

**HD S&P/ASX 200 Up 0.3% After Muted Reaction to Ukraine Crisis -- Market Talk**

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0023 GMT [Dow Jones] S&P/ASX 200 has turned up 0.3% to 5399.8 after a 0.3% opening fall, with the materials sector strongest after underperforming Monday. BHP (BHP.AU), Rio Tinto (RIO.AU) and Fortescue (FMG.AU) are up 0.4%-0.8%. Crown (CWN.AU) jumps 2% after Macau casino revenue surged 40% to a record high in the year to February. AGL **Energy** (AGK.AU) falls 2.9% after the ACCC blocked its A\$1.5 **billion** bid for power assets from the NSW state government. "We priced in a fair bit of the concern about Ukraine yesterday and in the absence of that situation deteriorating further our market is recovering," says Auscap Asset management portfolio manager Matthew Parker. "However the market is still vulnerable after such a strong rise in the past few weeks." Geopolitical developments around Ukraine are the main focus today, although investors will also be watching the RBA's interest rate decision. Domestic GDP data are due Wednesday, along with **China's** growth economic forecasts. (david.rogers@wsj.com)

23:46 GMT [Dow Jones] Nymex crude is likely to consolidate with risks skewed to the upside near-term after hitting a five-month high of \$105.22/bbl Monday, as long as it stays above Monday's low of \$102.95, Dow Jones technical analysis shows. The daily continuation chart is positive-biased as the five- and 15-day moving averages are advancing; the MACD and slow stochastic indicators are bullish, but the latter is at the overbought level. A rise above the \$105.22 resistance would expose the upside to \$108.99 (Sept. 19 reaction high), then to \$109.16 (Sept. 12 high). But a drop below \$102.95 would temper the positive near-term view, paving the way down to the \$101.80-\$101.75 band (Friday's low-Thursday's low), then to \$101.58 (Wednesday's low), \$101.02 (Feb. 25 reaction low) and \$100.23 (Feb. 17 low). April crude is down 27 cents at \$104.65/bbl on Globex. (jerry.tan@wsj.com)

18:12 EST - JPMorgan slashes its growth forecast for Ukraine this year to a contraction of 3.2% from a previous projection for 0.5% growth. This view is driven by the hryvnia devaluation (which already took place), its expectation for another devaluation and the austerity measures that likely come as a condition to getting international aid. It isn't all grim for Ukraine, however. JPM says these events should help the economy rebalance, setting the stage for about 5% growth in 2016. For now, tensions linked to Russia also has JPM cutting its view on Russia. **Firm** sees that economy growing just 0.8% this year, from a 1.8% prior forecast. (cynthia.lin@wsj.com; @cynthialin\_dj)

2309 GMT - USD/JPY is likely to be pressured by an escalating tension between Ukraine and Russia, but the downside may be limited compared with the recent selloffs in stock markets, says Kengo Suzuki, Chief FX strategist at Mizuho Securities. "The worst case scenario is an outbreak of military conflict, but markets have yet to fully factor in," he says. If markets can confirm the situations won't develop into a military clash within a couple of days, the USD/JPY will be supported and its longer-term upward trend will stay in place," Mr. Suzuki adds. He tips the pair to move in a 101.00-102.00 range in Asia. It is at 101.45. The EUR/USD is tipped in a 1.3680-1.3780 range. It is last at 1.3737. (tatsuo.ito@wsj.com)

2301 GMT [Dow Jones] Australia's S&P/ASX 200 remains vulnerable to international risk aversion caused by Russia's incursion into Ukraine, particularly in light of the strong rise in share prices in recent weeks. However, while overnight SPI 200 futures fell 0.3% to 5375, the S&P/ASX 200 may rise Tuesday

because the reaction from offshore markets last night was no worse than expected. The S&P 500 closed down 0.7% at 1845.73 after paring a 1.3% intraday fall. BHP (BHP.AU) ADR's suggest the market heavyweight will open up 1.8% at A\$38.07, and **gold** and **oil** producers may stay **firm** after spot **gold** rose 1.6% and Nymex crude climbed 2.3%. Qantas (QAN.AU) remains in focus after the government said it will seek to lift the foreign ownership cap on the carrier. Banks may attract buyers before upcoming dividend payments, particularly since the Australian dollar is weathering the Ukraine storm quite well. The RBA's monthly board meeting concludes at 0330 GMT, with no change in interest rates expected. On the charts, the index has 100-day moving average support near 5300 and resistance from former support at 5400. Index last 5384.3. (david.rogers@wsj.com)

17:14 EST - BMO Capital Markets says Canada's **oil**-and-gas sector pumped real GDP growth of 4.9% into the country's economy in 2013, its best year in more than a decade, with both conventional and non-conventional sectors (i.e. **oil** sands) increasing. "Manufacturing, however, saw output fall for the first time since the recession (down 1.6% on the year) as the auto sector pulled back from very strong growth in 2012," BMO says. While the **oil**-and-gas sector is producing about 12% more than it did before the recession in 2007, the manufacturing sector is churning out 12% less, BMO says. "This goes a long way in explaining the regional disparity seen across Canada." (don.curren@wsj.com; @dbcurren)

2059 GMT [Dow Jones] Trading on Asian **equity** markets is likely to remain cautious as investors watch to see how events in Ukraine play out, but "I am not expecting it (markets) to show too big a decline or to run away. It will just have a cautious tone," says Adrian Vance, investment advisor at Forsyth Barr. While U.S. markets were lower overnight, Vance says the decline was quite moderate, in particular given the performance over the past several months. Both **gold** and **oil** had a good overnight bounce, he says, which may mean Australian **gold** stocks are in focus when that market opens. In New Zealand he expects ongoing interest in stocks that had positive earnings reports and are paying good dividends. Data there continues to be positive, "showing that the economy is in good shape and the country is in a good position," he says. The NZX-50 closed up 0.4% at 5007.40 Monday, an all-time closing high, and "hopefully we will be able to hold above that level," he says. (rebecca.howard@wsj.com @FarroHoward)

1949 GMT [Dow Jones] A lower EUR/USD "is the obvious place for Ukrainian tensions to manifest" as the USD looks strong not only on Ukraine but also on strength in the ISM/Markit PMI and other minor data overnight, says Sam Tuck, senior FX manager at ANZ. While the USD/JPY has lost ground as investors turned to the JPY, Tuck says the pair seems "pretty subdued" and he expects little total movement. The JPY may continue to benefit from Ukraine headlines, but Tuck says he doesn't expect lasting JPY strength. The EUR/USD is at 1.3737 early in New Zealand while the USD/JPY is at 101.421. (rebecca.howard@wsj.com @FarroHoward)

14:42 EST - Russian central bank's aggressive 1.5 percentage point rate hike has Nomura closing out its bets against the ruble. **Firm's** head of emerging-market strategy Olgay Buyukkayali says on a conference call this morning that history has shown rate hikes in tandem with government FX interventions often successfully stabilize currencies. USD/RUR hit a record high 36.85 earlier today, more recently stabilizing around 36.51. The hike instead puts Russia's growth at risk, which means the ruble "may do okay, while equities and credits could come under further pressure," Buyukkayali says. He adds that any damage the Ukraine situation has on eastern European nations under the ECB shield, such as Poland, could present a buying opportunity. (cynthia.lin@wsj.com; @cynthialin\_dj)

1908 GMT [Dow Jones] The NZD/USD remains **firm**, despite jitters regarding Ukraine, after domestic data Monday "continued the theme of an economy firing on all cylinders," says BNZ FX Strategist Kymberly Martin. The broader story of domestic strength may help support the NZD as global risk appetite continues to deteriorate. The pair is at 0.8367 early in New Zealand and has support around 0.8340 and resistance at 0.8430, Martin says. The NZD/AUD is at 0.9371 after failing to hold above 0.9400. Martin says the RBA rate decision later in the day will be closely watched. Australia's central bank is widely expected to remain on hold but the markets are pricing a 40% chance of a further cut by the year-end after last week's soft capex data. (rebecca.howard@wsj.com @FarroHoward)

13:40 EST - Safe-haven buyers in Treasuries are coming up against a wall of sellers whenever the 10-year falls toward 2.60%. A 2.594% yield was reached overnight and recently tested again at 2.599%, only to bounce from that mark. Market technicals are at play here since today's batch of US data would have suggested testing higher yields, not lower ones. Instead, concerns about Ukraine are turning daily price momentum bullish across Treasury maturities. RBS sees next major resistance on the 10-year note lining up at 2.47%. The note recently up 14/32 to yield 2.603%. (cynthia.lin@wsj.com; @cynthialin\_dj)

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12:55 EST - The US stock options market is off to a strong start this year. The industry notched a 7.5% gain in options trading volume in February, clearing house the OCC said Monday, on the back of a record January for the derivatives industry. About 344.9M options contracts exchanged hands in February. That

leaves volume for the year up 6.3% from volume at the same point last year, according to the data, and 0.3% above trading volume in 2011 -- the best options volume year on record. (kaitlyn.kiernan@wsj.com)

(END) Dow Jones Newswires

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