

HD Australia's Growth Drivers Shift To the East, CommSec Says -- Market Talk**WC** 1,246 words**PD** 20 October 2014**ET** 09:13**SN** Dow Jones Institutional News**SC** DJDN**LA** English**CY** Copyright © 2014, Dow Jones & Company, Inc.**LP**

2213 GMT [Dow Jones] For the first time since July 2011, there is a new leader at the top of Australia's economic performance rankings, says Commsec in a special report. New South Wales now outpaces Western Australia as the fastest growing part of the country, reflecting a slowdown in **mining** investment and recovery in home construction in the east thanks to record low interest rates. The result will satisfy the central bank which has been looking for signs of transition in the economy toward non-**mining** industries. NSW is top of rankings on population growth and dwelling starts and second on retail trade, business investment and unemployment. NSW is also third on housing finance and fourth on overall construction work and economic growth. (james.glynn@wsj.com; Twitter @JamesGlynnWSJ)

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2206 GMT [Dow Jones] J.P. Morgan has written out a list of things it wants from supermarket owner Woolworths (WOW.AU) when it releases 1Q sales on Oct. 30. It includes the outlook for food-price inflation in Australia and New Zealand, how prices in its stores compare to supermarket rivals Aldi and Wesfarmers-owned (WES.AU) Coles, and any improvement by its Masters DIY chain, including the impact of increased marketing. J.P. Morgan expects Woolworths to report that Australian food and liquor sales at stores open for more than one year rose 2.8% in its fiscal first quarter, albeit below the 3.3% growth that the broker is forecasting at Coles. J.P. Morgan rates Woolworths at underweight, with a A\$33.45/share price target. WOW last traded at A\$34.76. (david.winning@wsj.com; @dwinningWSJ)

2148 GMT [Dow Jones] J.P. Morgan says nickel producer Western Areas (WSA.AU) is likely to raise its FY15 production target soon after the New Year. Quarterly nickel output is running at an annualized rate of 27,000 tons, versus existing FY15 guidance of 24,500-25,500 tons, while costs are also below full-year targets. Still, J.P. Morgan opts to retain a neutral call, noting that the stock is trading at a multiple of 20 times earnings and much of the positive impact from near-term news flow has already been priced in. There's also a risk that weak end-user demand and ample supply may **lead** to a static nickel price through FY15, the broker says. J.P. Morgan trims its price target for Western Areas by 4.8% to A\$5.00/share. WSA last traded at A\$4.34. (david.winning@wsj.com; @dwinningWSJ)

2143 GMT [Dow Jones] With the current global focus on growth downgrades, deflation risks and the associated lift in financial market volatility, this week's Australian inflation readings have largely remained under the radar says Michael Blythe, chief economist at CBA. He said third quarter inflation data on Thursday should remind markets and commentators that Australia is different. Interest rates here are a long way from zero, growth rates are a long way from recession and deflation does not appear to be a serious risk. CBA forecasts have the headline inflation rising by 0.6% in 3Q versus 2Q. Blythe says the dropping out of a large rise a year earlier from the annual calculations means the inflation rate would step down from 3.0% in the quarter to 2.4%. (james.glynn@wsj.com; Twitter @JamesGlynnWSJ)

2137 GMT [Dow Jones] The Australian dollar starts the week with some support, especially against major crosses, amid some signs of returning risk appetite with **equity** markets generally stronger Friday and bond yield in parts of peripheral Europe rising also. Still, the U.S. dollar was stronger following solid confidence data Friday. ANZ says in a strategy note that the week ahead will be dominated by data from the U.S. and **China**, while the Australian central bank's policy meeting minutes on Tuesday and 3Q inflation data Thursday will also be closely watched. ANZ expects a range of US\$0.8740 to US\$0.8780 to contain the pair for now. Currently it trades at US\$0.8758. (james.glynn@wsj.com; Twitter @JamesGlynnWSJ)

2130 GMT [Dow Jones] Asian markets may take a lift from strength in the Dow Jones Index on Friday, although there are increasing concerns about the financial stresses and strains in Europe, says Forsyth Barr investment advisor Haley van Leuwen. She says locally offshore drivers remain key with little domestic risk around. Some focus may be on Summerset (SUM.NZ) who earlier announced plans for a NZ\$55 million retirement village. The NZX-50 is currently trading 0.6% higher at 5177.63. (lucy.craymer@wsj.com;Twitter: @lucy_craymer)

2115 GMT [Dow Jones] The rise in the AUD/NZD seen late last week may persist but moves higher should be capped at 1.1150, says Westpac currency strategist Imre Speizer in a note. He says event risks for the session include services PMI and consumer confidence due in NZ and a speech by RBA Assistant Governor Kent in Adelaide. The pair is at 1.1053. Speizer says despite the corrective decline this month, "it appears a multi-year reversal in the cross probably began in January at 1.0493... (but) cyclical reversals are often messy affairs, and this one is so far proving no exception." (lucy.craymer@wsj.com;Twitter: @lucy_craymer)

The currency pair was EUR/USD, not NZD/USD. "NZD/USD Looks To Test Lower, Targeting 1.2500 -- Market Talk," published at 2028 GMT, misstated the currency in the headline.

2028 GMT [Dow Jones] The EUR/USD looks set to test quite a bit lower over the midterm as it remains under pressure after ECB executive board member Benoît Coeuré Friday demanded further reforms in Europe, says OM Financial Private Client Manager Mark Johnson. He added that data wise it was a quiet start to the week but he expected the pair to start targeting 1.2500, which the pair bounced off earlier in the month. "The pattern over the last few days has been higher highs and lower lows." The pair is at 1.2753 vs. 1.2762 late Friday in New York. He puts short term support at 1.2620 with resistance coming in at 1.2850. (lucy.craymer@wsj.com;Twitter: @lucy_craymer)

1954 GMT [Dow Jones] The NZD/USD is lower after the Michigan confidence and housing starts data both outperforming late in the global day Friday supporting the USD, says ANZ in a morning note. However, "equity markets and broader risk metrics, such as periphery spreads, improved providing some support to the NZD." It adds while the ANZ NZ consumer confidence is due later in the session U.S. releases will still control the fate of the kiwi. The pair is at 0.7923 vs. 0.7934 late Friday in NZ. The pair is expected to trade in a range of 0.7870 to 0.7980. (lucy.craymer@wsj.com;Twitter: @lucy_craymer)

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