DOW JONES NEWSWIRES

HD **S&P/ASX 200 Down 0.2% as Banks, Miners Weaken -- Market Talk**

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0427 GMT [Dow Jones] Australia's S&P/ASX 200 is down 0.2% in quiet trading with banks and miners underperforming the benchmark. Westpac (WBC.AU) and ANZ (ANZ.AU) are both down about 0.8%, while BHP (BHP.AU) and Fortescue (FMG.AU) are down about 0.6%, amid a lack of fresh positive catalysts. "Looking at the dismal share trading volumes, the market is definitely still in holiday mode," says CMC Markets chief market strategist, Michael McCarthy. He points to strength in **energy** plays as evidence of some sectoral rotation, with Santos (STO.AU) up 1.2%. Overall, the Australian market has lost momentum because improving global economic growth is yet to translate to significant earnings upgrades, he says. "**Company** earnings appear to be lagging the macro indicators, so the question is at what stage do companies start to benefit from a pick up in the global economy?" Mr. McCarthy says. (david.rogers@wsj.com)

0412 GMT [Dow Jones] Higher fuel demand due to sub-zero temperatures and extreme **wind** chills in the U.S. will be much more significant than a weather-related supply disruption of around 400,000-500,000 barrels, especially as the cold wave is affecting the highly populated U.S. East Coast, which accounts for about a third of total U.S. petroleum demand, Goldman Sachs says in a note. "We estimate that the current deviation from normal January temperatures has increased total U.S. petroleum demand by 680,000 **b**/d. Given a length of disruption of 4-5 days, the total demand shock is 2.7 **million** to 3.4 **million** barrels," the bank says. This estimate takes into account higher heating **oil** demand, lower refining **operations**, lower gasoline consumption due to less driving, and the impact of flight cancellations on jet fuel consumption. The weather shock has had a significant but transient impact on some U.S. crude differentials but a negligible impact on WTI and Brent prices, it says. Nymex crude is up 26 cents at $92.59/bbl, while ICE Brent is up 27 cents at $107.42/bbl. (eric.yep@wsj.com)

0404 GMT [Dow Jones] The prospects of stronger GDP growth in Malaysia--as stronger external demand offsets the expected slowdown in domestic private consumption--and even a possible 0.25 percentage point rate hike from Bank Negara could provide little respite to the ringgit in the current environment of broad dollar-strength, UOB says. The bank believes the key risk for MYR this year will still be the bond-**purchase** tapering process in the U.S. and its impact on capital flows in emerging Asian markets. The bank recommends buying spot USD/MYR at 3.2630 for a target of 3.3345, which is the 2013 high, with the sell-stop just below the key support at 3.2380, the previous cap set on Nov. 28. Spot USD/MYR was recently at 3.2785. (jerry.tan@wsj.com)

0341 GMT [Dow Jones] Expect the NZD/USD to continue to drift lower as markets anticipate U.S. non-farm payrolls data on Friday, says OM Financial Senior Client Advisor Stuart Ive. "The ADP figure was exceptionally strong and some banks have revised up their expectations for non-farm payrolls to be now around 200,000." The ADP data, combined with the Fed minutes, suggest "it's going to take a lot for the Fed to stop tapering now" and this is giving the USD a buy bias. The pair is at 0.8253 vs 0.8277 early. Ive puts short-term support at 0.8235 with resistance at 0.8270. (lucy.craymer@wsj.com)

0332 GMT [Dow Jones] Citigroup has moved Philippine Long Distance Telephone Co. (TEL.PH), the country's largest telecommunications group by sales, to Buy from Sell and lifted the target price to

PHP3,000 from the previous PHP2,700. Citigroup says the 20% price correction from the 2013 peak for the telecom firm, better known as PLDT, easing competition in the pre-paid segment and the strengthening USD are the reasons behind the change in view. It says the stronger USD will benefit PLDT, whose revenue is 20% in USD; dollar-denominated debt is low at $1 billion. "We have raised our FY14/15 normalized earnings estimates by 3% on average," it added. PLDT is up 1.0% at PHP2,694, even as the benchmark PSEi is down 0.3%. (cris.larano@dowjones.com)

0250 GMT [Dow Jones] UOB suggests buying spot USD/THB at 32.80 for a target of 33.55/60, with the sell-stop at 32.48. The banks says Thailand's economy is facing the highest political risk since the last crisis in 2010 and this will cause investors to be jittery about the investment prospects of Thailand. The bank says that with the ICE Dollar Index expected to rise, "this will cause downward pressure on the THB against the USD and we hold our view that the THB will weaken against the USD." Spot USD/THB was recently at 33.04. (jerry.tan@wsj.com)

0236 GMT [Dow Jones] UOB is optimistic about Singapore's 2014 GDP growth which it expects to be 4.3%, compared with the government's forecast of between 2%-4%, and thinks the SGD will continue to appreciate against its major trading partners. But with the Federal Reserve's tapering of its quantitative easing measure, "we will likely observe a broad USD strength against Asian currencies and we hold our view that the USD/SGD will move higher as well," the bank says. The bank recommends buying spot USD/SGD at 1.2705 and 1.2635 for targets of 1.2790 and 1.2860, with sell-stops below the 1.2560-65 band. Spot USD/SGD was recently at 1.2731, off its four-month high of 1.2738 hit this morning. (jerry.tan@wsj.com)

0226 GMT [Dow Jones] China's yuan falls as the central bank guided the currency weaker via a daily reference rate, tracking the dollar's strength overseas. The pair is at 6.0552 vs. 6.0512 Wednesday's close, after the fixing is set at 6.1109 vs. 6.1079 Wednesday. "When the central bank doesn't want the yuan to appreciate, a strong dollar would help the PBOC to fight against the yuan's upside pressure," says a Shanghai-based local bank trader. Offshore, one-year USD/CNY NDFs are up at 6.1170/6.1250 from 6.1155/6.1175 late Wednesday. (wynne.wang@dowjones.com)

0221 GMT [Dow Jones] China's low inflation is in line with the region and unlikely to pick up much this year, OCBC chief Asia economist Xie Dongming says. The consumer price index rose 2.5% on year in December--down from 3% in November. "We are seeing low inflation pressure around the world and across Asia," Xie says. A recovering international economy may lift prices slightly but not enough to cause significant worries, he says. Inflation will remain about 3.1% in 2014--within the government's target of price rises of no more than 3.5%, Xie says. (richard.silk@dowjones.com)

0214 GMT [Dow Jones] Gold is in a tight range in Asia but may face pressure as the global economy gathers momentum. "The fears of asset purchase tapering by the Fed continue to plague commodity prices," OCBC Bank says, adding gold and silver prices remain "sensitive to such concerns." The Fed's monthly bond buying injected liquidity in the financial system that triggered demand for gold, considered a tool to fight inflation. While future decisions to taper further remains largely data-dependent, the rhetoric generally leans toward the improvement of economic data, the bank says. "Given the bullish backdrop at the start of 2014 and potential tapering moves at subsequent FOMC [Federal Open Market Committee] meetings, dollar-denominated commodities are likely to bleed in the face of a potentially stronger green-back," it says. Spot gold is at $1,227.20/oz, up $1.30 and silver is at $19.63/oz, up 11 from its previous close. (arpan.mukherjee@wsj.com)

0211 GMT [Dow Jones] Ahead of the Bank Indonesia interest rate policy decision at 0630 GMT, the rupiah is slightly weaker due to broad U.S. dollar buying on the heels of strong U.S. private jobs data. Analysts think there is a chance the central bank could hike rates--which might further slow the economy--in order to shore up the rupiah which fell over 20% in 2013. The central bank needs to reinstate confidence in the rupiah--seen as the most vulnerable currency in Asia if the U.S. Federal Reserve reduces its bond-buying program further. USD/IDR, currently at 12,245 to the dollar, is up from its last closing of 12,225. The daily chart indicates the dollar is likely to be supported by the base of the Bollinger uptrend channel at 12,185. (ewen.chew@wsj.com)

0207 GMT [Dow Jones] Australia's S&P/ASX 200 should end 2014 at 5850 assuming earnings growth ex-resources stays around 6% and resources earnings grow for the first time in two years, according to Citi. The S&P/ASX 200's one-year forward PER is currently around 14 times, near the 20-year average, lessening the potential for a re-rating, says Citi strategist, Tony Brennan. The lower Australian dollar, improved capital markets, widespread cost cutting and global economic growth will support earnings, Mr. Brennan says, although he expects domestic GDP growth to remain below trend in fiscal 2014 before picking up in fiscal 2015. Australia gets an Underweight stock rating from the broker. Energy, materials and consumer discretionary stocks are rated Overweight, consumer staples, health care and IT get a Neutral rating, and industrials, financials, telecoms and utilities are rated Underweight. The 5850 year-end forecast implies a 9% rise this year versus the 15.1% gain in 2013. The Index is last flat at 5313. (david.rogers@wsj.com)

(END) Dow Jones Newswires

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