HD **'Difficult Times Confront Us': Papua New Guinea Mines Minister -- Market Talk**

WC 1,816 words

PD 1 December 2014

ET 16:27

SN Dow Jones Institutional News

SC DJDN

LA English

LP

0527 GMT [Dow Jones] Papua New Guinea, like other major resources exporters, has been rattled by the recent commodity price slump. "This uncertain environment" has hit government revenue and "led to financial constraints across the sector," minister for **mining** Byron Chan says at a conference in Sydney. "The government recognises the difficult times that now confront us," Chan says. Still, he says the government is confident **mining** will remain a central driver of its economy. He says Papua New Guinea, which has traditionally been a **gold** production hub, is diversifying its **mining** industry into a broader range of commodities including **coal** and mineral sands. The government is also looking to push along the development of nickel projects there, he says, "as a consequence of the recent policy shift in Indonesia" under which the export of its raw nickel **ore** has been banned.

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"I am therefore confident we will not only achieve our target of doubling mineral export receipts by 2030, but we will in fact surpass it," he says. (rhiannon.hoyle@wsj.com; Twitter: @RhiannonHoyle)

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Editor JSM
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0525 GMT [Dow Jones] The World **Gold** Council doesn't expect a spike in India's **gold** imports this year after removal of one of the **gold** import curbs. The Reserve Bank of India said late Friday the government had decided to end the requirement that 20% of the **gold** imports by jewelers have to be re-exported as jewelry. "We maintain our expectations for demand in 2014 to be within a range of 850-950 tonnes, slightly lower than last year," says P.R. Somasundaram, India's managing director of the World **Gold** Council. Sharp import hikes in recent months were not triggered by changes in demand estimates but more likely to be as a result of an expectation of additional curbs, he says. The timing of this development though surprising, will definitely boost confidence in the jewelry industry, Mr Somasundaram says. (debiprasad.nayak@wsj.com)

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Editor:  MNG
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0518 GMT [Dow Jones] One of Australia's most respected commentators on budgetary matters, Chris Richardson, an economist at Deloitte Access Economics, says it is now unknown when the federal budget will return to a surplus, given falling commodity prices and the inability of the conservative coalition government to get its agenda of spending cuts and other measures through a hostile Senate. Mr. Richardson says the tax revenues enjoyed during the decadelong **mining** boom have gone, and the road to surplus "is completely unknown." "The world is not doing the budget any favors, the Senate is not doing the budget any favors." Mr. Richardson said given that the government doesn't appear to be investigating a new road to budget repair, "it essentially means we are giving up." There are no guarantees that Australia will extend much further its record of 23 years-plus without a recession, and budget repair is needed, he said. (james.glynn@wsj.com; Twitter @JamesGlynnWSJ)

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Editor:  TFD
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0515 GMT [Dow Jones] Taiwan government bonds are tracking Friday's gains in U.S. Treasurys. The cut-off yield of a new 10-year government bond auction was at 1.590% Monday, slightly below market expectations of 1.600%. That is seen as positive for the near-term outlook of the local bond market, says a local trader. "Bond investor confidence is improving as a weakening inflation outlook due to falling oil prices suggests the Federal Reserve may delay its monetary tightening until September," he says. The bond market is shrugging off the outcome of Saturday's local elections. The most-traded 10-year bond yield is at 1.5790% versus 1.5865% late Friday; the five-year bond yield is at 1.0675% vs 1.0847%. (fanny.liu@wsj.com)

Editor: DAH

0513 GMT [Dow Jones] Asian aviation industry margins are expected to remain weak over the next 12 months, as airlines compete to maintain market share amid strong growth in capacity, Moody's Investors Service says in a note. Stiff competition from low-cost carriers will hurt EBITDA margins in the Southeast Asian market, "but we expect the decline in profitability to stabilize, as airlines taper capacity growth," Moody's says. Airlines in China will face margin erosion due to a weaker local economy and competition from the country's rapidly expanding high-speed rail network. Southeast Asian carriers will focus on cost-cutting and Moody's predicts more restructuring in the industry. (gaurav.raghuvanshi@wsj.com)

Editor: MNG

0510 GMT [Dow Jones] China's policymakers have said they would tolerate slower economic growth as long as the labor market holds up, but RBS economist Louis Kuijs says that slower migrant employment suggests that the country's labour market may not be as resilient as it seems. Migrant employment growth in the third quarter slows to 1% from a year earlier, official data show. The downturn of the property market, a major employer of migrant workers, has hit the labor market, economists say. "Unfavourable news from the labour market or increased downward momentum of growth and/or prices could be a trigger for more significant stimulus," Kuijs says, adding the latest purchasing managers' index data will likely add to further pressure for easing steps. (liyan.qi@wsj.com)

Editor JSM

0457 GMT [Dow Jones] A weaker-than-expected reading of China's purchasing managers' index is hurting Japanese shares with large exposure to China. China's official PMI, as announced midday Monday, fell to 50.3 in November from 50.8 the preceding month, sparking selling in Komatsu (6301.TO), down 0.7% at Y2,792 and Hitachi Construction Machinery (6305.TO), down 0.1% at Y2,559. "For shares sensitive to China's economic growth trend, this is bad news, and probably justifies China's central bank interest rate cut/easing measures taken a few days ago," says an equity trading director at a European brokerage. "A lot of the selling is probably baked in already, though. The 'China slowdown' story is well-known; the only question is how severe it might be." (bradford.frischkorn@wsj.com)

Editor: DAH

0443 GMT [Dow Jones]The Indonesian rupiah is trading near an 11-month low of 12,270 against the dollar amid sharply lower oil prices. The rupiah is also weighed by a weak HSBC's manufacturing purchasing managers index for Indonesia, which fell to the survey record low of 48.0 in November from 49.2 in October. The data also showed a narrower-than-expected October trade surplus of $20 million, compared with a forecast of $25 million. The USD/IDR daily price chart is positive-biased as the five- and 15-day moving averages are advancing. Further upside in USD/IDR may encounter resistance at 12,278 (Dec. 27 swing high), and then at 12,600 (Nov. 21, 2008 swing high). Support may be encountered at the upper 20-day one-standard deviation Bollinger Band (now at 12,207), and then at the 10-day exponential moving average (now at 12,188). Spot USD/IDR is at 12,268. (jerry.tan@wsj.com)

0440 GMT [Dow Jones] The Australian dollar has fallen to a fresh four-month low against the New Zealand Dollar (NZ$1.0804) driven by a widening in the Australia/New Zealand unemployment rate differential to 0.7%, after New Zealand's unemployment rate unexpectedly dropped to 5.4%, while Australia's unemployment rate rose to 6.1% in early November, says Richard Grace, global head of currency strategy at Commonwealth Bank. He adds a subsequent 12 basis point widening in the Australia/New Zealand two-year swap spread to 123 basis points from its early November level of 111 basis points make yields in New Zealand looks more attractive to fund managers versus Australia. Grace says a series of daily declines in the price of **iron ore** has put more pressure on the Australia/New Zealand terms-of-trade differential.(james.glynn@wsj.com; Twitter: @JamesGlynnWSJ)

Editor JSM

0433 GMT [Dow Jones] Pola Orbis Holdings (4927.TO) is up 7.1% at Y4,515 after raising its FY guidance after the Nov. 28 market close. The mail-order cosmetics and health-and-beauty-aid product retailer now expects to earn a net profit of Y9.7 **billion**, up from Y8.8 **billion** in its prior view. The **company** also raised its full-year dividend payout outlook to Y187 per share, up from the initially stated Y87. Measures to improve earnings in the **company**'s **Chinese** business are potential catalysts for the next FY, says Credit Suisse analyst Masashi Mori. "The domestic business should remain solid on stable sales growth and the full contribution of production-system streamlining," he adds. "The current substantial dividend increase also reconfirms the **company**'s commitment to returning value to shareholders and boosting capital efficiency." (bradford.frischkorn@wsj.com)

Editor: DAH

0429 GMT [Dow Jones] Japanese life insurers will likely help support USD/JPY uptrend to go beyond 120 as a buyer of greenback with their low-profile but steady dedication, says Taisuke Tanaka, chief FX strategist at Deutsche Securities, in a note. Six-month business performance results of 9 major Japanese insurance companies shows their assets outside Japan ballooned 15% from six months ago. (The gain is somewhat exaggerated by the JPY weakness but increased foreign bond buy is cited.) A breakdown shows the USD-denominated assets to make up 56.2% of the total from 53.7% six months ago. At the same time, their currency hedge ratio toward foreign assets is down to 54.0% from 57.0% a year ago and 62.7% two years ago. (hiroyuki.kachi@wsj.com)

Editor: MNG

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0428 GMT [Dow Jones] At least two leading forecasters now believe Japan's economy did not contract in the July-September period, after receiving fresh capital spending data Monday. When the government gave its first estimate in mid-November for third-quarter gross domestic product growth, it shocked markets by reporting a 1.6% contraction, at a price-adjusted, annualized pace. Following a sharp downturn the prior quarter, due to the April sales tax hike, the economy seemed to have fallen into the popular definition of recession--two straight periods of negative growth. But the finance ministry's corporate survey Monday showed capital spending rose in the quarter, contrary to the assumption plugged into the original GDP estimate that the number had fallen. Both Barclays and JP Morgan issued reports saying they now estimate GDP was flat for the quarter. The government reports its revised estimate next Monday, December 8. (jacob.schlesinger@wsj.com)

Editor JSM
(END) Dow Jones Newswires

December 01, 2014 00:27 ET (05:27 GMT)

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AN Document DJDN000020141201eac1000ey

