

HD NZX-50 Ends Flat; a2 Milk Company Stand-Out Performer -- Market Talk

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0552 GMT [Dow Jones] The NZX-50 ends marginally higher, up seven points at 5133.87 in quiet trading, says Hamilton Hindin Greene Broker Grant Williamson. He notes the stand-out performer is a2 Milk **Company** Ltd. (ATM.NZ), which adds 6.6% to NZ\$0.65 after the **company** gets approval to resume shipments of its Platinum infant formula to **China**. SkyCity (SKC.NZ) also fares well, rising 3.2% to NZ\$3.85 on some bargain hunting. Looking ahead, Williamson says he expects fairly tepid trading until reporting season gets under way in August. (rebecca.howard@wsj.com; Twitter: @FarroHoward)

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0540 GMT [Dow Jones] Investors want "tough fiscal reform" from a new Indonesian government, Moody's Investors Service says. Without it the current-account deficit will continue to be a problem. Indonesia is a net **oil** importer and a potential increase in **oil** prices on Iraqi conflict will increase the deficit, Moody's says. Another risk is a steeper downturn in commodities' demand from **China** affecting Indonesia's exports, Moody's says. The markets have been bullish about the prospect of a Joko Widodo presidency. He is considered more pro-business than competitor Prabowo Subianto. The official election result will be announced later Tuesday. (andreasimar.sandiwan@wsj.com)

0512 GMT [Dow Jones] The Australian dollar rose as high as 1.0822 against its New Zealand counterpart Tuesday as a speech by Reserve Bank of Australia Gov. Glenn Stevens to a business audience was not as dovish as some speculated. Dow Jones technical analysis shows AUD/NZD short-term technical outlook is positive as the daily slow stochastic and MACD indicators are bullish while the five-day moving average is above the 15-day moving average and advancing. Further upside in spot AUD/NZD may encounter resistance at the 1.0827-1.0836 band (Friday's high-July 2 reaction high), and then at the 200-day moving average--coming in now at 1.0875 which is near the 61.8% Fibonacci retracement of the 1.1034-1.0615 June 4-July 10 decline. Spot AUD/NZD was recently at 1.0815 versus 1.0780 in late New York trade Monday. (jerry.tan@wsj.com)

0510 GMT [Dow Jones] An announcement today by Saudi Arabia's cabinet that it will open the Saudi Tadawul to foreign institutional investors for the first time puts the Middle East's biggest market on the radar of overseas investors and could be transformative for the Persian Gulf, says National Bank of Abu Dhabi. Having access to Saudi Arabia "makes the region more serious," says Gary Dugan, the bank's chief investment officer. "We got excited about the UAE and Qatar, but we always knew the giant was the kingdom." A statement from the state news agency announcing the move did not give details of timing or whether limits would apply to foreign investment. At present, foreign investors can only trade Saudi stocks indirectly through participatory notes. A template similar to **China's** qualified foreign institutional investor scheme is a likely template for Saudi Arabia to follow, Dugan adds. (gregor.hunter@wsj.com; Twitter: @gregorhunter)

0502 GMT [Dow Jones] There will be strong demand for Indonesia's rupiah bond auction Tuesday because Jakarta Gov. Joko Widodo is leading the country's presidential race, Bank Danamon says. Local currency, **bonds** and stocks are rallying and subsiding tensions in the close race are likely to boost sentiment. This may reverse if candidate Prabowo Subianto challenges the official result due later Tuesday although "this may not change anything since the process has been quite transparent thus he

wouldn't have a strong case," Bank Danamon economist and bond analyst Dian Ayu Yustina says. The Ministry of Finance hopes to sell IDR10 trillion of **bonds**. (andreasismar.sandiwan@wsj.com)

0501 GMT [Dow Jones] The NZD/USD is sticking to a tight range ahead of Thursday's central bank meeting, says Murray Hindley, foreign exchange manager at ANZ Bank. The pair is at 0.8677 and Hindley tips a short term range of 0.8670 to 0.8700. He notes the Kiwi "is continuing to struggle somewhat" and that the "negative tone" from last week remains. Economists are widely expecting the central bank to increase rates by another 25 bps to 3.50% on Thursday, high compared to other developed countries' policy rates. However, the bank may then indicate that it plans to pause, given recent declines in dairy prices, lower-than-expected inflation and the still-high New Zealand dollar. (rebecca.howard@wsj.com; Twitter: @FarroHoward)

0443 GMT [Dow Jones] The Swiss/yen is up alongside the euro/yen in Asian trade Tuesday as strong Tokyo stocks spurred buying of yen crosses. The Swiss franc normally moves in lockstep with the euro as the EUR/CHF cross stays flat. Japan's Nikkei Stock Average was recently up 0.97% at 15,363.02. The euro/yen rose from 137.11 late Monday to as high as 137.34 this morning, stalling near the 38.2% Fibonacci retracement of the 138.46-136.72 July 14-July 18 impulsive decline, while the Swiss/yen climbed to 113.03 from 112.87. Further upside in EUR/JPY may encounter resistance at 137.50; the CHF/JPY at 113.21. Spot EUR/JPY was last at 137.26; spot CHF/JPY at 112.97. (jerry.tan@wsj.com)

0422 GMT [Dow Jones] **Hong Kong** equities rally, led by mainland **Chinese** banks and property stocks, as speculation mounts that more **Chinese** cities will follow Wuhan, the capital of Hubei, in abolishing local resident **purchase** requirements. The Hang Seng Index gains 1.2% to 23,667.46, while H-shares head for their best intraday performance since March; the Hang Seng **China** Enterprises Index up 1.8% to 10,543.68, a seven-month high. Reorient Group notes the gauge of mainland **Chinese** companies "testing 10,500 resistance again" as gains for metals including nickel, zinc, **copper** and aluminum drive a rally in materials companies. Elsewhere, the Conference Board's Leading Economic Index for **China** accelerates to an increase of 1.3% in June, following a 0.7% rise in May and a 1.1 percent gain a month earlier, adding to the sense of optimism on markets. (gregor.hunter@wsj.com; Twitter: @gregorhunter)

0422 GMT [Dow Jones] Clashes following the announcement of Indonesia's new president are unlikely and tensions appear to have subsided, Citigroup says. "We think a peaceful resolution is still in the cards. Although it is possible that the results will be disputed to the constitutional court the tensions do not have momentum in our view. We also do not expect any constitutional court ruling to materially change the outcome of the elections," Citigroup economist Helmi Arman says. Jakarta Gov. Joko Widodo is leading, according to the latest results. The final result will be announced later Tuesday. A Prabowo Subianto campaign member has asked supporters to stay home after they said they would rally near the offices of the election commission office. Subianto's coalition partners have also called for restraint. (andreasismar.sandiwan@wsj.com)

0417 GMT [Dow Jones] Nomura says it is maintaining a neutral rating on Idea Cellular Ltd. (532822.BY), a day after the Mumbai-based cellphone operator reported a 7% increase in revenue and 13% rise in EBITDA, ahead of the brokerage's estimates. The **company**'s operational trends such as cellphone usage, average revenue per user, and average revenue per minute are strong, adds the brokerage. "However, with significant underperformance year-to-date, we do expect some re-rating post this result," adds Nomura. The brokerage has a target price of 150 rupees a share versus Monday's closing price of 138 rupees a unit. (krishna.jai@wsj.com; Twitter: @jaikrishna)

0404 GMT [Dow Jones] Japan's current-account balance is more likely to stay in the black than fall into sustained deficit, Capital Economics economist Marcel Thieliant says. That means savings by households and companies should be enough to finance public-sector deficits, he says. However, he says "there is no guarantee that private investors will continue buying JGBs at current low interest rates if inflation takes off" and the Bank of Japan ends its easing program. Thieliant says a likely shrinking in the trade deficit on an improvement in export demand, restarting some nuclear reactors and a fall in international **energy** prices are some factors supporting a current-account surplus. The surplus should recover to 3.5% of GDP by 2020 from 0.4% in 2013, he says. (eleanor.warnock@wsj.com)

0328 GMT [Dow Jones] The city of Detroit under its debt-cutting bankruptcy plan is likely to be able to provide basic municipal services, meet revised obligations to creditors and avoid future default, a court-appointed expert says in a report. The plan will help the city shed roughly \$7 **billion** in debt and leave it with about \$1.4 **billion** to reinvest in city services and blight removal. However, the final decision on feasibility still rests with federal bankruptcy Judge Steven Rhodes, who is scheduled to hold a trial on the plan starting next month. (matthew.dolan@wsj.com, @matthewsdolan)

(END) Dow Jones Newswires

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