

**HD S&P/ASX 200 Likely Mixed Before China PMI's, RBA Meeting -- Market Talk**

**WC** 1,571 words

**PD** 1 July 2014

**ET** 09:57

**SN** Dow Jones Institutional News

**SC** DJDN

**LA** English

**CY** Copyright © 2014, Dow Jones & Company, Inc.

**LP**

2357 GMT [Dow Jones]--Australia's S&P/ASX 200 is likely to be mixed before key events today. **China's** official manufacturing PMI is due at 0100 GMT and HSBC's final manufacturing PMI is due at 0145 GMT. The main even is the RBA's interest rate decision and monetary policy statement following its meeting, which concludes at 0430 GMT. In the meantime, defensive and high-yield sectors of the market are set to recover from financial-year-end selling which pushed the index down 0.9% yesterday despite offshore gains. **Iron ore** miners may fall after spot **iron ore** fell 1.1% to US\$93.80. However, BHP (BHP.AU) ADR's equivalent price rose 1.1%, suggesting **iron ore** miners were also depressed by financial-year-end selling yesterday. Index last 5395.7. (david.rogers@wsj.com; Twitter: @DavidRogersWSJ)

**TD**

2356 GMT [Dow Jones]--Offshore accounts at five foreign brokerages place net buy orders for 2.1 **million** Japanese shares overnight, according to traders. The net buying may be positive for the market at the open, although the yen value basis of the figures is unknown. Buy orders total 6.7 **million** shares, with sell orders amounting to 4.6 **million** shares. (bradford.frischkorn@wsj.com)

2351 GMT [Dow Jones] Nikkei is likely to trade in a narrow range Tuesday, as the dollar continues to trend weaker (now Y101.31), U.S. stocks ended mixed, and investors anxiously await the Bank of Japan's quarterly tankan business survey result, due minutes before for TSE open. "The tankan result should carry some weight in determining investor enthusiasm, since it is the first since Japan installed its higher consumption tax," says Nomura Securities **equity** market strategist Junichi Wako. Expectations aren't high, however. Wako puts the Nikkei's range for the session at 15050 to 15250. Nikkei 225 September futures ended Monday's Chicago trading up 25 points at 15165 vs its close earlier Monday in Osaka at 15160. In the cash market, the Nikkei ended up 0.4% at 15162.10 Monday. (bradford.frischkorn@wsj.com)

2345 GMT [Dow Jones]--Nymex crude is likely to consolidate for now after hitting a two-week low of \$104.66/bbl Monday before rebounding more than \$1 to as high as \$105.68/bbl, Dow Jones technical analysis shows. The daily continuation chart is still negative-biased as the MACD and slow stochastic indicators are bearish, while the five-day moving average below the 15-day moving average and declining. Resistance is at \$105.76 (Monday's high); a breach would be near-term positive, targeting \$106.19 (Friday's high), then \$106.81 (Thursday's high), \$107.50 (Wednesday's high), \$107.73 (nine-month high hit June 20) and \$108.99 (Sept. 19 reaction high). But a drop below \$104.66 support would reinstate the negative near-term view, targeting \$104.35 (June 12 low), then \$104.17 (June 11 low), \$103.98 (June 10 low) and \$102.62 (June 9 low). August crude is up 15 cents at \$105.52/bbl on Globex. (jerry.tan@wsj.com)

2337 GMT [Dow Jones]--Australian consumer confidence slipped 0.3% in the week ended June 29, according to ANZ-Roy Morgan. While 6% higher than a month ago, confidence is 9% lower than it was before concern about the federal budget emerged in late April, and is therefore unlikely to allay the Reserve Bank of Australia's uncertainty about the impact of fiscal consolidation. "The pace of recovery and the level at which confidence eventually settles will be important factors in determining the likely impact on household consumption growth, with anecdotes suggesting consumer spending activity in recent months has been soft," ANZ economists say. "The bounce we have seen so far has not been large enough to make us comfortable that the deterioration in confidence is transitory." (david.rogers@wsj.com; Twitter: @DavidRogersWSJ)

2336 GMT [Dow Jones]--NZ 2023 government bond has ticked up slightly following the NZ Debt Management Office's announcement that it would issue between NZ\$1 billion and NZ\$2 billion of new 2027 bonds via syndicate on July 2, says BNZ strategist Kimberly Martin. The yield for the 2023 bond, currently New Zealand's longest dated government bond, is up 2bps in early trading to 4.43%. The 2027 bond "was drastically needed because our longest bond was below nine years and most international investors expect at least a 10-year benchmark bond. This is" filling a gap, Martin says. She said it seemed a sensible time to issue the bonds with yields still relatively high and the international landscape reasonably calm. (lucy.craymer@wsj.com; Twitter: @lucy\_craymer)

2333 GMT [Dow Jones]--UBS downgrades Ansell (ANN.AU) to "neutral" from "buy" after the glove and condom maker flags a US\$125 million writedown that will force it to miss profit guidance, underpinned by 300 job cuts, a Malaysian factory closure and an exit from a U.S. military gloves business. "While the booking of restructuring costs and lack of organic growth momentum was disappointing, we see scope for upside over the longer term as management continues to work on its cost base," the broker says, raising its price target to A\$21.80 from A\$20.80. Ansell was last at A\$19.83. (Ross.Kelly@wsj.com)

2324 GMT -- With the S&P 500 closing flat and the Dow a tad lower, expect Asian markets to be directionless on the open, says Forsyth Barr broker Adrian Vance, in New Zealand. He says, locally, people will be looking for a bit of direction in the next few days as they head into a new quarter; "Over the last few weeks markets have been going sideways to slightly lower and it's probably a case of markets having a good run up and valuations being a bit stretched." He says there may be some focus on Tower (TWR.NZ) following news it has sold its life insurance business. The NZX-50 is currently flat at 5136.35. (lucy.craymer@wsj.com)

2324 GMT [Dow Jones]--Credit Suisse remains one of the loudest bears on Santos (STO.AU), keeping an "underperform" recommendation despite a recent investor tour of its Gladstone LNG venture with Total (TOT) encouraging other brokers, such as UBS, to upgrade their views on the stock. Sure, there were some positives from the tour, but Credit Suisse says Santos may struggle to generate an attractive return from the project, given cost overruns and difficulty finding enough coal seam gas to meet LNG sales contracts for decades. "We still see meaningful risk of the bear case eventuating, under which our group net present value would fall below A\$12/share," it says. "At a share price where these risks are baked in Santos is an interesting proposition. At current levels, it is not." Santos was last at A\$14.26 versus Credit Suisse's A\$12.70 price target. (Ross.Kelly@wsj.com)

2321 GMT The RBA meeting later presents downside risks for the AUD/USD, and Westpac will be watching for "any dovish shift in language particularly regarding the high AUD," says Westpac currency strategist Imre Speizer in a note. The pair is at 0.9432 vs. 0.9423 late Monday in Australia. Mr. Speizer says the pair remains in a multiweek range of 0.9335 to 0.9445. Ahead of the RBA, both the HSBC China manufacturing and the official manufacturing data will provide direction for the AUD. (lucy.craymer@wsj.com)

19:21 [Dow Jones]--Analysts are gaining more faith in FedEx's ability to grow earnings per share by more than 30% in FY15. Macquarie analysts are the latest, citing a confidence-building meeting with the air express company's IR director. One factor? FedEx achieved 85% of its \$1.6 billion express business profit improvement by cutting costs, Macquarie says. "Having so much direct control supports heightened confidence in attaining profit goals and a robust FY15 outlook," they say. In addition, margins are improving and FedEx has strong pricing abilities. Plus, it's buying back shares. Macquarie targets 12-month share prices at \$160. (laura.stevens@wsj.com)

2319 GMT [Dow Jones]--The USD/JPY will likely remain top heavy in Asia trade ahead of big events such as U.S. jobs data on Thursday, says Shinji Kureda, head of FX trading group at Sumitomo Mitsui Banking. "Market sentiment now is biased toward a weaker dollar," says Mr. Kureda, who tips the pair will likely trade in a 101.00-101.50 range. But Mr. Kureda says the pair may go up depending on the data. The pair is at 101.30 against 101.33 in New York late Monday. The EUR/USD is tipped in a 1.3650-1.3720 range. It is at 1.3692. (hiroyuki.kachi@wsj.com)

To contact the Market Talk Editors,  
Kevin Kingsbury, 212 416-2354, kevin.kingsbury@wsj.com  
Cynthia Lin, 212 416-4403, Cynthia.lin@wsj.com  
John Shipman, 212 416-2181, john.shipman@wsj.com  
Patrick Sullivan, 212 416-2326, Patrick.sullivan@wsj.com

(END) Dow Jones Newswires

June 30, 2014 19:57 ET (23:57 GMT)

**CO** rbkaus : Reserve Bank of Australia

**IN** i22 : Primary Metals | i221 : Iron/Steel/Ferroalloys | imet : Mining/Quarrying | ibasicm : Basic Materials/Resources

**NS** mcat : Commodity/Financial Market News | mcrntg : Crude Oil/Natural Gas Product Markets | mirono : Iron Ore Markets | mstock : Stock Exchanges | 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 | m11 : Equity Markets | m14 : Commodity Markets | m142 : Metals Markets | m143 : Energy Markets | ncat : Content Types | nfact : Factiva Filters | nfce : FC&E Exclusion Filter

**RE** jap : Japan | austr : Australia | china : China | eurz : Europe | usa : United States | apacz : Asia Pacific | asiaz : Asia | ausnz : Australia/Oceania | bric : BRIC Countries | chinaz : Greater China | devgcoz : Emerging Market Countries | dvpcoz : Developing Economies | easiaz : Eastern Asia | namz : North America

**PUB** Dow Jones & Company, Inc.

**AN** Document DJDN000020140630ea6u004bq