HD NAB Nudges Ups Its Australian GDP Growth Forecast -- Market Talk

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0332 GMT [Dow Jones] The National Australia Bank has revised higher its forecast for Australian gross domestic product growth in 2014/15 to 2.9% from 2.8% prior. It said a record jump in Australian business conditions in October points to strong start to the fourth quarter but it also warns that growth is still constrained by weak terms of trade, a soft labor market and signs of a softening in the building cycle. (james.glynn@wsj.com; Twitter: @JamesGlynnWSJ)

Editor JSM

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0331 GMT [Dow Jones] Asia as a region totally dominates Saudi Arabia's oil export flows with a 71% market share, or 5.1 million barrels/day out of total crude exports of 7.2 million barrels/day this year, Societe Generale's head of oil research Michael Wittner says. "Flows to the U.S. and Europe are small and slowly eroding, and just don't matter that much," he says. He also says that despite the fall in prices last week, crude and petroleum-product demand is increasing seasonally. Oil refineries in all three key regions of the U.S., Europe and Asia are coming out of maintenance and starting to ramp up operations ahead of winter; and heating fuel demand is also beginning to pick up, he says. Nymex WTI crude is down 14 cents at $77.26/bbl, Brent crude is down 28 cents at $82.06/bbl. (eric.yep@wsj.com)

Editor: MNG

0310 GMT [Dow Jones] The ringgit could slip to 3.3550 versus the U.S. dollar on an intraday basis, the daily USD/MYR chart suggests. The bullish technical bias for the dollar was maintained by Monday's closing above the 3.3200 base of the Bollinger uptrend channel. The gradient of the channel has now steepened, raising the chart support for USD/MYR to 3.3250. The pair, currently at 3.3400 versus its Monday close of 3.3295, could mark a new high for 2014 if it surpasses 3.3465. The U.S. dollar is back up across the board Tuesday after a bout of weakness seen yesterday. Apart from underlying yen weakness due to Bank of Japan's easing measures, the slide in gold and oil prices is another factor boosting the greenback. Malaysia releases its September industrial production index at 0401 GMT. (ewen.chew@wsj.com)

Editor: MNG

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

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. Treasurys, 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)

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