DOW JONES NEWSWIRES

HD **Japan Recession, Soft Dairy Prices Like to Drive Equity Markets -- Market Talk**

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2137 GMT - Data showing Japan had entered into a recession is likely to continue to play on Asian markets, while softness in the **dairy** auction is likely to remain key in the New Zealand market, says Craigs Investment Partners broker Alex Dalzell. She says while weak **dairy** prices may weigh sentiment remains upbeat due to strength in U.S. and Europe markets. She adds retailers continue to be supported by better than expected NZ retail sales data released earlier in the week. Some focus will be on Argosy Property (ARG) who released 1H15 results earlier in the day, with net profit up 25% on year. The NZX-50 is trading up 0.2% at 5514.331. (lucy.craymer@wsj.com; @lucy_craymer)

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2135 GMT - GrainCorp (GNC.AU) continued its run of better grain receivals over the past two weeks, handling 1.24 **million** tons in the week through Nov. 17. That means receivals are now 11% above the same time during the 2012/13 harvest. Still, JPMorgan maintains its underweight call with its target price of A$7.60/share pointing toward 5% downside to the stock's current level. The broker remains concerned about stronger competition in GrainCorp's key east coast market as rivals build more grain-handling infrastructure. "We do not believe the negative impact of fractionalizing revenues over GrainCorp's fixed cost base, combined with the increased capex requirements to remain competitive have been factored into the current share price," JPMorgan says. GNC last traded at A$8.01. (david.winning@wsj.com; @dwinningWSJ)

2124 GMT - For the moment, the **copper** market is enjoying a period of ample supply, with the pace of output outstripping demand growth. That won't last for too long, though, according to Wood Mackenzie **copper** analyst Eleni Joannides. Before the end of the decade, Asia's ballooning appetite for the industrial metal is expected to absorb more metal than the world's miners can produce. That's expected to bolster the commodity's value, which could incentivize new mines and expansions. "Beyond 2018, mine supply will be insufficient to meet market demands and this will **lead** to deficits emerging and upward pressure on prices," Joannides says. (rhiannon.hoyle@wsj.com; @RhiannonHoyle)

2117 GMT - Expectations of a shortfall of **copper** in years to come could prompt miners to spend more digging up **copper ore**, investors say. "If [BHP Billiton (BHP.AU)] are correct and **copper** is facing an extended period of deficit, then expansion [of existing **copper operations**] would be a no-brainer," says AMP Capital portfolio manager Andy Gardner. He says that over the next 5-10 years "we do expect to see **copper** pay off handsomely." Still, given the commodity price boom that in 2011 sent **copper** rocketing above US$10,000/ton appears to have cooled, Mr. Gardner questions whether costly and complex projects, like any expansion of BHP's Olympic Dam, would be profitable enough. He also worries that innovations in manufacturing could result in less **copper** needed for household goods. (rhiannon.hoyle@wsj.com; @RhiannonHoyle)

16:15 EST - TIC data for September show foreign official and private accounts buying a net $48B in Treasury notes and **bonds**. That's the biggest monthly **purchase** since February, and affirms this year's trend of capped Treasury yields even as the Fed scaled back its bond-buying program. The net-buying occurred even as the US's top two foreign creditors -- **China** and Japan -- each slightly decreased holdings. That was more than made up for my increased holdings by other nations, including Brazil, Taiwan, Ireland and Singapore. (cynthia.lin@wsj.com; @cynthialin_dj)

16:14 EST - **Chinese**-owned **mining company** EcuaCorriente S.A. paid $30M as advance royalties for its Mirador **copper** project in Ecuador. A first tranche of $40M was paid in 2012 and a final payment of

$30M is still pending. Mirador is the first large-scale mining operation in Ecuador. It is expected to start production in 2017. (mercedes.alvaro@wsj.com)

2110 GMT - BHP Billiton (BHP.AU) has poured billions of dollars into expanding its iron-ore and coal mines in recent years. Those days are now over and the world's No. 1 miner has its eyes on a new prize: copper. The shift to this industrial commodity is a bold bet China is shifting to a consumer-driven economy that will consume more copper-laced products after years of heavy demand for steelmaking ingredients iron ore and coking coal. "Copper demand is going to continue to grow for a really long time," says BHP marketing president Mike Henry. "Our confidence in that transition [to a consumer-driven economy in China] is as strong as it has ever been," he says. He expects the market will face a significant shortfall by 2018 and that, without new or expanded mines, global copper demand will outpace supply for at least a decade. (rhiannon.hoyle@wsj.com; @RhiannonHoyle)

2052 GMT - AUD/USD is likely to trade in a range of 0.8700 to 0.8750 ahead of the FOMC minutes due late in the global day, says Westpac currency strategist Imre Speizer. He adds while Australia has the Westpac leading index and job vacancies data the market highlight should be the FOMC minutes later in the global day with markets looking for guidance on possible tightening; "By early 2015, markets should start pricing in an RBA tightening cycle, which should boost the AUD, although Fed tightening expectations will be an offset." The pair is at 0.8728 vs. 0.8718 late Tuesday in Sydney. (lucy.craymer@wsj.com; @lucy_craymer)

15:46 EST - Mexican state oil firmPemex says its corporate reorganization--approved today by the board--will make the company more competitive and efficient as it prepares for private-sector rivals to enter the market under new energy laws. Pemex's four existing subsidiaries will be reorganized into two, one for exploration and production, and the other for refining, gas processing and petrochemicals. Five new units will be created for drilling, transportation (including pipelines), electricity cogeneration, fertilizers and ethylene. (anthony.harrup@wsj.com)

15:26 EST - The Motor City has long suffered from high auto insurance rates. Now Detroit Mayor Mike Duggan is pushing for an unorthodox solution: the creation of the city's own insurance for car owners. Today, the city council approved a $75,000 study to determine the feasibility of a city-sponsored insurance company. A September report from insuranceQuotes.com found Detroit metro area drivers have the nation's most expensive car insurance. Some critics blame the state's controversial no-fault coverage requirements in addition to the city's high crime rate. (matthew.dolan@wsj.com; @matthewsdolan)

14:48 EST - NZD/AUD rose overnight as RBA Governor Stevens spoke of expectations for further falls in the AUD, trading above 0.9140 at one point this morning "before succumbing to the results of the dairy auction," says BNZ strategist Kymberly Martin. She says the auction showed average prices down 3.1% from the previous event a fortnight ago. NZD/AUD now trading around 0.9090 from 0.9104 late last session. Martin says with no significant data events on the local agenda, all eyes will be on the release of the US Fed's meeting minutes. "If these prove sufficient to jolt the USD out of its current consolidation phase, the NZD would be an obvious casualty." (lucy.craymer@wsj.com; @lucy_craymer)

14:34 EST - Bond ratings firm Fitch says Canada's debt-to-GDP ratio is falling toward 25% of GDP at the federal level, but provincial debt remains high. That results in an overall debt-to-GDP of around 87.5%, almost twice the AAA median. "The two largest provinces, Ontario and Quebec, have found it harder to close budget gaps than the federal government and are running deficits," Fitch notes. It's forecasting that the general government deficit will decline to 2.1% in 2014 and 1.5% in 2015, bringing it into line with the 'AAA' median, but does not expect the general government to move into surplus within its forecast horizon. (don.curren@wsj.com @dbcurren)

(END) Dow Jones Newswires

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