

HD **Moody's: China Can Survive Hard Landing, Impact Could Spill Over -- Market Talk**

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0626 GMT [Dow Jones] China's economy can withstand a hard landing, but its impact could cross borders, says Moody's. "The impact of even a 'hard' landing should not be overstated," the credit rating agency said. It says even a pronounced property slowdown would reduce China's GDP by no more than 2 percentage points, and that is before accounting for any corrective measures from the government. It says China's low debt-to-GDP ratio and strong external positions mean that "a flare-up in financial risk would not lead to simultaneous banking sector instability and rapid exchange-rate depreciation". Some of China's trade partners, especially commodity exporters like Australia and Indonesia, however, may be vulnerable to a sharp Chinese slowdown. "These countries would not only suffer from an abrupt drop in Chinese imports, but also falling commodity prices and lower investment," Moody's says. (jacky.wong@wsj.com; Twitter: @jackycwong)

Editor: TFD

TD

0533 GMT [Dow Jones] A mining investment boom has ended in Australia, leading to less engineering work, but residential and commercial building work is filling the void, says Craig James, chief economist at CommSec. Elsewhere, a fall in public sector building as state governments repair their budgets is being met by a rise in private sector building, he said. "It is no wonder that the Reserve Bank is on the interest rate sidelines--it wants to see how it all plays out," James says. Still, the Reserve Bank can't be complacent on inflationary pressures, he adds. While construction costs have eased in the engineering sector with softer activity levels, inflation in the building sector has climbed to six-year highs, James says. (james.glynn@wsj.com; Twitter: @JamesGlynnWSJ)

Editor JSM

0519 GMT [Dow Jones] Myanmar's capital city Yangon will see the supply of new high-end apartments in luxury condominium towers quadruple by 2017 says a report by Frontier Myanmar. Around 1,100 new condominium units will have been completed in the second half of 2014 and annual supply in 2015 will be limited at roughly 1,200 units. However in 2016 this number will rise sharply to more than 5,000 units, with around the same number in 2017. The report also said that the launch prices of off-plan condo sales have risen extremely quickly over the past five years, averaging between \$250 and \$300 per square foot in the third quarter of this year. "But in our view, prices at the higher-end are now likely to stabilize due to the large numbers of units launched and heightened completion amongst developers," said Clare Hammond, Frontier's managing director. (celine.fernandez@wsj.com)

Editor JSM

0512 GMT [Dow Jones] Australian residential investment declined by 2% over the third quarter, following an 8.7% increase in first quarter and a 3.7% gain in the second quarter. Prashant Newnaha, an economist at TD Securities, said the outcome is slightly disappointing in that the central bank "has looked at this sector to pick up the slack" and drive growth in the economy. But he adds that residential work

done is up a strong 9.7% for the year and the value of private residential work remains near 25 year highs. (james.glynn@wsj.com; Twitter: @JamesGlynnWSJ)

Editor JSM

0500 GMT [Dow Jones] Singapore's manufacturing output grew 0.2% on year in October but only because of a boost from the highly volatile pharmaceuticals sector. Output reversed a 1.0% decline in September but fell short of the median 2.1% growth predicted by a Dow Jones poll of five analysts. The pharmaceutical segment grew 24.3% on year, reversing an 18.3% fall in September. The biomedical sector, which includes production of other medical devices, rose 22.5% after a 10.4% contraction in September. Excluding biomedical manufacturing, output was down 4.3% in October, compared with a 0.9% rise in September. Singapore's pharmaceutical production is highly unpredictable as it's dominated by a small number of multinational firms. Production of high-value medicines, for example a batch of cancer drugs, can send production value soaring in a month, only to fall dramatically soon after as plants undertake long periods of maintenance and closure between batches of different drugs. (gaurav.raghuvanshi@wsj.com)

Editor JSM

0457 GMT [Dow Jones] The Philippines' release of third-quarter gross domestic product data Thursday could trigger more volatility for the recently-stable peso. Upbeat trade data published Tuesday bodes well for the GDP report. Analysts forecast the economy grew 6.5% on-year in the third quarter versus the 6.4% growth in the second quarter. The Philippines recorded a September trade surplus of \$281 million compared to a trade deficit of \$663 million a year ago. If the GDP data spring a positive surprise, peso strength could see USD/PHP break the October trendline at 44.91 which could give way to the Bollinger downtrend channel at 44.85. Activation of the downtrend channel could encourage bearish USD/PHP bets. USD/PHP is now 44.93 from its Tuesday close of 44.97. (ewen.chew@wsj.com)

Editor JSM

0447 GMT [Dow Jones] Thailand's investment board approves its seven-year investment promotion strategy with a focus to promote innovation and businesses that will help facilitate the military government's "digital economy" platform, beginning next year. The Board of Investment said it will give personal tax breaks to individuals that start projects the board deems crucial to the country's economic restructuring and long-term competitiveness. The new regime will be applied to applications submitted next year, onwards. The board will also promote investment in regional special economic zone by giving investors three more years of tax breaks on personal income. (warangkana.chomchuen@wsj.com; Twitter: @waanspeaking)

Editor JSM

0433 GMT [Dow Jones] JP Morgan has lowered its June-2015 forecast for the Australian dollar to US\$0.8300 from US\$0.8700 (now trading at US\$0.8538) before returning to US\$0.8600 by year end of 2015. It says the domestic macro-economic outlook and the expectation that the Reserve Bank of Australia will begin to hike rates in fourth quarter of 2015 are the key supports for the view that the Aussie dollar will bottom out in first half of next year before heading higher in the second half. It says the forecast track for the Australian dollar remains very sensitive to disappointment on the economy and a rethink of RBA policy. (james.glynn@wsj.com; Twitter: @JamesGlynnWSJ)

Editor JSM

0428 GMT [Dow Jones] a draft memorandum of understanding of Thailand-China cooperation to develop medium-speed railway project will be up for deliberation by the country's parliament and may face questions, says Maybank Kim Eng economist Tim Leelahaphan. The project, valued at 400 billion baht (\$12.2 billion), focuses on the building of dual-track rail lines in three sections to link Bangkok to the border of Laos. Prime Minister General Prayuth Chan-ocha says the two countries haven't talked about funding the project yet and a working committee will be working out the details. "At the moment there's no

feasibility study and there are a lot of questions to be asked, including how much each country will invest," he says. (warangkana.chomchuen@wsj.com; Twitter: @waanspeaking)

Editor JSM

0417 GMT [Dow Jones] USD/INR is hardly changed Wednesday despite some early weakness in the U.S. dollar. The daily Bollinger uptrend channel thus remains in effect--contingent on a daily close above 61.81--implying the dollar could keep rising in the near term. The overnight fall of the yield on U.S. government **bonds** created a downdraft for the greenback in Asia, but most USD/Asia pairs have since rebounded. The next trigger for USD/INR could be the release of more U.S. economic data later. U.S. weekly jobless claims, spending on durable goods, and new home sales could be key numbers to watch. Signs of weakness in the upcoming data might hamper expectations for an earlier-than-forecast U.S. interest rate hike and thus weigh on the greenback. USD/INR is now 61.84 from its Tuesday close of 61.85. (ewen.chew@wsj.com)

Editor: MNG

0416 GMT [Dow Jones] India's telecommunications regulator sticks to its earlier proposals for the auction of frequencies to cellphone companies. In a letter to Department of Telecommunications, the regulator said it is not changing the starting prices, and asked the government to auction all available spectrum to the cellphone firms to bring more clarity in the sector. The letter follows a note from the telecom department seeking reconsideration of the regulator's earlier proposals. (krishna.jai@wsj.com; Twitter: @jaikrishna)

Editor JSM

0405 GMT [Dow Jones] Companies the world over are adopting cloud technologies because they're cheaper and offer flexible services, research **firm** Gartner says. In a recent survey, some 44% of respondents at companies in the U.S., South America, Europe, Asia and Australia said the main benefit of the cloud is that it offers "overall cost reduction." Other executives said they like the cloud because it represents a "modern approach" and is more agile than traditional software and infrastructure systems, according to Gartner. Still, there are some concerns about the technology, such as security and privacy, especially regarding the potential for government snooping. (newley.purnell@wsj.com; Twitter: @Newley)

Editor JSM

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