

HD Deutsche Downgrades SJM on Potential Dividend Cut -- Market Talk**WC** 1,393 words**PD** 11 November 2014**ET** 14:05**SN** Dow Jones Institutional News**SC** DJDN**LA** English**CY** Copyright © 2014, Dow Jones & Company, Inc.**LP**

0305 GMT [Dow Jones] SJM (0880.HK) may cut its dividend as costs rises and earnings drop, says Deutsche Bank. The Macau gaming operator reported Monday a drop in earnings for the third quarter, due to lower margins. "The other four operators all reported margin expansion in the third quarter," says Deutsche, which downgrades the stock to sell and cuts its target price to HK\$13.5. "This highlights SJM's inability to protect margin when competition intensifies." As labor costs in Macau rise, Deutsche says SJM's capital expenditure may further increase from its current budget, hampering the **company's** cashflow. SJM falls 2.0% to HK\$15.04 Tuesday. (jacky.wong@wsj.com; Twitter: @jackycwong)

Editor JSM

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0303 GMT [Dow Jones] **Residential property** prices in Australia are up by 9.1% on the year, representing a slowdown from prior quarters, according to government data. "Today's figures are a welcome addition to the suite of home price data which show that price growth is easing to a much more sustainable rate," Shane Garrett, senior economist at the Housing Industry Association, says. "The annual rate of home price growth nationally is back in single figures for the first time in a year," Garrett says. (james.glynn@wsj.com; Twitter @JamesGlynnWSJ)

0302 GMT [Dow Jones] **Iron ore** prices, now around \$75 a metric ton, need to fall into the \$60s to start significant output curtailments outside of **China**, Citi said. "We find only modest cutbacks are likely if **iron ore** remains in the \$70s, with sustained prices in the \$60s needed to prompt significant cutbacks," it said. Supply expansion from a handful of major global **iron-ore** miners is threatening to push out marginal, high-cost producers from the field. Domestic **Chinese iron ore** production remains resilient, though it will also come under pressure, the note said. **Chinese** steel demand is likely to weaken in the first quarter next year due to tight credit, slower manufacturing growth and government reform, Citi said. (chuin-wei.yap@wsj.com; Twitter: @YapCW)

Editor JSM

0256 GMT [Dow Jones] New data released by **property** analytics **group** SQM Research shows Sydney's median asking price for free-standing houses has surpassed the one **million** dollar mark, recording a median asking price of 1,005,800 Australian dollars. Louis Christopher, SQM's managing director, says "right now it would be impossible to **purchase** a free standing house in Sydney's inner ring for under a **million** dollars, and will become increasingly difficult to **purchase** a free standing house in Sydney's middle ring for under a **million** dollars." (james.glynn@wsj.com; Twitter @JamesGlynnWSJ)

0253 GMT [Dow Jones] Taiwan government **bonds** are lower on thin volume, tracking overnight weakness in U.S. Treasuries, says a local trader. "Many market participants are standing on the sidelines amid a dearth of fresh trading cues," the trader adds. The most-traded five-year bond yield rises to 1.1810% from 1.1690% Monday. The USD/TWD is little changed as importers' buying offset continued foreign fund inflows, says a local trader. The pair is at 30.537, little changed from the 30.540 level mostly traded before the local central bank's suspected intervention Monday, which lifted it to 30.606 at the close of onshore trading session, traders say. Foreign investors' net buying of local stocks hit NT\$15.86

billion Monday--registering the second-highest single-day net buying so far this year.
(fanny.liu@wsj.com)

Editor: KLH

0253 GMT [Dow Jones] Japan is likely to continue to post current account surpluses in coming months, says Mizuho Research Institute economist Kaori Yamato. "The trade deficit is likely to narrow, and the weaker yen will continue to help expand the income account surplus, leading to current account surpluses." Yamato says lower **energy** prices as well as a rebound in exports--particularly as the U.S. economy recovers--should help shrink the nation's trade deficits. Offshoring of Japanese production, which contributed to trade deficits, is also likely to slow, she says. Japan posts a Y963.0 **billion** current account surplus in September, up 61.9% on the year. (eleanor.warnock@wsj.com)

0248 GMT [Dow Jones] It remains hard to grasp exactly what the catalyst was for a record jump in Australian business confidence in October, says Ben Jarman, economist at JP Morgan. Retail sales have benefited from new product releases in electronics recently, which more than doubled aggregate monthly retail sales growth, but this won't be durable, he said. It will be important to see whether the recovery in conditions can be sustained into year-end, he added. "We are skeptical that enough headway has yet been made on currency or internal competitiveness adjustments to turn around Australia's cyclical position," Jarman added. (james.glynn@wsj.com; Twitter @JamesGlynnWSJ)

Editor: KLH

0243 GMT [Dow Jones] The upward trend in Australian business conditions continues to point to stronger domestic demand growth going forward and is consistent with a gradual improvement in the non-**mining** sectors of the economy, says ANZ economist Dylan Eades. In addition, measures of firms' profitability and spare capacity improved in October, Eades says. "These components have a strong leading relationship with employment growth and the unemployment rate and are consistent with better labor market conditions," he adds. (james.glynn@wsj.com; Twitter @JamesGlynnWSJ)

0241 GMT [Dow Jones] NAB's Australian business conditions index rises strongly in October, reaching its highest level since 2008. The NAB business conditions index jumps to 13 in October from 1 in September, the largest rise since the monthly series began in 1998. Paul Bloxham, chief economist at HSBC, says the measure is a key proxy for conditions in the non-**mining** sectors of the economy and suggests growth is rebalancing away from being led by **mining** investment to being supported by the non-**mining** sectors. Bloxham says HSBC still sees the RBA's next move as up and expects it to occur around mid-2015. (james.glynn@wsj.com; Twitter @JamesGlynnWSJ)

0236 GMT [Dow Jones] Spot **gold** is slightly higher in Asian trade. Euro's weakness against the dollar had weakened the price of the yellow metal late Monday, but now the price has edged up slightly with the Euro gaining back some lost ground, says Gnanasekar Thiagarajan, director with Commtrendz Risk Management. At 0227 GMT, spot **gold** was trading at \$1,155.76/oz, up from the opening price of \$1151.60/oz. (biman.mukherji@wsj.com)

Editor: MNG

0235 GMT [Dow Jones] **Hong Kong** retail rents will not grow at all in 2015 as retailers face a double hit from a decline in mainland visitors and slowing **Hong Kong** economic growth, says J.P. Morgan. "We expect retail sales value to see flattish growth next year," it says. "Retail landlords will have less bargaining power to raise rents." JPM says pro-democracy protests in **Hong Kong** and competition from other countries for mainland visitors could **lead** to a drop in mainland tourists to **Hong Kong**. The moderate growth in domestic spending, however, is not enough to compensate for the losses in mainland tourist spending, it says. JPM stays cautious on retail landlords, saying it is the least preferred segment within **Hong Kong's** **property** space. (jacky.wong@wsj.com; Twitter: @jackycwong)

Editor JSM

0225 GMT [Dow Jones] USD/SGD likely continues to rise as the daily Bollinger uptrend channel remains in play despite slight U.S. dollar weakness seen on Monday. The base of the channel now supports

USD/SGD at 1.2892, providing a base off which the greenback could rally to the round-figure trading barrier at 1.3000--a level not seen since January 2012. Overnight, the ICE U.S. dollar index bounced back up, keeping its own Bollinger uptrend channel intact. The greenback is propped up by rising U.S. government bond yields. The yield on the benchmark U.S. 10-year Treasury note rose to 2.36% from below 2.30% Monday. USD/SGD is now 1.2899 from its Monday close of 1.2910.
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Editor JSM

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