

**HD Australian Shares in Red on Weak Commodities Prices -- Market Talk**
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2347 GMT [Dow Jones] Weak commodities prices continue to weigh on Australian shares, with a further fall in energy stocks a particular drag on the market. The ASX 200 is down 0.7% at 5277.6 in early trading, adding to Friday's 1.6% drop after crude oil sank in the wake of OPEC's decision not to cut output despite recent price weakness. The energy subindex is down 4.4%, more than offsetting gains in oil-price sensitive airlines and select financial shares. "The extent and momentum of the drop in oil prices since the OPEC decision provides insight into what can happen to commodity prices when excess supply capacity meets low demand growth," CMC Markets chief market analyst Ric Spooner says. Woodside (WPL.AU) is down 4.3%, Santos (STO.AU) has lost 5.4% and Oil Search (OSH.AU) is 5% weaker. Qantas (QAN.AU) is up 8.9% and Virgin Australia (VAH.AU) is up 3%. (robb.stewart@wsj.com; Twitter: @RobbMStewart)

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2344 GMT [Dow Jones] AUD/USD is likely to consolidate with a bearish bias Monday after hitting a four-year low of 0.8447 this morning. The pair is undermined by weaker sentiment surrounding resource-linked currencies as oil tumbles to four-and-a-half year lows this morning. The daily chart is negative-biased as the MACD indicator is bearish, the slow stochastic measure is staying suppressed at oversold levels, while the five- and 15-day moving averages are declining. A drop below 0.8447 would expose downside to 0.8314 (July 1, 2010 reaction low), then to 0.8086 (June 8, 2010 reaction low). Resistance is at 0.8546 (Friday's high); a breach would temper the negative near-term view, exposing upside to 0.8615 (Thursday's high). Spot AUD/USD is at 0.8455. (jerry.tan@wsj.com)

11:43 GMT [Dow Jones] EUR/USD is likely to consolidate with a bearish bias Monday, undermined by weak oil prices and soft eurozone inflation data as the area's November flash estimate inflation came in at +0.3% on-year, down from +0.4% in October and bolstering expectations for additional monetary easing by the European Central Bank. The daily chart is mixed as the MACD indicator is bullish; but the slow stochastic measure is neutral, while the five- and 15-day moving averages are meandering sideways. Support is at 1.2426 (Friday's low); a breach would target 1.2402 (Tuesday's low), then 1.2359-1.2358 (Nov. 24 low-Nov. 7 two-year low). Resistance is at 1.2491 (Friday's high); a breach would temper the negative near-term view, targeting 1.2524-1.2532 band (Thursday's high-Wednesday's high). Spot EUR/USD is at 1.2433. (jerry.tan@wsj.com)

11:38 GMT [Dow Jones] Japan stocks are likely to remain well-supported Monday, following reports of brisk sales from U.S. retailers for Black Friday--the traditional start to Christmas buying season in the U.S. The strong kickoff focuses attention on consumer spending trends on "Cyber Monday" (which begins later in the global day)--one of the biggest online shopping days of the year. "The market remains about 4.0% overheated, thanks largely to the second Bank of Japan easing announcement [of Oct. 31]," says Takashi Hiroki, chief strategist at Monex. "But the strong dollar [now Y118.82] and the generally good Black Friday results should keep profit-taking at bay for the time being. Most of the signs are pointing to a reasonably robust U.S. economic recovery. He puts the Nikkei's range for the session at 17450-17550. Nikkei 225 December futures ended Friday's Chicago trading up 120 points at 17460 versus their close at 17450 earlier in Osaka. In the cash market, the Nikkei closed up 1.2% at 17459.85 Friday. (bradford.frischkorn@wsj.com)

11:35 GMT [Dow Jones] Deutsche Bank upgrades the Fonterra Shareholders' Fund (FSF.NZ) to **buy** from hold on solid relative value and a higher confidence in earnings rebound. Among other things, it says its rationale is based on higher confidence that **China** will provide a long duration growth option and a lower for longer commodity price environment creating downside risk to the farmgate **milk** price and

"hence scope for Fonterra earnings and dividend upgrades." It has a 12-month target price of NZ\$7.05. FSF is currently trading at NZ\$6.11. (rebecca.howard@wsj.com; Twitter: @FarroHoward)

11:33 GMT [Dow Jones] Deutsche Bank lowers Seek (SEK.AU) to hold from **buy**, anticipating little upside from current trading levels even after nudging its price target to A\$18.30/share from A\$18. SEK has indicated year-to-date domestic volumes have been better than expected, although the pace of domestic Ebitda growth is likely to be slightly lower due to increased operating expenditure. "We are satisfied SEK is pursuing the right strategy but don't expect its success will be evident in the FY15 results." SEK is trading up 0.6% at A\$17.19. (robb.stewart@wsj.com; Twitter: @RobbMStewart)

11:30 GMT [Dow Jones] USD/JPY is likely to trade in a higher range Monday, supported by a broadly firmer dollar undertone and the deflationary implication of weaker oil prices as the commodity extends its losses this morning to fresh four-and-a-half year lows. Spotlight Monday is on 1500 GMT U.S. November ISM manufacturing PMI (forecast 58.0 versus October's 59.0). The daily chart is positive-biased as the slow stochastic measure is staying elevated at overbought levels, while the five- and 15-day moving averages are advancing. Resistance is at 118.98 (seven-year high hit Nov. 20); a breach would expose upside to 119.85 (Aug. 8, 2007 high), then to the psychological 120.00 line. Support is at 118.04 (hourly chart), then at 117.74 (Friday's low). Spot USD/JPY is at 118.83. (jerry.tan@wsj.com)

2331 GMT [Dow Jones] Deutsche Bank ups its price target on Qantas Airways (QAN.AU) to A\$2.60 from A\$2.30, figuring that if spot Brent crude prices stayed at US\$72/bbl, the airline's second-half fuel bill could be up to A\$470 **million** lower on-year. The broker has also lifted its fiscal 2015 year pre-tax profit forecast for Qantas to A\$364 **million**, which it says is two-times consensus, noting the **company's** experienced two consecutive months of yield growth from ticket sales. QAN is up 6.8% at A\$2.05 as oil prices continue to tumble following OPEC's decision to maintain output targets. (Ross.Kelly@wsj.com)

2328 GMT GMT [Dow Jones] Nymex crude is likely to trade with risks skewed to the downside near-term after hitting a four-and-a-half year low \$65.12/bbl this morning, Dow Jones technical analysis shows. The daily continuation chart is negative-biased as the five- and 15-day moving averages are declining, while the MACD and slow stochastic indicators are bearish. Support is at \$64.24 (May 20, 2010 reaction low); a breach would expose downside to the psychological \$60.00 line, then to \$58.32 (July 13, 2009 reaction low). Resistance is at \$69.62 (hourly chart); a breach would temper the negative near-term view, exposing upside to \$74.48 (Wednesday's high), then to the middle 20-day Bollinger Band (now at \$75.33), \$76.58 (Tuesday's high) and \$77.02 (Nov. 24 high). January crude is down 81 cents at \$65.34/bbl on Globex. (jerry.tan@wsj.com)

2327 GMT [Dow Jones] With coking-coal demand slowing and markets still well supplied, Commonwealth Bank of Australia analyst Lachlan Shaw says he doesn't see any rebound in prices in the near-term. There has been a shift, though, in the composition of **Chinese** coking coal imports--with more cargoes from Mongolia and Australia displacing shipments from the rest of the world, particularly Canada and Russia, Shaw says. "This largely reflects the cost advantage" of transporting the fuel to **China**, he says. Australian premium hard coking coal Friday traded at US\$113.80/ton, up 0.7% on the day earlier but down 14% year-to-date. (rhiannon.hoyle@wsj.com; Twitter: @RhiannonHoyle)

11:12 GMT [Dow Jones] The hail and strong winds that battered Brisbane last week may have caused anywhere between A\$200 **million** and A\$500 **million** in insured damages to homes and cars, according to J.P. Morgan estimates based on Sydney's 2007 hail storm. Suncorp (SUN.AU), which has an about 40% market share in Queensland state, is likely to be the most affected by the cost of the storm. The brokerage suggests the cost could test the A\$250 **million** deductible that SUN has for reinsurance. Insurance Australia **Group** (IAG.AU) and QBE (QBE.AU) will be far less affected, it says, adding that insurance stocks tend to underperform soon after big events such as this. (robb.stewart@wsj.com; Twitter: @RobbMStewart)

11:11 GMT [Dow Jones] The USD/JPY will likely move in a 118.20-119.30 range in Asia trade, says Mizuho Securities FX strategist Kenji Yoshii. The pair "will likely remain **firm**" on expectation for upbeat reading of the U.S. economic data later this week, including jobs data scheduled on Friday. And for now, investors will monitor closely November ISM manufacturing report and speech by the Fed's Stanley Fischer later today. The USD/JPY is now at 118.86 against 118.67 late Friday in New York. Ahead of the ECB meeting later this week, the EUR/USD is tipped in a 1.2400-1.2470 range and is now at 1.2446.

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(END) Dow Jones Newswires

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CO qntas : Qantas Airways Ltd

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