

HD Australian New Homes Sale Continue to Rise Steadily -- Market Talk

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0135 GMT [Dow Jones] Australian new home sales rose in June from May signaling an ongoing, albeit modestly paced, expansion in housing construction, which is set to help support the economy. The Housing Industry Association reported that new homes sales rose 1.2% in June from May and by 2.0% in the second quarter from the first quarter. Sales of multi-units rose 15.9% in the month. Detached house sales rose 2.6% in June. "The new home building sector will provide a healthy contribution to broader economic growth in 2014-15," said Harley Dale, HIA economist. Still, the magnitude and duration of the current new home building cycle is less certain than would usually be the case at this juncture, he added.(james.glynn@wsj.com; twitter: @JamesGlynn WSJ)

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0125 GMT [Dow Jones] Japan's unemployment rate worsened for the first time in 10 months, while its jobs-to-applicants ratio continued to improve for 19 consecutive months, reaching a 22-year-high. Seasonally adjusted jobless rate for June was 3.7%, down from 3.5% in May. A government official from the Ministry of Internal Affairs and Communications pointed to the upward trend of women entering the labor market and men switching jobs as the main reasons. The employment rate of women between 15 and 64 was 64%, the highest since the government began compiling such data in 1968.(toko.sekiguchi@wsj.com)

0124 GMT [Dow Jones] A bet on Paladin **Energy** (PDN.AU) remains a highly risky proposition, despite the **uranium** miner securing much-needed cash through the recent **sale** of a **stake** in a Namibian mine, says Citigroup. Meeting debt repayments due in November 2015 and April 2017 will prove challenging for Paladin without an improvement in **uranium** prices, the broker says. The **sale** of 25% of the Langer Heinrich mine generated US\$190 **million** in cash, but the broker still foresees a liquidity shortfall of about US\$90 **million** after repayment of the debt due in 2015, increasing to a US\$350 **million** shortfall after repayment of the 2017 debt. It has a "Sell/High Risk" recommendation on Paladin and a 25 Australian cents price target. Paladin was last down 2.5% at 39.5 Australian cents. (Ross.Kelly@wsj.com)

0110 GMT [Dow Jones] **Hong Kong** equities are seen pulling back with few catalysts to drive stocks upward as investors take profits from a five-day winning streak. The Hang Seng Index rose for a fifth straight day yesterday, gaining 0.9% to 24,428.63, while H-shares entered a bull market from their March lows. Index futures are down 0.2% ahead of the market open. "The markets will likely remain cautious today amid lingering geopolitical risks and lack of first tier data," says Credit Agricole, adding this week's Federal Reserve meeting will heighten investor anxiety. However, others say any selling will be limited: "Expect any pullback in sector to be short/shallow as the recovery in the property market has happened much faster than the Street expected and positioning problematic," says Reorient Group. "Still too many shorts/UW positions/**China** bears." (gregor.hunter@wsj.com; Twitter: @gregorhunter)

0105 GMT [Dow Jones] Steel prices may have eased, but with markedly weaker prices for **iron ore** and **coal**—the key ingredients in producing steel—it makes sense commercially for steelmakers in **China** to keep production at elevated rates, according to Commonwealth Bank of Australia analysts. "Overall gross margins are considerably stronger than six or 12 months ago, leading to stronger steel output," Lachlan Shaw and Vivek Dhar write in a note. They say output is running at an annualized rate of 824

million tons, up 5.8% compared with total 2013 production of 779 **million** tons. "And so far, stronger steel output is not accumulating in inventories, with the sum total of mill and trader inventories continuing to remain at a healthy level, in both a measure of absolute tons and also as a ratio of days of consumption," they add, suggesting demand for the raw commodities, **iron-ore** and coking **coal**, will remain solid. (rhiannon.hoyle@wsj.com; Twitter: @RhiannonHoyle)

0055 GMT [Dow Jones] Beach **Energy** (BPT.AU) notched up a solid year of production, partly thanks to the development of the Bauer **oil** field in Australia's Cooper Basin, but the next leg of its growth remains unclear, says Macquarie, which keeps a "neutral" recommendation on the stock. Beach is pinning much of its growth potential on the development of unconventional gas resources in the Cooper Basin, but drilling results so far have been mixed. "The reduction in unconventional spend this year and lack of tangible progress perhaps raises doubts regarding Beach's premium valuation," Macquarie says. It keeps a A\$1.80 price target on the stock, which is down 3.8% at A\$1.69. (Ross.Kelly@wsj.com)

0050 GMT [Dow Jones] The Aussie/yen cross is trading with a buoyant tone in early Asian trade Tuesday as Tokyo stocks post modest gains. The cross rose as high as 95.90 (stalling right at the top of the weekly Ichimoku cloud) from its late Monday's level of 95.79 in New York. Japan's Nikkei Stock Average was recently up 0.29% at 15,575.21. Further upside in the Aussie/yen pair may encounter resistance at 96.17 (Thursday's high, near upper 20-day Bollinger Band) and 96.50 (July 1 top). Support is expected at 95.47 (Monday's low, near daily kijun line). Spot AUD/JPY was recently at 95.84. (jerry.tan@wsj.com)

0047 GMT [Dow Jones] The Nikkei is up 0.3% at 15573.78 backed by steady improvement in corporate earnings, says Shun Maruyama, chief Japan **equity** strategist at BNP Paribas Securities. For the past few weeks, the Nikkei stayed in 15000-15500 range, but the index is now moving out of the band. "This isn't a major 'Buy Japan' trade, but corporate earnings have been improving steadily helped by domestic consumption and capex," Maruyama says. "We can anticipate a gradual rising trend." Nissan Motor Co. (7201.TO) shares are up 3.4% at Y1,036.0 after the **company** said its April-June quarter net profit rose 37% from a year earlier. (kosaku.narioka@wsj.com)

0040 GMT [Dow Jones] A wave of planned mall developments in the U.K., U.S. and Italy will drive solid profit growth at Westfield (WFD.AU), says Deutsche Bank, which initiates coverage of the **company** with a "buy" recommendation following the **sale** of its Australian malls to Scentre Group (SCG.AU) last month. Westfield has a A\$11.8 **billion** pipeline of current and prospective developments including the retail wing of the World Trade Center in New York, due for completion next year, and a giant new mall planned for Milan. Deutsche Bank says these will help drive an 8.3% annual increase in funds from **operations**--a key measure of profit--between FY14 and FY18. It sets its price target at A\$8.05 vs the stock's latest trade of A\$7.49. (Ross.Kelly@wsj.com)

0004 GMT [Dow Jones] The Australian dollar looks set to continue trading within ranges that have been prominent for some time now, supported overnight by a weaker greenback, says Tom Williams, sales trader at GoMarkets. He adds that new home sales data early Tuesday will likely provide some direction in the Aussie dollar. However, investors will continue to trade cautiously ahead of key event risks commencing tomorrow evening such a policy meeting at the U.S. Federal Reserve and U.S. employment data Friday, both of which will help views on the near-term direction of the U.S. dollar. Pair is now at US\$0.9411. (james.glynn@wsj.com)

18:18 EDT - The city of Detroit today confirmed what has long been known: Its finances before filing for the nation's largest municipal bankruptcy case were dismal. Seven months after it was due, Detroit filed its comprehensive annual financial report for its fiscal year ended June 30, 2013. The city at that time was insolvent and its deficit was more than \$130M, leading the city to default on several of its obligations to its creditors that summer. (matthew.dolan@wsj.com; @matthewsdolan)

17:54 EDT - Moody's Investors Service upgrades \$368M in general obligation debt from Rockland County, New York to Baa2 from Baa3, citing the county's improved management and budget practices. Moody's also assigns a Baa2 rating to the county's \$41M in 2014 general obligation limited tax **bonds** and says it maintains a positive outlook on Rockland's debt, expecting that strong budgeting practices will continue. (aaron.kuriloff@wsj.com)

(END) Dow Jones Newswires

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