

HD RBA Declines Scrooge Role--It Won't Hike Before Christmas -- Market Talk

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0349 GMT [Dow Jones] The Reserve Bank of Australia was "never likely to be a scrooge and bump up interest rates just before Christmas," says Dennis de Jong, managing director at UFX.com. He notes that Australia's economy remains fairly robust "but with tepid growth in Europe and **China**, as well as the continuing geopolitical tensions around the world, there are enough threats out there for the bank to keep the pause button pressed." While the country's **mining** sector continues to weaken, non-**mining** conditions are improving steadily, while the housing market remains strong. "Exactly when the RBA will decide to hike interest rates is difficult to predict, but the middle of next year, potentially at a similar time to the U.S. Federal Reserve, might not be too wide of the mark," he says. (rebecca.howard@wsj.com; Twitter: @FarroHoward)

Editor JSM

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0340 GMT [Dow Jones] Stocks in Japan are on a tear but its own investors are selling at a record pace, a sign of lack of domestic support for Prime Minister Shinzo Abe's economic revival program. Japanese retail investors sold \$24 **billion** of stocks over the past five weeks--the highest since as far back as 1993--even as foreign investors continued to invest for the fifth straight week, according to data by JP Morgan strategist Nikolaos Panigirtzoglou. Foreign investors have bought \$33 **billion** in Japanese stocks in that period, according to Japan's Ministry of Finance. The Nikkei Stock Average has leapt 12% since the Bank of Japan announced fresh stimulus for the economy at the end of October. (chao.deng@wsj.com)

Editor JSM

0337 GMT [Dow Jones] The market is closely watching today's auction of 10-year Japanese government **bonds** to measure whether the move Monday by Moody's Investors Service to downgrade Japan's credit rating has cooled bullish sentiment toward JGBs. The finance ministry will announce the result at 0345 GMT. The lowest accepted price for 10-year debt, totalling around Y2.4 trillion, will likely come to around 100.26, traders say. With coupons and yields at low levels, "it is hard to predict how investors will respond," says Tokai Tokyo Securities chief bond strategist Kazuhiko Sano, adding that the result of the auction "will likely influence the direction of prices over the short-term." The latest issue carries a coupon of 0.5%, unchanged from the previous tender in November. **Lead** December JGB futures are down 0.15 at 146.75. (takashi.nakamichi@wsj.com)

Editor: MNG

0328 GMT [Dow Jones] NZD/USD benefited from an overnight slide in the U.S. dollar and there "is clearly a lot of demand out there for the New Zealand dollar," says Sam Tuck, ANZ senior currency manager. The pair is at 0.7866 and Tuck says it remains relatively rangebound between 0.7700 and 0.8000 so "anywhere up around 0.7900 people start to find importer offers and anywhere below 0.7800 you'd probably start to find exporter bids." He notes the ANZ commodity price index declined 1.6% but

"other commodities other than dairy are still holding up relatively well. That's perhaps a good reason to justify why the New Zealand hasn't been really punished on the commodities story like the Aussie dollar in the last few days." He says investors will now be focused on the overnight GlobalDairyTrade auction. (rebecca.howard@wsj.com; Twitter: @FarroHoward)

Editor JSM

0327 GMT [Dow Jones] After swinging back to a small surplus of \$0.02 **billion** in October, Indonesia's monthly trade balance may continue to improve to between \$0.1 **billion** and \$0.5 **billion** in coming months due to the drop in price for **oil**, says Citi. "Since November, **oil** prices continued sliding while non-**oil** commodity prices e.g. **coal** and palm **oil** stabilized," it adds. Indonesia is a net **oil** importer and major exporter of thermal **coal** and palm **oil**. (I-made.sentana@wsj.com)

Editor JSM

0321 GMT [Dow Jones] India's rupee could keep weakening versus the U.S. dollar in the near term, the daily USD/INR chart suggests. USD/INR is likely to keep rising if it holds on to the 61.94 support level that is the base of the daily Bollinger uptrend channel. The uptrend channel may **lead** USD/INR to the monthly Bollinger uptrend channel at 62.93. The Reserve Bank of India's interest rate decision due at 0530 GMT could be key to the rupee's next move. The central bank is likely to keep its base lending rate unchanged after a strong manufacturing PMI released Monday. USD/INR may spike to the 9-month high of 62.24 reached on Friday if the typically-hawkish central bank surprises the market with an interest rate cut. USD/INR closed Monday at 61.95. (ewen.chew@wsj.com)

Editor: MNG

0322 GMT [Dow Jones] Taiwan government **bonds** are lower, weighed by profit-taking after recent gains, says a local trader. But the recent bullish trend of **bonds** has not yet ended after the yields of local **bonds** fell below key support levels on technical charts, the trader says. "The low interest rate environment will likely last longer than we had expected, that will keep pushing bond prices higher," he adds. Some funds are also shifting to local **bonds** from stocks after the ruling Kuomintang party suffered a larger-than-expected defeat in local elections Saturday. The most-traded 10-year bond yield rises to 1.5815% from 1.5780% late Monday; the five-year bond yield is at 1.0895% versus 1.0690%. The Taiex is 1.0% lower. (fanny.liu@wsj.com)

Editor JSM

0319 GMT [Dow Jones] Indonesia's rupiah falls for a seventh consecutive day, reaching a low last seen in January. The rupiah has been slipping on a deterioration of general investor sentiment associated with falling **oil** prices and weak **China** manufacturing purchasing managers' indexes released yesterday. USD/IDR is now inside the daily Bollinger uptrend channel--a signal suggesting the rupiah is likely to fall further against the U.S. dollar in the near term. A strong inflation number released Monday has raised expectations that Bank Indonesia might have to hike interest rates again to stem price increases. The central bank on November 18 raised its benchmark lending rate by 0.25 percentage points to counter the inflationary effects of the government's fuel subsidy cut. USD/IDR is now 12,275 from its Monday close of 12,270. (ewen.chew@wsj.com)

Editor JSM

0311 GMT [Dow Jones] Total wages of an average Japanese employee--consisting of base pay, overtime and bonuses--increased 0.5% in October, extending the streak of year-on-year gains to the eighth month, the longest stretch since 1997, labor ministry data showed Tuesday. The gain slowed from the previous month's 0.7% rise, but the positive trend isn't expected to change anytime soon amid growing pressure on employees to keep up wages in line with inflation. With import prices pushed up by a weaker yen, the month's total wages still represent a decline of 2.8% on an inflation-adjusted basis, the data showed. (mitsuru.oba@wsj.com)

Editor JSM

0300 GMT [Dow Jones] The yuan rises slightly after the central bank guides the currency stronger via a daily reference rate. The yuan is at 6.1507 versus 6.1520 at Monday's close. The central parity is set at 6.1325 versus 6.1369 Monday on the dollar's weakness overseas. "But you can see lots of yuan selling in the market, indicating investors are bearish about the currency despite the PBOC's efforts," says a Shanghai-based trader at a foreign bank. Offshore, one-year USD/CNY non-deliverable forwards are down at 6.2590/6.2620 from 6.2605/6.2625 late Monday. (wynne.wang@dowjones.com)

Editor JSM

0257 GMT [Dow Jones] The USD/TWD is slightly higher, lifted by foreign investor buying, but exporter sales are still capping gains near 31.050, says a local trader. "The local currency is also dampened by weaker local shares, which are extending losses after elections," the trader adds. Taiwan's ruling Kuomintang party suffered a larger-than-expected defeat in local elections Saturday; foreign investors turned net sellers of local stocks Monday after being net buyers for nine straight sessions. The USD/TWD is at 31.040, slightly higher than 31.030 traded before the local central bank's suspected intervention Monday, which lifted it to 31.139--its highest onshore closing in 50 months, traders say. The Taixex is down 1.0%. (fanny.liu@wsj.com)

Editor JSM

0238 GMT [Dow Jones] Despite concerns over the impact of short-term global uncertainties and volatile oil prices on the oil and gas industry, the long-term outlook remains positive, Singapore's trade minister S. Iswaran says at an energy conference. He said Asia Pacific alone accounts for one-quarter of global exploration spending, expected to hit \$723 billion in 2014. The sector had a total output of S\$21 billion in Singapore alone last year, Mr. Iswaran says. (Eric.Yep@wsj.com)

Editor JSM

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