DOW JONES NEWSWIRES

HD **Macquarie Group Leverage to Capital Markets Conditions Attractive: BAML -- Market Talk**

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0108 GMT [Dow Jones] Macquarie Group's (MQG.AU) leverage to improving capital market conditions is a key attraction for Bank of America Merrill Lynch analysts. They retain a buy rating and A$64.05 target price, with Macquarie their preferred choice in the diversified financial sector. "While fixed interest currencies and commodities trends to date are relatively flat, potential near-term catalysts that warrant ongoing attention include escalating geopolitical tensions creating more global oil price volatility, a pick-up in dry bulk freight activity, and a dramatic improvement in the environment for impairments." MQG last up 0.8% at A$60.82. (david.rogers@wsj.com; Twitter: @DavidRogersWSJ)

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0041 GMT [Dow Jones] The New Zealand National party will be able to form a government after the country's election on Sep. 20, a 3 News Reid Research poll shows, with the governing party and its coalition partners having sufficient support. The poll shows that National holds 49.7% of the vote while the largest opposition party Labour holds 27.3% of the vote. The Green party -- likely coalition party with Labour -- has 12.7% support. A party must hold 51% -- currently there are 121 seats in Parliament -- to win an outright majority. Since a proportional representative system was introduced in 1996, no party has ruled alone and small parties at times have wielded considerable clout. (lucy.craymer@wsj.com;Twitter: @lucy_craymer)

0032 GMT [Dow Jones] Thermal-coal prices ease as traders digest "poor winter demand forecasts for key Asian markets, plenty of supply availability and very limited-to-nil ship queues at Newcastle," says Commonwealth Bank of Australia analyst Lachlan Shaw. Australia's thermal-coal industry continues to face challenging conditions after a prolonged slump in prices for the fuel, he says. At current prices and exchange rates, around 40% of Australian export supply is either unprofitable, or on the borderline of being unprofitable, Shaw says. Thermal coal at Australia's Newcastle port Thursday traded down 0.1% at US$70.60/ton. (rhiannon.hoyle@wsj.com; Twitter: @RhiannonHoyle)

0029 GMT [Dow Jones] An improvement in Japan's jobs-to-applicants ratio and unemployment rate will add pressure on firms to raise wages to attract workers, says Junichi Makino, economist at SMBC Nikko Securities. "That's good for households, and will also help add to inflation," as companies have to raise prices to account for higher wages, he says, adding that wage data due next week for May will likely already show an increase in pay. Makino calculates that there are about 1 million workers that can still be incorporated into the workforce and "companies will only be able to attract those workers with higher wages." Japan's jobs-to-applicants ratio rises to 1.09 in May, the highest in nearly 22 years, and the unemployment rate falls to 3.5%, the lowest since 1997. (eleanor.warnock@wsj.com)

2306 GMT [Dow Jones] New Zealand's trade surplus narrows to NZ$285 million in May and totals NZ$1.37 billion for the year ended May, Statistics New Zealand says. The annual surplus was the highest since November 2010. May's surplus was once again powered by exports to China, which rose NZ$204 million to NZ$868 million; exports to Australia dipped NZ$81 million. Exports to China were led by milk powder, crude oil and sheepmeat. Total exports in May were NZ$4.6 billion, up 13% on the year and up 4% on the month. Total imports in May were NZ$4.3 billion, up 7.0% on the year and up

9.6% on the month. While exports continued to outstrip imports, Statistics New Zealand says "it appears the growth in exports seen in the past year has leveled off." (rebecca.howard@wsj.com; @FarroHoward)

2243 GMT [Dow Jones]--Port of Tauranga's (POT.NZ) target price has been upgraded to NZ$16.30 from NZ$15.55 by Credit Suisse, although it maintains a neutral rating on the **company**. Port of Tauranga is currently trading up 0.3% to $15.04. It says in a note that news of concurrent alliances formed between Port of Tauranga and Kotahi and Maersk should "ultimately deliver meaningful port and shipping cost efficiency across the supply chain from the deployment of larger capacity vessels by shipping lines." It adds that the potential reversion of some container volumes to Ports of Auckland following the end of strike action, along with lower forecast log export volumes might to **lead** to a lowering of short-term earnings forecasts. (lucy.craymer@wsj.com)

17:45 EDT - When a small bond deal was announced Thursday, the debt grade came from an unfamiliar name: HR Ratings. The issuance of $31M in education-revenue **bonds** were given a BBB-, representing the first-ever US rating for HR Ratings, a Mexico City-based **firm**. In November 2012, HR Ratings became the 10th credit-rating **company** to register with the Securities and Exchange Commission. Despite SEC efforts to increase rating-world competition, the biggest three firms--Standard & Poor's, Moody's and Fitch--still dominate market share. Only a few new players have emerged. HR Ratings says it's the first Latin American ratings **firm** to issue a debt grade in the US. (timothy.martin@wsj.com; @timothywmartin)

17:06 EDT - Alcoa (AA) seems to have given up on its attempts to shrink its debt burden. The aluminum maker announced it's buying of jet-engine parts maker Firth Rixson today for $2.85B, most of which will be financed with borrowed cash. Credit research **firm** Gimme Credit says that the debt financing needed to complete the deal will push up Alcoa's debt-to-Ebitda ratio to nearly 4 times, up from "an already too high 3 times." That likely means AA's management is willing to live with its junk credit rating. AA lost its investment-grade rating in the spring of last year, and was dropped from the Dow Jones Industrial Average in September. (vipal.monga@wsj.com; @vipalmonga)

16:57 EDT - Morgan Stanley says it's argued in the past that Canada exhibited many of the traditional symptoms of "Dutch Disease," which happens when a country's currency is boosted by strong demand for its commodities, and that currency strength chokes off exports. The symptoms are overdependence on commodity exports, underinvestment in manufacturing, and a high real effective exchange rate based on high unit labor costs. The one symptom missing ingredient was inflation, Morgan Stanley says. "Now that this has emerged, our conviction that the long-term fundamentals for Canada are bearish has only risen," it says. (don.curren@wsj.com; @dbcurren)

16:29 EDT - The Canadian dollar has pulled off a significant rally since early June, but Morgan Stanley calls it a "bad rally" given that the drivers of growth in Canada are unsustainable, and that low productivity and growth will weigh on real interest rates and foreign investment. **Firm** notes the Bank of Canada has said the "fundamental drivers of growth and inflation in Canada...hinge critically on the projected upturn in exports and investment," and points out Canada is becoming more dependent on commodity exports just as its main trading partner, the US, is increasingly sourcing **energy** internally. **Firm** says it'll look for opportunities to establish bearish medium-term positions in CAD in the coming months. USD/CAD down 0.25% to 1.0692. (don.curren@wsj.com; @dbcurren)

16:15 EDT - NZD/USD remains in favor and "with US data overnight giving little reason to bid the USD higher, those looking for a higher NZD likely still maintain the upper hand in the near term," says BNZ FX Strategist Raiko Shareef. The pair is at 0.8775 early in New Zealand and if it manages to push through 0.8780, the three-year high of around 0.8840 beckons, he says. On the downside, support will become apparent around the 0.8700 mark, he says. (rebecca.howard@wsj.com; @FarroHoward)

14:11 EDT - This week's rally has sent the 10-year yield close to the 2014 low of 2.4% set in late May. Mary Ann Hurley, trader at D.A. Davidson, says the yield could test the trough again, though "US growth would have to slow appreciably more than what it is." Still, she notes that this year, foreign buyers have piled into Treasurys due to their superior yields compared to German and Japanese **bonds**. "Interest rates are so much higher here than in other global countries, so buyers may emerge even if growth does not slow from these levels," she says. Ten-year notes up 8/32, yielding 2.530%. (min.zeng@wsj.com)

(END) Dow Jones Newswires

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