

HD Aussie Shares at 2-Week High on Earning, Offshore Resilience -- Market Talk**WC** 1,478 words**PD** 18 August 2014**ET** 17:38**SN** Dow Jones Institutional News**SC** DJDN**LA** English**CY** Copyright © 2014, Dow Jones & Company, Inc.**LP**

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0738 GMT [Dow Jones] Australian shares rose to a two-week high amid growing optimism about the current earnings period in Australia and some signs that offshore markets were becoming resilient to ongoing geopolitical uncertainty. Wesfarmers (WES.AU), Woolworths (WOW.AU), Woodside (WPL.AU), AMP (AMP.AU) and Brambles (BXB.AU) rose 0.6%-1.9% before their respective earnings reports this week, while Telstra (TLS.AU), CSL (CSL.AU), Suncorp (SUN.AU), Transurban (TCL.AU) and Crown (CWN.AU) gained 0.5%-1.4% after reporting last week. Carnarvon Petroleum (CVN.AU) nearly tripled after U.S. **energy company** Apache Corp. said an exploration well offshore Western Australia state had found as much as 300 **million** barrels of crude. Carnarvon owns a 20% **stake** in the project. National Australia Bank fell 1.4% after third-quarter revenue fell and provisions for U.K. consumer claims increased. The benchmark S&P/ASX 200 closed up 0.4% at 5587.1, its highest point since August 1. Share trading value was lower than average. (david.rogers@wsj.com; Twitter: @DavidRogersWSJ)

0734 GMT [Dow Jones] IDFC Securities keeps outperformer rating on Adani Power (533096.BY) with INR69 target price. It says last week's deal to **buy** power plant from Lanco Infratech (532778.BY) for about \$1 **billion** in Udupi, Karnataka state, gives Adani an operational 1,200 MW **coal**-based facility. Capacity of power plant can be increased by additional 1,320 MW. "As a result, we believe the **acquisition** is value-accretive for Adani Power in the long term," says IDFC. Adani now +1.2% at INR54.20. (santanu.choudhury@wsj.com)

0733 GMT [Dow Jones]--Gilts open the week in negative territory after BOE governor Carney, in an interview with the Sunday Times, said interest rates could increase before wages rise. Ahead this week, July inflation and retail sales data Tuesday, and the BOE minutes Wednesday, may shed some more light on the situation. The September contract opens 25 ticks lower at 113.04, the 2-year yields 0.69% and the 10-year 2.39%, both 3bps higher from Friday's close. (nick.cawley@wsj.com)

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0733 GMT [Dow Jones]--Despite stability in emerging market currencies in general, the Turkish lira weakened against the dollar after Moody's comments and on worries that economy team may change in the new cabinet, which will be announced on Aug. 27, says Turk Ekonomi Bankasi. It says that if the central bank doesn't tighten liquidity significantly, it will limit room for lira appreciation. USD/TRY is now at 2.1684. (yeliz.candemir@wsj.com)

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0731 GMT [Dow Jones] Fitch's Friday upgrade of Ireland feels a bit of a "catch up play" with Standard & Poor's and Moody's Investors Service, says Deutsche Bank. Fitch Ratings upgraded Ireland to 'A-' with a

stable outlook from 'BBB+' on Friday, with the move broadly expected in the markets.
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0727 GMT [Dow Jones] **Hong Kong**'s unexpected GDP contraction in the second quarter means the city's economic recovery is going to take longer than thought, says Standard Chartered, downgrading its growth forecasts to 2.5% this year from 3.5%, and to 3.5% for 2015 from 4.5%. "We still expect **Hong Kong** to do better in H2-2014 than in H1, driven by **China**'s stabilizing economy, a further recovery in exports to the West, favorable capital flows, and the recent revival in local **residential property**," the bank says. "**China**'s slowdown has hurt investment sentiment, while mainland tourist arrivals have moderated and these visitors are shifting their spending away from high-value items." Inflation will outstrip growth, with CPI expected at 3.5% this year and 4% in 2015, the bank adds. The city reported its first quarterly contraction since 2011 on Friday, with Q2 GDP falling 0.1% quarter-over-quarter.
(gregor.hunter@wsj.com; Twitter: @gregorhunter)

0715 GMT [Dow Jones]--The upgrade of Ireland's rating by Fitch Ratings on Friday to 'A-' from 'BBB+' stores some good news for the sovereign. Daniel Lenz, DZ Bank's **lead** market strategist for euro-zone sovereigns, says that following the rating upgrade Ireland will now also move to the "A" basket of the iBoxx Eurozone Sovereign Index. The 10-year Irish government bond is trading at a yield of 1.95%, according to Tradeweb, down from 2.07% at Friday's close. (emese.bartha@wsj.com; @EmeseBartha)

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0706 GMT [Dow Jones]-- Commerzbank expects Germany to set a 0% coupon, or annual fixed interest payment, on a new series of Treasury notes it will launch Wednesday. The German Finance Agency will launch the new, September 2016-dated Treasury note, known as Schatz, with an initial volume of EUR5 **billion** at an auction Wednesday, and will set the coupon Tuesday. The current German two-year benchmark Schatz, which matures in June 2016, is trading at a yield of -0.005% which makes a 0% coupon likely on the coming new line, says Commerzbank's rates strategist Michael Leister.
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0705 GMT [Dow Jones] The flare-up in Russia/Ukraine tensions late Friday triggered a safety rush into the franc, with EUR/CHF tumbling to a 20-month low of 1.2086. Over the weekend talks were held with the two nations plus France and Germany which have helped stabilize the markets. EUR/CHF now at 1.2107. Elsewhere the USD is pretty much where Europe left it against the majority of G10 peers, sterling is a touch firmer on press comments from BoE Governor Carney that neither the slow growth of wages or the strength of sterling would be a deterrent against raising rates. Up ahead there is no first tier data Monday, event risk is back loaded this week with BoE and FOMC minutes Wednesday, PMIs Thursday and Jackson Hole on Friday. (gary.stride@wsj.com)

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0629 GMT [Dow Jones] Speculative capital flew out of **China** in July, says Goldman Sachs. Foreign exchange **purchases** for the entire banking system increased by only around US\$6 **billion** in July. "The low print despite a record trade surplus suggests there was continued significant 'hot money' outflow in July," says Goldman. "The slow inflow is consistent with the lack of premium of the offshore vs onshore RMB in July." It estimates the total hot money outflow in July as US\$44.5 **billion**, assuming stable foreign direct investment. (jacky.wong@wsj.com; Twitter: @jackycwong)

0627 GMT [Dow Jones]--New record levels are in store this week as Bunds and peripherals both look well-supported. "Issuance remains subdued, and while our economists are looking for a significant upside surprise in the euro area PMIs, market reaction to sentiment data will likely remain asymmetric with markets still digesting a recent poor run of hard data," says Commerzbank. The bank remains a

buyer of Bunds on any setbacks. The September contract is 0.15 lower at 150.26 and the 10s yield 0.985%. (nick.cawley@wsj.com)

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0615 GMT [Dow Jones] Taiwan shares end down 0.7% at 9141.31, as declines in biotech and **solar** shares weigh on the market. Biotech declines were led by Medigen (3176.TW), which has fallen daily since announcing two weeks ago that preliminary results showed no effect from PI-88, its once-promising cancer drug in development. Medigen shares were down the daily limit of 7% at NT\$139.50 Monday. "Medigen's bad news has cast a shadow over Taiwan's whole biotech sector. A lot of the high hopes for these new drugs seem to be a dream," said Hua Nan Securities assistant vice president Henry Miao. The market was bolstered by a boost in some tech suppliers, with Wistron (3231.TW) up 3.3% at NT\$33.30 and Pegatron (4938.TW) up 5.1% at NT\$63.50. The Taiex is tipped for a 9120-9160 band for Tuesday. (eva.dou@wsj.com)

(END) Dow Jones Newswires

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