has been dropping hints during recent interviews that he is open to the idea of another term--something barred by the constitution. This idea, however, has little chance of succeeding, according to political analysts. Christian de Guzman, Moody's vice president and senior analyst, said that while amending the constitution to allow such a move might be possible, Aquino could do so only by "using political capital that could otherwise be deployed to continue the administration's programs" after his current term ends. De Guzman said the president could achieve more by concentrating on his remaining two years than by aiming for another six. (josephine.cuneta@wsj.com)

Editor: KBC

0454 GMT [Dow Jones] Shares of Naver (035420.SE) could rise after the **company** says an IPO of LINE, its popular instant messaging app, won't happen this year, says J.P. Morgan. "We do not believe this strategic decision implies 'NO IPO forever,' but the delay of LINE's listing plan may suggest that management views LINE as being at a still-early growth stage," it says. "It opens higher flexibility for LINE's strategic funding option, as well as potentially better timing of an IPO valuation." JPM keeps the stock at overweight with a target of KRW950,000. Naver is up 3.4% at KRW817,000 Tuesday. (jacky.wong@wsj.com; Twitter: @jackycwong)

0451 GMT [Dow Jones] New Zealand's trade deficit is expected to widen in August as exports continue to wane. The median in a poll of nine economists is tipping a goods trade deficit of NZ\$1.1 **billion** for August, with the 12-month trade balance expected to record a surplus of NZ\$1.36 **billion**. The data aren't seasonally adjusted and New Zealand's exports are significantly impacted by seasonal factors due to the nature of agricultural production. August's exports are expected to once again be hit by ongoing falls in prices for **dairy** and wood products. (rebecca.howard@wsj.com; Twitter: @FarroHoward)

(END) Dow Jones Newswires

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