DOW JONES NEWSWIRES

HD **Traditional Banks Could Be in Jeopardy -- Market Talk**

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0750 GMT [Dow Jones] Traditional banks may go out of business in a decade if they don't adapt to revolutions in technology, changing customer behavior and new regulations, a PwC report says. Existing bank business models will be challenged by non-banks, such as Google, Alibaba and mobile operators, who provide more core banking services. The speed of technological advance can alter the cost structure of entire industries. "The biggest question for banks will be how to maintain proper focus and investment while keeping an eye on customer transactions to other players in the value chain." Regulators' strategic objectives can be clouded by political expediency and need to be adapted to. However, the report points that brands and trust will determine how and with whom customers choose to bank.(warangkana.chomchuen@wsj.com)

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Editor:  KLH
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0746 GMT [Dow Jones] Australian shares broke a two-day recovery with **mining** stocks leading a decline after **iron**-**ore** prices dropped to a fresh five-year low. The S&P/ASX 200 fell 1.3% to 5363, its lowest finish since mid-April. The index has now fallen more than 5% since it hit a more than six-year closing high in early September. Heavily weighted BHP Billiton (BHP.AU) dropped 1.8% and Rio Tinto (RIO.AU) sank 2.5%. Smaller **iron**-**ore** producers were even harder hit, with Fortescue Metals Group (FMG.AU) falling 4.8%, BC **Iron** (BCI.AU) losing 6.3% and Atlas **Iron** (AGO.AU) letting go of 5.4%. Dividend yield-rich banking stocks, which outperformed the wider market in the previous two years, were again under pressure. Commonwealth Bank (CBA.AU), Westpac Banking (WBC.AU), Australia & New Zealand Banking (ANZ.AU) and National Australia Bank (NAB.AU) lost between 1.8% and 2.4% for the day. (robb.stewart@wsj.com; Twitter: @RobbMStewart)

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Editor JSM
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0702 GMT [Dow Jones] India's state-run banks need to raise up to $37 **billion** through to financial year 2019 to fully meet Basel III norms, says Moody's. This estimate assumes a moderate economic recovery and a gradual decline in bad loans. "Indian public sector banks barely meet current minimum capital requirements, and we anticipate that they will find it difficult to raise capital quickly in the current environment," says Gene Fang, a Moody's vice president. Banks may tap share markets to raise capital but, with their **equity** values low, banks would struggle to raise the full required amount through that route alone, says Moody's. (nupur.acharya@wsj.com)

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Editor JSM
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0653 GMT [Dow Jones] Economists expect Thailand to maintain a trade deficit in August as exports contract. HSBC expects Thai overseas shipment to fall 1.1% year-on-year as it adjusts to a deceleration of trade with Japan and Europe. The markets combined account for nearly 20% of Thailand's total exports. Thailand's exports trend is bucking the wider market, where the trade data of north Asian economies and Singapore reflect an improving trade account. An analysis unit within Tisco, a

Bangkok-based investment group, expects Thailand will resister a 5.6% drop (year-on-year) in August exports while the pace of import contraction should ease. (warangkana.chomchuen@wsj.com)

Editor JSM

0638 GMT [Dow Jones] Analysts at BNP Paribas expect the dollar to continue to strengthen against the euro, supported by higher short-end US Treasury yields. "[U.S. Treasuries] two-year yields remain key and even having finished the past week near the highs, the front end rate structure is still considerably more dovish on the path of policy rate hikes than the Fed's updated 'dot' forecasts. In turn, the USD's positive link to front-end yield differentials has been strongly restored over the past month, implying that strong economic data continues to be the best recipe for dollar strength." EUR/USD at 1.2862, two-year Bunds at -0.071% and two-year USTs at 0.555%. (nick.cawley@wsj.com)

Editor JSM

0631 GMT [Dow Jones]--Bund futures open the week nearly a quarter point higher following the subdued net TLTRO demand last Thursday, crumbling inflation expectations, rising EM jitters and fragile risk sentiment, according to analysts at Commerzbank. "The strong rally on Friday and the **firm** opening today blur the risk-return pattern for tactical longs but with further support for Bunds looming from the expected set of weak PMIs tomorrow buying on dips looks set to prevail today." December Bunds trade 0.29 higher at 148.78 and the 10-year cash yields 0.97%. (nick.cawley@wsj.com)

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0617 GMT [Dow Jones] Bank of America-Merrill Lynch upgraded its forecast for the Indian rupee, despite Fed tapering and the likely end of loose monetary policy in the U.S. The bank expects the rupee to remain in a INR58-62 range against the USD, despite the strength of the US currency. It should end the year at INR61 vs the USD and strengthen to INR60 by the end of 2015, up from the INR64 previously expected. Lower **oil** prices and **gold** import curbs will shrink India's current account deficit to 1.7% of GDP next year. A more stable price outlook and improvements in the central bank's management of the currency are also expected to lure back foreign investors. "Inflation has peaked, and along with more credible RBI monetary policy, will encourage portfolio inflows, allowing the RBI to cut rates and reduce the need for nominal INR depreciation," BAML analysts said. (gabriele.parussini@wsj.com)

Editor: KLH

0608 GMT [Dow Jones] The party of Indonesia's President-elect Joko Widodo estimates they can save around IDR600 trillion (US$50 **billion**) for next year by cutting, among other expenses, routine spending in government institutions, and non-fuel subsidies, without the need to increase subsidized fuel prices, says party lawmaker Dolfie Palit. Widodo's team is still calculating the best option--whether to raise subsidized fuel prices this year or next year, he says. "The impact on the poor people is the main consideration before the decision is made." Economists and businessmen have urged the government to raise subsidized fuel prices not only to rein in the budget deficit, but also to reduce fuel imports that have been keeping the current account in deficit and clouding investor confidence on the rupiah. (linda.silaen@wsj.com)

Editor: KLH

0546 GMT [Dow Jones] Taiwan stocks end down 1.1% at 9134.65, as foreign investors unload shares for a ninth consecutive session on economic and political concerns, says Hua Nan Securities assistant vice president Henry Miao. "The potential end of quantitative easing in the U.S. continues to be a concern," he says. "Investors are also uncertain if the upcoming elections in Taiwan will result in policy changes." Tech heavyweights **lead** the declines, with TSMC (2330.TW) falling 2.4% to NT$122.00, UMC (2303.TW) declining 1.5% to NT$12.75, and Hon Hai (2317.TW) down 0.5% at NT$100.50. The Taiex is tipped for a 9100-9150 band for Tuesday. (eva.dou@wsj.com)

Editor: MNG

0543 GMT [Dow Jones] The Indian rupee rises slightly to 60.78 from its Friday close of 60.85, but the daily chart suggests it will remain in a slim range against the U.S. dollar in the near term. USD/INR rests in a consolidation zone spanning 60.42-60.89 after falling out of the daily Bollinger uptrend channel last week. The rupee rose on news of sizeable investment pledges from **China** as well as Japan. Long-USD positions--bets on U.S. interest rates rising sooner--were pared after **China** on Thursday pledged $20 **billion** over five years to build industrial parks in two Indian states. Apart from the cross-border inflows that ought to boost the rupee's value, the broader implication of increasing foreign direct investment is a boon for Indian assets. (ewen.chew@wsj.com)

Editor: MNG

0522 GMT [Dow Jones] A fall in big **mining** and banking stocks is driving the Australian market lower. The S&P/ASX 200 is near the lows of the day, down 1.4% at 5354.7, with the materials sector leading the decline after commodities prices fell and **iron ore** hit a fresh five-year low. "A two day break at the weekend has done little to dent the ambition of local sellers," says Tom Piotrowski, market analyst at Commonwealth Securities. BHP Billiton (BHP.AU) is down 2% and Rio Tinto (RIO.AU) down 2.6%, while smaller **iron**-**ore** producers have been harder hit, with Fortescue (FMG.AU) 6.1% weaker and BC **Iron** (BCI.AU) off 6.7%. The four biggest banks are between 2% and 2.7% lower. Laboratory services business ALS (ALQ.AU) is 16% lower after it warned its first-half profit could fall by about 36%. Arrium (ARI.AU) is bucking the trend as it recovers from last week's sharp fall, gaining 5.3%. (robb.stewart@wsj.com; Twitter: @RobbMStewart)

Editor: KLH

0500 GMT [Dow Jones] The premium of Brent crude to Nymex WTI crude should widen to around $8 in the fourth quarter, from around $6 in the third quarter, as U.S. **oil** production continues to rise, Barclays says in its weekly **oil** report. The Brent-WTI spread had narrowed to around $4 earlier this month. Barclays says geopolitical unrest in Libya and the possibility of Nigerian **oil** strikes will push Brent crude upwards, while rising supply has boosted U.S. **oil** stocks and weighs on Nymex crude prices. Nymex crude is down 40 cents at $92.01/bbl, Brent crude is down 48 cents at $97.91/bbl. (eric.yep@wsj.com)

Editor: MNG
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