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HD **Worst for China's Economy May Be Over - Credit Suisse -- Market Talk**

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0547 GMT [Dow Jones] China's economic growth is showing signs of "bottoming out," according to Credit Suisse 's proprietary Momentum Index. "The pick-up in this leading indicator is tentative and from a low level, but we believe that the worst in terms of the economy losing momentum is perhaps behind us," analysts Dong Tao and Weishen Deng say. Still, they estimate China is growing at a 6.7%-7.0% annualized pace, below the government's 7.5% target. "The core issue in the economy is that private investment has disappeared...It would still take structural reforms to re-engage the investment interest." The bank says it's more concerned about credit events given large repayments in local government debt and trust funds than growth levels. (david.rogers@wsj.com; Twitter: @DRWSJ)

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0543 GMT [Dow Jones] Lackluster property sales will hit the earnings of China's rail companies despite rising rail spending, says CLSA. "Investors are surprisingly unaware of how heavily exposed to propertyChina Railway Construction (1186.HK) and China Railway Group (0390.HK) have become," it says. CLSA says real estate development now contributes around 15%-20% to the EBIT of rail firms. "Equities are pricing in another 20%-30% growth in residential property sales for 2015," it says. "Unless we see a strong pick up in property sales in 2H14 and a bigger pickup in pre-sales booking, we fear that consensus earnings for 2015 will need to be cut massively in the coming months." CLSA thinks CCCC (1800.HK) is a better choice for direct infrastructure play. (jacky.wong@wsj.com; Twitter: @jackycwong)

0541 GMT [Dow Jones] Singapore's diesel and gasoline markets will get limited support from the Australian fuel market where growth in demand for transport fuel has slowed to its lowest in several years, Singapore-based traders say. While Australian diesel-demand growth slowed to around 2% last quarter from 12% in mid-2011 gasoline demand has been shrinking in the past 12 months and contracted by 4% last quarter, traders say citing government data. Singapore exports high-quality gasoline and diesel to Australia but slowing demand will limit any big gains expected from recent refinery closures, traders say. Singapore's benchmark oil-refining margin is flat at around $6.4/bbl against Dubai crude. (eric.yep@wsj.com)

0539 GMT [Dow Jones] Toshiba (6502.TO) is up 2.1% at Y394 as investors cheer its strategy briefing. Going forward, the company has set high but achievable targets for itself, says Advanced Research Japan analyst Masahiko Ishino. NAND flash memory is set to be the growth driver, where Toshiba targets sales to grow to Y2.2 trillion in the FY ending March 2017, up from a target of Y1.7 trillion this FY. Mass production of 15 nanometer generation NAND commenced in April, and sample shipments of 3D memory begin this year. As for the tougher PC business which is still in the red, the severe environment will continue, he says, but the company will focus on growing enterprises sales, aiming to get profits back into the black through restructuring. (bradford.frischkorn@wsj.com)

0534 GMT [Dow Jones] Reliance Communications (532712.BY) jumps 2.3% to 141.95 rupees, outperforming the S&P BSE Sensex which is 0.96% higher, following media reports that the company is in talks to sell a stake in its undersea cable venture to CITIC Telecom International (1883.HK). A potential deal will help Reliance, India's fourth-largest telecommunications company, repay its high-interest loans, which have hurt profitability for several years. The Mumbai-based firm's quarterly profit nearly halves as finance costs jump 21.4% from a year earlier. It has 255.38 billion rupees of debt on its books at end-March. (krishna.jai@wsj.com) (krishna.jai@wsj.com)

0532 GMT [Dow Jones] Plans by Great Wall Motor Co . (2333.HK) to build a CNY3.2 billion auto plant in Moscow receive a frosty reception from Barclays : "We believe adding production capacity in Russia now may not present the best risk-reward for GWM, and would view exports and strengthening sales/service channels in the country as a more appropriate way for the company to expand its presence in Russia," the bank says. Growth potential in Russia looks "unexciting" - more so if sanctions affect the economy more than anticipated. Sports utility vehicles, popular in Russia, could sell well, Barclays says. But Chinese customers don't demand such rugged SUVs and Great Wall's top seller, the Haval H6, lacks the off-road capabilities of best-selling 4x4s from Renault (RNO.FR) and Lada. Shares up 1.5% to HK$29.95 at 1.00 p.m. Hong Kong time. (gregor.hunter@wsj.com; Twitter: @gregorhunter)

0503 GMT [Dow Jones] NZD/USD is sticking to a tight range with "not too much to drive the market," says Chris Hunter, corporate dealing manager for Western Union Business Solutions. "We have regained some footing ... but really we are just looking at broader market tones and they seem to be fairly neutral at the moment." He expects the pair to continue tracking sideways and says there "needs to be a real data push for us to actually gain any ground." The pair is at 0.8566 and Hunter says it has initial support at 0.8540, followed by 0.8500 and resistance at 0.8560. (rebecca.howard@wsj.com; Twitter: @FarroHoward)

0444 GMT [Dow Jones] Hong Kong equities fluctuate between gains and losses in the morning session as the 23,000 mark proves a big hurdle for the benchmark to jump. The Hang Seng Index is down 0.1% at 22,936.31 at noon and is expected to face "a strong technical resistance at 23,000," according to GuocoCapital. H-shares move in lockstep, the Hang SengChina Enterprises Index off 0.1% at 10,101.03. Telecoms stocks including China Unicom (0762.HK) and China Mobile (0941.HK) are the biggest industry group declining, with a gauge of Hong Kong-listed telcos down 1.6% and offsetting a 1.4% rise for property developers and construction companies which are providing support for the index. (gregor.hunter@wsj.com; Twitter: @gregorhunter)

0443 GMT [Dow Jones] Bank of East Asia (0023.HK) had a great second half of 2013 but analysts say factors that allowed that are reversing. BEA's exposure in HK-China cross-border services has been doing well but UBS expects loan growth in Hong Kong to "slow to a trickle" given yuan weakness and a decline in the HK/China interest-rate gap. Lower interbank yields and higher provision will also squeeze BEA operations in China which performed well last year. UBS and BofA-Merrill Lynch both downgraded the stock with the same target price of HK$30. BEA falls 1.4% Friday to HK$32.2. (jacky.wong@wsj.com; Twitter: @jackycwong)

0441 GMT [Dow Jones] Thailand's coup d'etat could hurt consumer confidence and foreign investment, tipping the Southeast Asian nation into a recession, says Rajiv Biswas, chief Asia economist for IHS Global Insight. Biswas expects Thailand's economy to contract in the second quarter--after shrinking 0.6% in the first quarter from a year earlier--putting Thailand in a technical recession. For full-year 2014, the economic-forecasting firm expects Thailand's economy to expand by 1.8%, half of the 4% it projected in October. "The downside risks to the country's outlook have significantly increased," says Biswas. (kathy.chu@wsj.com, Twitter @chukathy)

0432 GMT [Dow Jones] China government bonds are little changed amid light trading as investors take a breather after Thursday's rise. The government bond prices may keep consolidating in the short run, a Shanghai-based analyst with a local broker says. The PBOC may maintain ample liquidity in the system to avoid a replay of last June's liquidity squeeze ahead of the Dragon Boat Festival on June 2. This would lend support to the bond market, the analyst says, adding that the mini economic stimulus policies launched by Beijing, such as approving major infrastructure construction projects, could curb the upside. The benchmark seven-year bond yield is up 1 bp at 4.14%. (amy.li@dowjones.com)

0349 GMT [Dow Jones] Real estate stocks lead gains in Hong Kong on speculation that some local governments in mainland China may ease house purchase restrictions. A gauge of Hong Kong-listed property and construction stocks is up 1.5% at 11.45 a.m. local time on a flat trading session for the wider Hang Seng Index. China Overseas Land & Investment (0688.HK) and China Resources Land (1109.HK) lead gains, both up around 4%. Seven cities have relaxed property restrictions so far and there is likely to be further "fine-tuning" in the coming months, says ICBC International Research. ING adds that China has plenty of scope to ease policy if needed: "The scenario where a property market crash produces a hard landing underestimates policy flexibility," the bank says. Sunac China Holdings (1918.HK) shares leap 6.5% after taking a 24.3% stake in rival developer Greentown China Holdings (3900.HK), which is up 6.2%. (gregor.hunter@wsj.com; Twitter: @gregorhunter)

(END) Dow Jones Newswires

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