DOW JONES NEWSWIRES

HD **Aussie Resources Sector Viewed More Favorably: Fund Manager -- Market Talk**

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Contact us in Singapore. 65 64154 140; MarketTalk@dowjones.com
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0310 GMT [Dow Jones] Australian resources are being viewed more favorably due to improving China economic data, strong quarterly production reports and stretched valuations in high-yield stocks such as banks. "Iron-ore prices aren't going back up to their highs, but they aren't going to US$50 a ton either because I think the worst is over in terms of China destocking, and China's economic growth has stabilized," Pengana portfolio manager Tim Schroeders says. "We've seen value in resources for a long time and we've been selectively buying over the last little while." But he doesn't expect the S&P/ASX 200 to surge, as investors may switch from banks to resources. The S&P/ASX 200 is up 0.4% at 5542 after hitting a 6-year high of 5561.1. Spot iron ore was flat at US$98.00. It hit a record high of US$191.90 in Feb 2011 and a 2-year low of US$89.00 in June. (david.rogers@wsj.com; Twitter: @DavidRogersWSJ)

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0300 GMT [Dow Jones] The longer Singapore's electronics shipments remain soft, the longer total export data will remain weak, says OCBC treasury research and strategy analyst Selena Ling. Responding to weaker-than-expected non-oil export numbers published early Thursday, Ling says electronics were the main drag on the headline figures. Total export growth has been disappointing for the first half of 2014, at -2.2%, she says. "Currently, the Singapore export plane is flying with only one engine, namely the non-electronics, working at this junction." OCBC forecasts a 1.5% contraction in full-year 2014 exports, compared with a larger fall of 6% in 2013. The country's exports fell 4.6% year-on-year in June. (jake.watts@wsj.com; @jmwatts_)

0300 GMT [Dow Jones] Korea's new finance minister Choi Kyung-hwan says the government will use "diverse fiscal tools during the second half" to accelerate growth even while he rules out a supplementary budget this year, thus increasing speculation of a rate cut. The market reacted with a USD/KRW rise above 1030, while ten-year treasury bond yields fall to their lowest levels since May 2013. But economists are unconvinced: "Mr. Choi's dismissal of a supplementary budget reduces the likelihood of a BoK policy interest rate cut," says ING. "We infer from his comments that Mr. Choi views structural problems as the main impediments to growth and that fixing them is beyond the scope of cyclical financial policy. We think most of the BoK MPC agrees," ING adds. DBS agrees, saying structural reforms are more likely than rate cuts. The Kospi is up 0.5% at 2022.89.(gregor.hunter@wsj.com; Twitter: @gregorhunter)

0257 GMT [Dow Jones] The Nikkei is up 0.2% at 15,409.35 midday, paring some earlier gains. Takashi Hiratsuka, a trading group leader at asset-management division of Resona Bank, says there are many factors supporting Japanese stocks--improved earnings of Japanese companies, continued easing from the Bank of Japan, flows from domestic and foreign investors--but the index's rising momentum isn't that strong. He says the JPY's relative strength on the back of declines in Treasury and euro-zone bond yields and some overheating in U.S. high tech stocks are making investors cautious in buying more Japan stocks. The EUR/JPY falls to 137.37--the lowest in more than five months.

(kosaku.narioka@wsj.com)

"Aussie Biz Confidence Resilient Despite 2Q Fall: NAB Survey -- Market Talk," at 0130 GMT, misstated the comparison time periods used in the survey. The item should have said the Australian business confidence was resilient in 2Q considering the tough Federal Budget in May, though National Australia Bank's business confidence index slipped to +6 in 2Q vs +7 in 1Q. NAB's current business conditions index rose to +1 in 2Q from flat in 1Q.

0234 GMT [Dow Jones] Qantas Airways (QAN.AU) appears to be flying into a muted earnings recovery thanks to an improving domestic market and partial success of its cost-cutting program, says UBS. It forecasts that improved local market from about mid FY15 along with a cut of 7% in staff numbers should drive a near break-even outcome for the airline in FY15, rising to a profit of about A$300 million in FY16 and to A$500 million the year after. Still, the current tough market conditions are expected to drive an underlying pretax loss of about A$700 million for FY14. UBS has a neutral stance and lifts its price target to A$1.30/share from A$1.20. QAN is trading up 0.2% at A$1.2475. (robb.stewart@wsj.com; Twitter: @RobbMStewart)

0231 GMT [Dow Jones] China shares are slightly lower early Thursday, continuing a correction from Wednesday's close as losses among the previously strong start-up stocks hit sentiment in the broader market. The Shanghai Composite is last down 0.7% to 2053.85. The ChiNext Price Index, tracking smaller, often technology related firms, is last down 0.4% to 1312.80, continuing losses from early July. "As long as economic data doesn't exceed expectations, it's not doing anything to lift the market... meanwhile the ChiNext is correcting after steep rises earlier in the year," says Deng Wenyuan, analyst with Soochow Securities. The latest data shows growth accelerating slightly in Q2, growing 7.5% from a year earlier. The Shenzhen Index is down 0.7% to 1098.01.(chao.deng@wsj.com; Twitter @chao_deng)

0223 GMT [Dow Jones] Reopening after the one-day market closure due to the typhoon that swept Manila, USD/PHP appears to be stable near its Tuesday close of 43.61 having avoided the broad spike of the U.S. dollar in Asia Wednesday. A technical consolidation range for USD/PHP spanning 43.45-43.63 is likely to trap the pair Thursday. On a Thursday close below 43.45, the daily Bollinger downtrend channel will come into play, suggesting more room for the peso to rise versus the U.S. dollar in the near term. Analysts are still keeping a hawkish watch on the Philippine central bank which has repeatedly hinted that interest rates could rise--despite recently reduced inflation readings. USD/PHP is now 43.56 from its Tuesday close of 43.61. (ewen.chew@wsj.com)

0220 GMT [Dow Jones] Taiwan government bonds are higher in thin volume, mostly reflecting overnight gains in U.S. Treasurys, says a local trader. "Many bond investors turned cautious about pushing bond prices much higher as they want cues from the new 20-year bond auction on July 28," the trader says. The most-traded five-year bond yield is at 1.2080% vs 1.2135% late Wednesday; the trader tips expects yield to trade between 1.2000% and 1.2200% for the session. The 10-year bond yield is at 1.6205% vs 1.6230% Wednesday. (fanny.liu@wsj.com)

0218 GMT [Dow Jones] Spot NZD/JPY hits a three-week low of 88.24 Thursday as soft inflation data out of New Zealand and weak dairy prices continue to weigh on the antipodean currency. Dow Jones technical analysis shows NZD/JPY short-term technical outlook is negative as the five-day moving average has fallen below the 15-day moving average; the rate-of-change momentum indicator is declining in negative territory; the daily slow stochastic measure is falling from overbought levels; and the negative MACD histogram bars are expanding. Spot NZD/JPY in the near term looks set to reach 88.20 (38.2% Fibonacci retracement level of 85.79-89.69 May 29-July 10 advance). A drop below 88.20 would open the way down to 87.74 (50.0% Fibonacci retracement), and then to 87.28 (61.8% Fibonacci retracement). Spot NZD/JPY was recently at 88.29. (jerry.tan@wsj.com)

0212 GMT [Dow Jones] A survey of bank lending practices released by the Bank of Japan on Thursday shows demand for loans from individuals fell sharply in the past three months to early July, as their rushed purchases of houses and related-borrowing wore off following a hike in April. The index measuring such demand turned minus 10 from plus 20 in the previous April survey. A figure in the negative territory means there are more banks responding that customer demand for loans declined. Meanwhile, the index measuring demand from corporations is plus 5, unchanged from the previous survey. Still, a lack of improvement may be discouraging for the BOJ, which hopes that firms will boost fresh spending, rather than hoarding cash, to keep the economy on a moderate recovery track. (tatsuo.ito@wsj.com)

0209 GMT [Dow Jones] Sumitomo Electric Industries Ltd.'s (5802.TO) announcement Wednesday that it will sell its 25% stake in Sumitomo3M to 3M Co.(MMM) is a positive development for Sumitomo Electric, says Yuji Matsumoto, an analyst at Nomura Securities. "The selling price of Y90 billion is equivalent to around 20 times the Y4 billion--5 billion equity-method income that Sumitomo3M normally provides," he says. Sumitomo Electric raised its net profit projection to Y111 billion from Y70 billion to reflect Y44 billion special gains on the sale of Sumitomo3M. Sumitomo Electric's shares are currently up 1.3% at Y1,499. (Megumi.Fujikawa@wsj.com)

(END) Dow Jones Newswires

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