DOW JONES NEWSWIRES

HD **S&P/ASX 200 Pares Opening Fall; Macquarie Jumps on Update -- Market Talk**

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0017 GMT [Dow Jones] Australia's S&P/ASX 200 is down 0.2% at 5325.7 in cautious trading as attention remains focused on geopolitical risk in Ukraine and economic risks in the U.S. and **China**. The index has pared most of a 0.7% opening fall to 5301.4, with BHP (BHP.AU), Rio Tinto (RIO.AU) and Fortescue (FMG.AU) turning up 0.5%-1.8%, and Macquarie (MQG.AU) up 3.5% after improved earnings guidance. But traders emphasize that the market is extra-thin this morning due to the Credit Suisse Asian Investment Conference in **Hong Kong** this week. Banks and consumer staples are restraining the market, along with ex-dividend falls in Crown (CWN.AU), Seven (SVW.AU) and Flight Centre (FLT.AU), and Metcash (MTS.AU) is down 4% on broker downgrades after Thursday's profit warning. The broader market is down 1.6% so far this month, and continues to trend down from the 5 1/2 year peak of 5262.3 of Feb. 7. "Macro risks remain in the background as nothing there has really been resolved as far as the market is concerned," says an institutional trader at a major brokerage. Focus turns to HSBC's **China** flash manufacturing PMI data at 0145 GMT. (david.rogers@wsj.com)

0012 GMT [Dow Jones] Nymex crude is likely to consolidate near term after settling 56 cents higher Friday at $99.46/bbl--near the middle of Friday's $98.25-$100.25 range, Dow Jones technical analysis shows. The daily continuation chart is mixed as the slow stochastic measure is bullish, but the MACD indicator is bearish. A drop below the $98.25 support would be near-term negative, targeting $97.75 (Tuesday's low), then $97.37 (March 17 low, matching the 100-day moving average), $97.11 (Feb. 7 low), $96.26 (Feb. 3 reaction low) and $95.21 (Jan. 27 reaction low). But a rise above the $100.25 resistance would tilt the near-term view positive, exposing the upside to $100.47 (Wednesday's high), then to $101.52 (March 11 high), $102.91 (March 7 reaction high), $103.53 (March 5 high) and $105.22 (March 3 reaction high). May crude is down 22 cents at $99.24 on Globex. (jerry.tan@wsj.com)

2349 GMT [Dow Jones] Base metals are likely to take direction from HSBC's March **China** Purchasing Managers' Index for manufacturing, due for release at 0145 GMT. Weak economic data from **China**, the world's biggest consumer of industrial metals, together with news about corporate defaults and a depreciating yuan, has weighed on sentiment and base metal prices in recent weeks. "The concerns around **China**'s growth are likely to remain over the coming weeks as the slowdown in orders over the winter months and **Chinese** Lunar New Year filter out," Evan Lucas, market strategist at IG, says in a report. LME 3-month copper ended up 0.8% Friday at $6,480/ton, while aluminum finished 0.6% higher at $1,723/ton. (arpan.mukherjee@wsj.com)

2257 GMT [Dow Jones] Australia's S&P/ASX 200 is likely to open down 0.6% at 5304, according to IG, with lingering caution about Ukraine, along with potential month-end selling by fund managers expected to magnify the damping effect of Friday's 0.3% fall in the S&P 500. On the charts, a double-top pattern is targeting 5220 while the index remains below last week's high at 5362.2. Additional caution is likely in the resources sector before the 0145 GMT release of HSBC's **China** flash manufacturing PMI data, which is expected to show continued weakness. Macquarie (MQG.AU) may outperform after upgrading its annual profit guidance after better market conditions helped its fixed-income, currencies and commodities unit. It now expects FY14 net profit to be a 40%-45% above FY13 profit of A$851 **million**. Previous guidance wasn't specific. The index closed Friday at 5338.1. (david.rogers@wsj.com)

2248 GMT [Dow Jones] Asia's financial system in on track to be bigger than that of the U.S. and Europe combined by 2030, Australia & New Zealand Banking forecasts in a report released Monday. China is central to this Asian Century scenario, with ANZ Chief Economist Warren Hogan saying Chinese foreign direct investment could rise to around US$9.5 trillion by 2030 from around US$500 billion in 2012, with that investment increasingly favoring Asia Pacific markets. The lender predicts Asian bond markets, excluding Japan, are set to grow by six times their current size over the next 15 years to match the size of U.S. debt markets. Equity market capitalization in the region also is set to jump, to almost US$55 trillion by 2030 from US$9 trillion. China will account for about half of Asia's financial assets by 2050, and the yuan will dominate in the region and become a genuine rival to the U.S. dollar as a reserve currency, ANZ's report says. (robb.stewart@wsj.com)

2235 GMT [Dow Jones] Asian stock markets are likely to tread sideways ahead of HSBC's China flash PMI for March "and that will likely dictate the tone," says Brad Gordon, investment advisor at Macquarie Equities in New Zealand. Locally, the NZX-50 is up 0.3% at 5141.231, paring some of Friday's losses after a series of index changes. Kathmandu (KMD.NZ) is up 7.8% at NZ$3.60 after a better-than-expected 1H result. Gordon says investors will be watching for results from dairy giant Fonterra Co-Operative Group (FCG.NZ) and Synlait Milk (SML.NZ) later in the week. (rebecca.howard@wsj.com; @FarroHoward)

2213 GMT [Dow Jones] Iron-ore prices look set for a lift, but any strengthening in the market is likely to be short-lived, says Caroline Bain, an economist at Capital Economics. She sees prices for the steelmaking ingredient rising heading into 2Q, "a time of seasonal strength in China's steel output." However, "a surge in new low-cost supply this year and slower growth in China's demand suggests that prices will fall in the second half," she says. Capital Economics has downgraded its price forecasts for the raw material, tipping the market to fall to US$95 a ton by the end of the year, down from a prior forecast of US$110 a ton. It expects a price of US$85 a ton by the end of 2015, down from a previous estimate of US$90 a ton. Prices for 62% Fe iron-ore fines at China's Tianjin port traded unchanged at US$110.70 a ton Friday. (rhiannon.hoyle@wsj.com)

2205 GMT [Dow Jones] Spot iron ore prices are likely to rise in coming months before falling in 2H 2014, according to Credit Suisse analysts. They note that while China's ports recently increased their iron ore stockpiles to fresh record highs, China's steel mills have reduced their stockpiles. "On the basis of low mill stocks, it looks likely to us that the next move for the iron ore price will be upwards, provided steel production picks up from February lows," Credit Suisse analysts say. But iron-ore supply continues to rise, and "very high crude steel growth of greater than 7% will be needed to prevent the surplus from weakening the iron ore price into the second half, in line with Credit Suisse forecasts." The benchmark spot iron ore price remained at US$110.70 on Friday. (david.rogers@wsj.com)

1958 GMT [Dow Jones] The health of the Chinese and U.S. economies is of great interest to markets at present and the main focus for Asian FX markets Monday will be HSBC's China March PMI, says ANZ Bank. It notes the index fell to a seven-month low last month--its third straight decline--"but the market is anticipating the deterioration has done its dash." Later in the global trading day the U.S. Markit PMI is expected to remain solid at 57. ANZ Bank notes the Fed "put its stake in the ground that the recent weakness in the dataflow was weather-related." This data will be "another part of the puzzle," ANZ Bank says. The EUR/USD is at 1.3795 early in New Zealand while the USD/JPY is at 102.134. (rebecca.howard@wsj.com @FarroHoward)

1914 GMT [Dow Jones] The NZD/USD remains well supported at 0.8549 early in New Zealand with near-term support at 0.8500 and near-term resistance at 0.8640, says BNZ FX Strategist Kymberly Martin. She expects a fairly quiet start to the week domestically, with no scheduled data releases Monday or Tuesday. The main event for the Kiwi will be HSBC's China flash PMI for March. "As markets are highly focused on China risk they will not be prepared to absorb any disappointment," she says. A better-than-expected result would support both the NZD and the AUD independently, she says. (rebecca.howard@wsj.com @FarroHoward)

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