DOW JONES NEWSWIRES

HD **Bell Potter's Aitken Lifts View of Australian Fund Managers -- Market Talk**

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0042 GMT [Dow Jones] In his shift away from a bearish stance on Australian equities, Bell Potter Securities executive director Charlie Aitken now takes a neutral strategic view of listed fund managers versus his earlier underweight position. "I think the vast bulk of the trading damage has been done and it's time to cover tactical shorts and neutralize the sector bet." He adds the stocks won't be without volatility but should find support from new lower price-earnings ratios and higher prospective dividend yields. AMP (AMP.AU) for one has recently fallen almost 14% peak-to-trough and is now trading at 13.8 times expected FY15 earnings with a dividend yield of 5.48%, Aitken says. (robb.stewart@wsj.com; Twitter: @RobbMStewart)

Editor: ALP

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0040 GMT [Dow Jones] Foreign buying of Australian residential property showed a big rise in the third quarter with as much as 1 in every 6 properties going to overseas buyers, according to a survey by the National Australia Bank. The ratio falls to one in four properties in Victoria, the country's second-largest state by population. The survey showed foreign demand accounted for 16.8% of total housing demand in the third quarter, up from 10.5% in the second quarter and 12.4% a year ago. Lifestyle issues are driving the demand, with much of the buying emerging from **China**, NAB said. (james.glynn@wsj.com; Twitter @JamesGlynnWSJ)

Editor: CNG

0034 GMT [Dow Jones] EUR/USD is likely to see gains capped Wednesday, hurt by a drop in Germany's ZEW economic expectations index to minus 3.6 in October--first time in negative territory since November 2012--from plus 6.9 in September (versus forecast plus 0.8), and drop in current conditions index to 3.2 from September's 25.4 (versus forecast 18.0); larger-than-expected 1.9% on-year drop in eurozone August industrial production (versus forecast -0.9%). Daily chart is mixed as MACD & stochastics in bullish mode, but bearish dark-cloud-cover candlestick pattern completed Tuesday. Support at 1.2620 (Monday's low); breach would target 1.2605 (Friday's low), then 1.2583 (Oct. 7 low)). Resistance at 1.2679 (hourly chart), then at 1.2770 (Tuesday's high) and 1.2791 (Thursday's high). Spot EUR/USD is at 1.2640. (jerry.tan@wsj.com)

Editor: ALP

0030 GMT [Dow Jones] EUR/USD likely to trade with a soft tone Wednesday, hurt by drop in Germany's ZEW economic expectations index to minus 3.6 in October--the first time in negative territory since November 2012--from plus 6.9 in September (versus forecast plus 0.8), and drop in current conditions index to 3.2 from September's 25.4 (versus forecast 18.0); larger-than-expected 1.9% on-year drop in eurozone August industrial production (versus forecast -0.9%). Daily chart is mixed as MACD & stochastics in bullish mode, but bearish dark-cloud-cover candlestick pattern completed Tuesday. Support at 1.2620 (Monday's low); breach would target 1.2605 (Friday's low), then 1.2583 (Oct. 7 low)).

Resistance at 1.2679 (hourly chart), then at 1.2770 (Tuesday's high) and 1.2791 (Thursday's high). Spot EUR/USD is at 1.2640. (jerry.tan@wsj.com)

Editor: PAB

0022 GMT [Dow Jones] USD/JPY is likely to consolidate in a higher range Wednesday after hitting a one-month low of 106.68 Tuesday as profit-taking on long-yen positions and bargain-hunting provide support. Daily chart is tilting less negative as MACD bearish, five-day moving average below 15-day MA and declining; but stochastics turning bullish at oversold. Resistance at 107.57 (hourly chart); breach would expose upside to 108.15 (Friday's high), then 108.32 (Thursday's high). Support at 106.68 (Tuesday's low), then at 106.01 (Sept. 10 low) and 55-day moving average (now at 105.74). Spot USD/JPY is at 107.25. (jerry.tan@wsj.com)

Editor: PAB

0021 GMT [Dow Jones] Rapid declines in crude oil prices will "almost certainly" force Japan's nationwide CPI to fall below 1% on year, after adjustment for the April tax increase, generating renewed speculation that the BOJ will take extra monetary easing measures by the end of this year, says Chotaro Morita, SMBC Nikko strategist in a morning note. Brent crude fell to $85/barrel overnight, a low of nearly 4 years. Assuming the $85 level remains pervasive, declines in gasoline and kerosene prices alone will help pull down the nationwide core CPI by 0.5 pct point to 0.6 pct point, canceling out the positive effect on prices of JPY weakness on other imported products, he says. (hiroyuki.kachi@wsj.com)

Editor: PJK

2358 GMT [Dow Jones] Upbeat commentary from Cover-More (CVO.AU) bodes well for Flight Centre (FLT.AU), says Deutsche Bank. At its annual meeting yesterday, Cover-More reported its Australian travel insurance **business** has returned to growth after "federal budget related instability" in its fourth quarter. Cover-More CEO Peter Edwards said sales continued to grow at double-digit rates in the first quarter with recent currency volatility "not demonstrating any discernible adverse trends". "We believe that Cover-More's performance should be reasonably well correlated with Flight Centre's booking volumes," said Deutsche Bank analyst Michael Simotas, noting Flight Centre is Cover-More's largest distribution partner. "Given Cover-More's heavy reliance on Flight Centre, we take comfort from this update given it implies that Flight Centre has seen relatively healthy customer volumes," Mr. Simotas said in a research report. (rebecca.thurlow@wsj.com; @beckthurlow)

2318 GMT [Dow Jones] The USD/JPY will likely trade in a 106.50-107.50 range in Asia trade, says Junichi Ishikawa, market analyst at IG Securities. The pair is now at 107.25. The USD was again bought overnight against the EUR and others, limiting its downside. Japanese importers and others will likely move to **buy** the USD for regular settlement for commercial trade, giving support to the USD/JPY. But investors are staying cautious ahead of the release of the U.S. Treasury's semiannual currency report, due as early as later Wednesday. The report is sometimes an occasion for the U.S. to scold its international peers and contains cues for the future of exchange rates. The EUR/USD will likely remain steady and is tipped in a 1.2600-1.2750 range. It is now at 1.2644. (hiroyuki.kachi@wsj.com)

Editor: PAB

2307 GMT [Dow Jones] Nine Entertainment (NEC.AU) enjoyed a strong TV ratings performance in September, capturing 40.5% of the national audience that month, compared to Seven's (SWM.AU) 38.3% and Ten's (TEN.AU) 21.2%. That's Nine's best ratings performance in the last eight years, says UBS, which keeps **buy** recommendation on Nine and Seven, and a sell call on Ten, which is expected on Thursday to reveal another steep annual loss. The broker still expects a FY15 TV ad market recover to be weighted to 2H. (Ross.Kelly@wsj.com)

2249 GMT [Dow Jones]--J.P. Morgan stays underweight on underwear retailer Pacific Brands (PBG.AU), and drops its price target to A$0.41 from A$0.49, as the fast-weakening Australian dollar pushes up import costs and squeezes its margins. Pacific Brands, which also shops shoes and sheets, recently **sold** its workwear division, although J.P. Morgan reckons it could have more difficulty selling other assets as desired due to profit pressures. "We would await a lower share price and/or evidence of Ebit stabilization before getting more constructive," it says. PBG was last at A$0.445. (Ross.Kelly@wsj.com)

2245 GMT [Dow Jones] Milk price futures, lower volumes on offer and the potential return of Chinese buyers--who were on holiday at the last auction--"all hint at some price support at this GlobalDairyTrade auction," says ASB Economist Nathan Penny. Whole milk powder prices fell 10% in the last auction held Oct. 1 and are down more than 50% since a February peak. The latest GDT auction will take place overnight Wednesday. New Zealand dairy giant Fonterra has lowered its payout to its farmer shareholders due to the lower milk price, stripping billions out of the economy. ASB Bank is tipping Fonterra to pay its 10,500 farmer shareholders NZ$5.30 a kilogram of milk solids in the current season, which began June 1 "based on recovering prices as we head into 2015," says Penny. The forecast is in line with the latest one given by Fonterra. (rebecca.howard@wsj.com; @FarroHoward)

17:07 EDT - North American energy companies have hedged 79% of their aggregate 4Q oil production, says Citigroup in an analysis of 57 high-yield companies, but just 42% of their output for next year and 17% in 2016. Hedging allows companies to lock in prices ahead of time. If US oil prices average $80/barrel next year, the companies will make $2.4B on their hedges, Citi says, and they'll make $3.5B if prices average $75 next year. In comparison, the same 57 companies have hedged 72% of their total natural-gas production for 4Q, 37% for 2015 and 11% for 2016. (nicole.friedman@wsj.com; @NicoleFriedman)

(END) Dow Jones Newswires

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