

HD S&P/ASX 200 Restrained by Miners, Bank Downgrades -- Market Talk**WC** 1,604 words**PD** 29 April 2014**ET** 11:29**SN** Dow Jones Institutional News**SC** DJDN**LA** English**CY** Copyright © 2014, Dow Jones & Company, Inc.**LP**

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0129 GMT [Dow Jones] Australia's S&P/ASX 200 is fading from a fresh six-year high of 5553.5. CBA (CBA.AU) is up 0.4% and Woolworths (WOW.AU) is down 0.3%. Both set all-time highs in early trading. Westpac (WBC.AU) and NAB (NAB.AU) have succumbed to profit taking after Citi downgraded both banks because of recent outperformance in the sector and concerns about NAB's results. Views are mixed on the banks, with Macquarie expecting NAB to generate the strongest interim earnings growth. But dividend yields near 5% may not be strong enough to sustain outperformance in the face of rising interest rates. BHP (BHP.AU), Rio Tinto (RIO.AU) and Fortescue (FMG.AU) are down 0.5%-1.7% after spot **iron ore** fell 2.2%. High PE stocks are starting to struggle after high-flying U.S. internet and social-media stocks fell. Seek (SEK.AU), Domino's Pizza (DMP.AU) and Xero (XRO.AU) down 0.2%-1.3% after early gains. Index last up 0.1% at 5542.2. (david.rogers@wsj.com; Twitter: @DRWSJ)

0111 GMT [Dow Jones] Taiwan first quarter GDP data, due Wednesday, is expected to show the economy grew around 3% on year, almost the same as in the fourth quarter. ING says it sees growth in 2014 slowing to 2.6%, below the official forecast of 2.82%. The bank points out that global demand for exports remains weak and that's hurting Taiwan's electronics makers and other export-focused industries. ING notes Taiwan's economy is unlikely to return to the plus-5% growth that it regularly clocked before the U.S. financial crisis. (tom.wright@wsj.com)

0044 GMT [Dow Jones] Premiums on **gold** in India have doubled in recent days ahead of the Akshaya Tritiya festival, one of the key times for **gold** buying, BMO Capital Markets says in a report. **Gold** buying is considered auspicious during festivals. Akshaya Tritiya is on May 2. "While there have been articles suggesting a potential easing of **gold** import restrictions, BMO Research expects these are unlikely to materialize as India's trade deficit increased in March to \$10.5 **billion** from \$8.1 **billion** in February," it says. BMO expects **gold** prices to average \$1,270/oz during 2Q and \$1,263/oz in 2014. Spot **gold** is at \$1,296.01/oz, down 29 cents from its previous close. (arpan.mukherjee@wsj.com)

0016 GMT [Dow Jones] "Could sentiment (in **copper**) finally be turning?" BMO Capital Markets asks in a report. Premiums on **copper** imports into **China**--the biggest consumer of the metal--are ticking higher, which suggests **firm** demand there, it says. Also, **copper** stocks on the London Metal Exchange and Shanghai Futures Exchange are declining. **Copper** stockpile estimates in **Chinese** bonded warehouses have fallen to 710,000 tons from a high of 820,000 tons at the end of March, BMO says, quoting consultancy CRU. BMO expects **copper** to average \$3.15/pound (\$6,944.55/ton) in 2Q and \$3.20/pound (\$7,054.78/ton) in 2014. LME 3-month **copper** is up \$19 at \$6,764/ton in early trade. (arpan.mukherjee@wsj.com)

0014 GMT [Dow Jones] The EUR/USD is sitting in the upper reaches of a 2-year range supported by comments from ECB President Draghi overnight that any QE by the ECB is relatively unlikely, says ASB Head of FX Institutional Sales Tim Kelleher. However, he says the risk now for the pair is a strengthening USD as investors look to buy the currency ahead of the Fed meeting, U.S. non farm payrolls data and some weakness in **equity** markets. The pair is at 1.3840. Kelleher says the pair is likely to trade between 1.3800 to 1.3900. (lucy.craymer@wsj.com; Twitter: @lucy_craymer)

2301 GMT [Dow Jones] Aussie growth stocks--those with sustainable and above-market earnings growth, along with a relatively high return on invested capital--aren't broadly overvalued, according to UBS. "In spite of a strong outperformance trend in recent years we do not find evidence of a broad based overvaluation of 'growth' stocks," UBS strategists David Cassidy and Dean Dusanic say in a report. On a growth-at-a-reasonable-price basis, the strategists favor Resmed (RMD.AU), Crown Resorts (CWN.AU) and CSL (CSL.AU). On a price-to-growth basis, they also find Aristocrat (ALL.AU), SAI Global (SAI.AU), Super Retail Group (SUL.AU), Henderson Group (HHG.AU) and FlexiGroup (FXL.AU) attractive. (david.rogers@wsj.com; Twitter: @DRWSJ)

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2238 GMT [Dow Jones] **Iron-ore** prices have dipped to their lowest level in seven weeks after reports **China** would tighten controls on the use of the steelmaking ingredient in financing deals. Analysts fear raw material currently sitting in huge stockpiles at **China's** ports will be released into the market as owners look to avoid investigation, creating an oversupply and driving prices even lower. "A directive like this will spook the market for several days [or] weeks," says UBS analyst Tom Price. Stockpiles held at **Chinese** ports currently stand at around 104 **million** tons, up from 62 **million** tons mid-2013, UBS estimates. Inventories have climbed as companies used **iron ore** as collateral to obtain financing. UBS's Price tips the market could fall further from current levels, although he says the depth of the decline will ultimately depend on the scale of the review into such loans. According to The Steel Index, 62% Fe fines at **China's** Tianjin port were Monday selling for US\$108.60 a ton, down 2.2% on Friday's benchmark price. (rhiannon.hoyle@wsj.com)

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2233 GMT - Credit Suisse has raised its price target on Woodside (WPL.AU) by 6% to A\$38 after price renegotiations for Woodside's Pluto project exceeded the broker's expectations. "Supported by a yield that stays above a market yield until 2017, and a lack of potential negative shocks, Woodside's days of underperformance look over for now," Credit Suisse analysts say. However, they don't see quite enough upside potential to warrant upgrading their current underperform rating. Longer term challenges remain as Woodside seeks to add value from a small organic pool of projects or **M&A**, they add. WPL last A\$41.08. (david.rogers@wsj.com; @DRWSJ)

2153 GMT - There will be no clear **lead** for Asian markets Tuesday after a volatile day in trading ended with U.S. stock markets higher, says Macquarie Equities broker Brad Gordon in Auckland New Zealand. He adds that stocks with high price to earnings ratios seemed to be getting hit hard. He says locally there was what looked like portfolio selling at the end of day Monday and it will be interesting to see whether those stocks that have been hit such as F&P Healthcare (FPH.NZ), Metlifecare (MET.NZ) and Tower (TWR.NZ) continue to see a sell down. NZX-50 closed down 0.7% Monday at 5115.80. (lucy.craymer@wsj.com; @lucy_craymer)

17:11 EDT - Lower-rated portions of this week's commercial mortgage bond deals are as much as 16 times oversubscribed as investors look for yield in riskier tranches, while the larger and lower-yielding AAA tranches are tougher sells, according to an analyst and investors. The expected yields on the BBB-tranches are about 25 bps less than where they were a month ago, a reflection of persistent demand despite signs that lenders are making riskier loans to help boost volumes. Investors likely believe that the properties will be generating more revenue in coming years as the economy improves, according to Bank of America Merrill Lynch. (albert.yoon@wsj.com)

17:06 EDT - Activity, particularly in construction, continues to pick up in Christchurch and the surrounding Canterbury region as work to repair the area damaged by a series of significant earthquake continues, an index put out by ASB Bank shows. The ASB Cantometer index edged up to 1.5 in April -- a reading above 0 indicates activity is above that seen prior to the first earthquake in Sept. 2010. Once all said and done, the government estimates the rebuild of Christchurch to be worth about NZ\$40B, which has and will be a big driver of New Zealand's economy. (lucy.craymer@wsj.com; @lucy_craymer)

16:59 EDT - This month's gains in Treasuries don't show it, but the bears are quietly in control of the market, holding on to views that yields will eventually rise into year-end. Position data for the latest week show net shorts holding around \$25B, while Deutsche Bank points out that the put-to-call ratio in Treasury options remains above its long-term average around 1.125, reflecting more bets against the market than for the market. This week's Fed announcement could test bond bears' patience further if policy makers keep sounding a cautious note on the economic recovery and express willingness to hold rates low beyond mid-2015. Ten-year notes off 10/32 to yield 2.704%. (cynthia.lin@wsj.com; @cynthialin_dj)

(END) Dow Jones Newswires

April 28, 2014 21:29 ET (01:29 GMT)

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