DOW JONES NEWSWIRES

HD **Chinese Impact on Global Agricultural Commodity Prices Waning -- Market Talk**

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0551 GMT [Dow Jones] China's impact on agricultural commodity prices around the world is waning, says ANZ. The first five months of the year show weaker import volumes especially for corn, sugar and wool. Even wine hasn't been immune, due to a crackdown on corruption by Beijing, though ANZ notes import volumes of beer and coffee have benefited and risen significantly this year. Stocks of corn and sugar are abundant in China, with sugar in particular hitting its highest inventory level in at least a decade. Commodities that are still seeing strong import demand from China, however, include wheat, barley and soybeans. (isabella.steger@wsj.com)

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0550 GMT [Dow Jones] USD/INR has retreated and fallen out of the Bollinger uptrend channel due to overall U.S. dollar weakness, but the daily Ichimoku Cloud support at 59.95 ought to hold for India's rupee. USD/INR is now in a lower consolidation zone of 59.90-60.14, supported by the Cloud and capped by the entrance to the Bollinger uptrend channel. Conflicting external factors also suggest stability for USD/INR in the near term. Data published Wednesday showed the U.S. economy contracted sharply in the first quarter, which conversely raised investor confidence because it means the Federal Reserve may keep interest rates low for longer. But tensions in the Middle East remain a focal point for rupee traders due to India's dependence on oil, especially from Iraq. USD/INR is now 60.13 from its Wednesday close of 60.07.(ewen.chew@wsj.com)

0546 GMT [Dow Jones] Australian banks face risks from potentially lower economic growth as rising resources exports may not fully offset declining mining investment, Moody's says. It has a Stable outlook for the banking sector but says its sensitivity to employment conditions is amplified by the proportion of outstanding household loans and a persistently high level of household leverage. But, it says these characteristics are largely mitigated by low loan-to-value ratios, high lending standards and an only moderate pace of growth in housing credit. (david.rogers@wsj.com; Twitter: @DavidRogersWSJ)

0545 GMT [Dow Jones] A China soft landing is not something to rejoice over, as many analysts believe, since this is just a prelude to more problems ahead, says Michael Pettis, a finance professor at the Peking University. "Rather than hail the soft landing as a signal that Beijing is succeeding in managing the economic adjustment, it should be seen as an indication that Beijing has not been able to implement the reforms that it knows it must implement," says the trader-turned-economist. "A 'soft landing' should increase our fear of a subsequent 'hard landing'. It is not an alternative." Pettis says "any plausible definition" of an orderly Chinese rebalancing must include years of much lower GDP growth, perhaps as low as 3%, "Or Beijing can allow enough credit growth to prevent a further slowdown but, once the perpetual rolling-over of bad loans absorbs most of the country's loan creation capacity, it will lose control of growth altogether and growth will collapse." (jacky.wong@wsj.com; Twitter: @jackycwong)

0540 GMT [Dow Jones] The NZX-50 ended up 0.5% or 26 points at 5130.15 with trading strong across New Zealand and Australia, says Craigs Investment Partners broker Belinda Stanley. "There was positive momentum (in New Zealand) lead by Port of Tauranga (POT.NZ)," she says. POT added 4.4% to NZ$15.00 after news it agreed to a strategic 10-year freight alliance with freight and logistics management company Kotahi. The positive sentiment spilled over into the wider market with Contact

Energy (CEN.NZ) adding 2.1% to NZ$5.32 and Telecom (TEL.NZ) adding 0.2% to NZ$2.695. (rebecca.howard@wsj.com; Twitter: @FarroHoward)

0535 GMT [Dow Jones] USD/MYR has slipped to 3.2180 from its Wednesday close of 3.2230 but has been unable to extend lower in the afternoon trading session. The U.S. dollar remains in a technical consolidation range spanning 3.2080-3.2280. The dollar softened broadly Thursday on weaker-than-expected U.S. Q1 gross domestic product data released overnight. Lacking strong domestic cues, Malaysian ringgit traders latched on to external triggers for currency volatility. The poor U.S. economic growth data gave punters a reason to short the U.S. dollar for near-term gains. If the greenback ends the day below 3.2080, the daily Bollinger downtrend channel would be activated and thus pave the way for more dollar downside. (ewen.chew@wsj.com)

0529 GMT [Dow Jones] Australian shares are unfazed by Moody's warning that Australia's housing market is overheating, with both price-to-income and price-to-rent ratios reaching levels well above historical averages. "After considering supply-side constraints, the influx of foreign capital and the fact that monetary policy is set to remain accommodative for the foreseeable future, the housing market appears to be increasingly likely to get caught up in a positive price-feedback loop and eventually could face a correction," Moody's says. S&P/ASX 200 up 0.9% at 5447.8. (david.rogers@wsj.com; Twitter: @DavidRogersWSJ)

0457 GMT [Dow Jones] A higher transaction volume is expected for Hong Kong property as the city's legislature is rumored to be announcing a relaxation of the Double Stamp Duty this afternoon, according to UOB Kay Hian. The DSD was a government measure to help cool the Hong Kong housing market by forcing buyers of second homes to pay an additional tax. This afternoon's tweak would lessen the policy's impact on home upgraders by effectively increasing the amount of time they have to sell their old properties without penalty. "In the near term, we expect higher transaction volume, although economic development will have a greater bearing on housing market outlook," UOB Kay Hian says. Cheung Kong Holdings (0001.HK) is the firm's best bet, while it projects Midland Realty (1200.HK) will see more sales as a result of the policy change. (edward.ngai@wsj.com)

0439 GMT [Dow Jones] Asian banks aren't cheap even though their shares are only trading slightly above book, since their return on equity is going to fall materially in the coming years, says Morgan Stanley. "The de-rating over last four years has been synchronous with expectations of ROE compression," it says. "The problem with Asian banks' ROE's is that both ROA and leverage are likely to move down." Morgan Stanley expects bank shares to stay relatively weak in the coming two years and prefers Indian private banks within the sector because of strong economic outlook in the country. (jacky.wong@wsj.com; Twitter: @jackycwong)

0437 GMT [Dow Jones] The technical profile in gold suggests a potential for prices pushing toward the $1,370-$1,372/oz area in the near-term, but overall prices remain in a downtrend which has been in place since 2013, ANZ says in a report. "Current trends in physical gold demand also suggest support will be waning," the bank says, adding that continued selling by exchange-traded funds and a lack of demand from China is likely to weigh on gold prices. A move above $1,300/oz was based on reassessment of U.S. inflation risks, but prices are likely to remain suppressed for the next few quarters, it adds. Spot gold is at $1,316.45/oz, down $1.95 from its previous close. (arpan.mukherjee@wsj.com; Twitter: @ArpanMukherjee)

0434 GMT [Dow Jones] Thailand's imports and exports were weak in May, the Ministry of Commerce says Thursday. The trade deficit shrunk to $809 million from $1.45 billion in April, the ministry says. Exports contracted again owing to price falls for rubber and sugar and a shortage of shrimp, it says. Overseas shipments fell 2.14% year over year to $19.4 billion. Imports fell 9.32% to $20.2 billion. (warangkana.chomchuen@wsj.com)

0406 GMT [Dow Jones] The New Zealand dollar is breaking higher after pushing through some technical levels against both the USD and AUD, says Murray Hindley, foreign exchange manager at ANZ Bank. The NZD/AUD got a lift when it went through 0.9302 and is now at 0.9322, while there was some stop loss buying in the NZD/USD around 0.8750. That pair is now at 0.8763 and could break through 0.8780. Hindley says with little data to push the Kiwi around overnight, investors will be watching for domestic trade figures for May Friday. (rebecca.howard@wsj.com; Twitter: @FarroHoward)

(END) Dow Jones Newswires

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