

**HD BNP Paribas Expects Fed Hawk Plosser to Stay Upbeat -- Market Talk****WC** 1,316 words**PD** 24 June 2014**ET** 10:40**SN** Dow Jones Institutional News**SC** DJDN**LA** English**CY** Copyright © 2014, Dow Jones & Company, Inc.**LP**

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0040 GMT [Dow Jones] The post-FOMC Fed speak will start this week, with Philadelphia Fed President Charles Plosser presenting his views on the economic outlook and monetary policy. A voting member this year, Plosser has been one of the most hawkish members of the FOMC, and BNP Paribas expects him to extend that rhetoric. Earlier this year, Plosser said he expected short-term U.S. rates to hit 3% at end-2015. Plosser is likely expecting rates to be above 4% by end-2016, it says. Plosser will highlight the Fed's progress on both sides of its mandate, employment and inflation, and reiterate his hawkish views on rates. Plosser speaks at the Economic Club of New York at 0805 ET Tuesday. (james.glynn@wsj.com)

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[Dow Jones] Hyundai Motor Co.'s (005380.SE) second-quarter earnings likely will meet market expectations when it unveils figures next month, says Meritz Securities analyst Kim Joon-seong. He expects Hyundai's 2Q sales to rise 1.3% on year to 23.5 trillion won (\$23.1 **billion**) but operating profit to fall 7.3% to 2.23 trillion won, hurt by the local currency's appreciation. The analyst rates the stock as buy and maintains a six-month target price of KRW330,000. Hyundai is up 0.5% at KRW220,500. (in-soo.nam@wsj.com)

0011 GMT [Dow Jones] The Credit Suisse commodities research group revises higher its forecast for the Australian dollar to reflect the "recent sustained strength" of the currency, which is now around 8% higher in 2014 against the U.S. dollar. CS now expects the Australian dollar to average US\$0.9200 in calendar 2014, up from an earlier forecast of US\$0.8900. It also raises its forecasts for 2015 to US\$0.8800 from US\$0.8600. (james.glynn@wsj.com)

0002 GMT [Dow Jones] Offshore accounts at five foreign brokerages place net sell orders for 2.3 **million** Japanese shares overnight, according to traders. The first day of premarket selling after four days of net buying may be negative for the market at the open, although the yen-value basis of the figures is unknown. Sell orders total 8.6 **million** shares, with buy orders amounting to 6.3 **million** shares. (bradford.frischkorn@wsj.com)

2313 GMT (Dow Jones) The Australian dollar has held its strong gains posted Monday on the back of the greater-than-50-point print on **Chinese** performance of manufacturing index, says Greg Moore, currency strategist at RBC Dominion Securities. Mr. Moore adds that, technically speaking, the overnight close made a bullish outside-range day that suggests more gains are likely in store. The Australian dollar has risen by around 8% against the U.S. dollar so far in 2014, and in early Asia trading it remains just shy of its year-to-date high of US\$0.9463, trading at US\$0.9425. A break-up would see the currency rise to seventh-month high. (james.glynn@wsj.com)

2301 GMT [Dow Jones]--Hirepool Group has cancelled its initial public offering with private **equity firm** Next Capital Pty. Ltd opting to hold on to the **company**, citing the strength of the local economy and positive outlook for the **company**. Hamilton Hindin Greene broker Grant Williamson says that the IPO was always going to be a hard sell given the pricing. "It just shows the market has got that one right

where they were demanding a lower price. I don't think it is a bad thing I just think it is market forces in play and they've got it priced too high." (lucy.craymer@wsj.com)

2236 GMT [Dow Jones]--Credit Suisse slashes Atlas **iron** (AGO.AU) to Underperform from Outperform and drops its target price to A\$0.60 from A\$0.90 after cutting its valuation on recent **iron-ore** price fall and related expansion of discounts for lower-quality **ore**. Its revised **iron-ore** price forecasts are 7%-9% lower than previous forecasts, with a US\$85/ton trough expected from 2H15, and it has raised its quality discount to 12% from 11%, imposing a US\$15/ton price discount for Atlas Blend **ore**. "Any **iron-ore** price dips below \$85/ton could see Atlas making negative cash margins," the broker warns. Atlas's 24 July report is awaited, with focus centering on **iron-ore** prices and costs in focus. (david.rogers@wsj.com)

18:13 EDT - EUR/USD is likely to be dollar-driven in the next 24 hours with a spate of US data due out later in the global day, says ASB Bank head of institutional sales Tim Kelleher. US new homes sales, consumer confidence and Richmond manufacturing index are all due out early in US trading. He adds the situation in Iraq continues to pose a risk and if things escalate, that could be USD-positive. The pair is at 1.3603. Kelleher puts support at 1.3575 and resistance coming in at 1.3625.

(lucy.craymer@wsj.com; @lucy\_craymer)

17:40 EDT - AUD/USD is slightly lower after moves driven by an upbeat **China** PMI failed to extend overnight after euro-zone PMI disappointed, says Westpac currency strategist Imre Speizer. He adds, however, longer term **China** PMI gave the pair "fresh legs and flipped short-term momentum to the upside." The pair is at 0.9420 from 0.9434 in Sydney Monday. Speizer says he expects the pair to target 0.9445 during the next few days. (lucy.craymer@wsj.com; @lucy\_craymer)

17:27 EDT - NZD/USD probed higher overnight following stronger manufacturing PMI in **China** out Monday but fails to hold up "as weaker European PMIs and stronger US home sales led to a stronger USD across the board," says ANZ. **Firm** adds this led to the NZD/USD drifting back to the middle of the recent range and with no local data due today, the pair will be driven by further USD moves. NZD/USD last at 0.8715 from 0.8734 late Monday in New Zealand. ANZ says it expects the pair to trade in a short-term range 0.8660 to 0.8750, (lucy.craymer@wsj.com; @lucy\_craymer)

17:02 EDT - Canada's overnight index swap market provides a look at how Friday's strong inflation and retail sales data have influenced rate expectations. Pricing in the OIS market indicates chances of a 25 bps rate hike in March 2015 has more than doubled to 20% from just 9% before the data, says Mark Chandler, head of Canadian fixed income and currency strategy at RBC Capital Markets. To be sure, that's still far off fully pricing in a rate hike. Chandler is predicting that the Bank of Canada will hike rates in 2Q 2015. "Markets still haven't fully incorporated what we believe," he says. (nirmala.menon@wsj.com; @NirmalaMenon)

15:24 EDT - A year ago the bond market was embroiled in a selling frenzy amid QE taper fears. Now low volatility and volume could be the norm for this summer season. About \$147B worth of Treasury **bonds** changed hands as of 2pm ET, says Adrian Miller, a fixed-income strategist at GMP Securities. It marks the lowest daily volume in a month and just 63% of the 10-day moving average. Traders say thin volume may exaggerate price swings--meaning price changes might be bigger than economic data would have normally spurred. Prices drifting lower in late-afternoon trading, with 10-year notes up just 2/32 to yield 2.617%. (min.zeng@wsj.com)

(END) Dow Jones Newswires

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**CO** frbp : Federal Reserve Bank of Philadelphia | banqnp : BNP Paribas SA

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