DOW JONES NEWSWIRES

HD **Underlying Momentum of Australian Economy Stronger Than Seems - DB -- Market Talk**

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0202 GMT [Dow Jones] The Australian data released over the course of this week suggest that underlying conditions in the economy are more robust than the increase in the unemployment rate seen in July would suggest, says David Plank, strategist at Deutsche Bank. The **business** conditions and forward orders components of the NAB monthly **business** survey posted solid gains in July, while consumer sentiment has now largely recovered from the post-budget slump, he adds. That said, sentiment does remain below the levels seen at the end of last year and the start of this year, Plank says. (james.glynn@wsj.com; Twitter @JamesGlynnWSJ)

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0200 GMT [Dow Jones] USD/MYR has veered into the daily Bollinger downtrend channel but needs a close Friday below 3.1730 to confirm this bearish technical signal. Malaysia releases its second-quarter gross domestic product data at 1000 GMT. A number better than the median forecast of 5.8% growth could add fuel to the ringgit's rally versus the U.S. dollar. Confirmation of the Bollinger downtrend channel coming into play would aim USD/MYR toward the base of the weekly Ichimoku Cloud at 3.1530. USD/MYR is at 3.1720 vs Thursday's close of 3.1770. (ewen.chew@wsj.com)

0148 GMT [Dow Jones] The Nikkei is down 0.2% at 15286.96 on profit-taking after four straight days of gains and a 3.6% advance. Volume remains light at just 500 **million** shares due to the continuing (Aug. 13-15) 'Obon' mid-summer holiday, during which many traders take time off. "With volume so light and incentives so few, the selling we're seeing today is nothing more than rudimentary after a stretch of strong gains," says Mitsushige Akino, chief fund manager at Ichiyoshi Investment Management. "It's entirely possible, however, that even following the resumption of 'normal' trading next week, overall market movements will remain somewhat subdued, as U.S. Treasury rates remain depressed and there are few incentives--either positive or negative--on which big investors will trade. Expectations from the government pension fund (GPIF) about increasing its **equity** buying may be largely factored in by now; it would take a really big number (a hike of well over 20% in its domestic stock exposure) to excite the market now." (bradford.frischkorn@wsj.com)

0134 GMT [Dow Jones] USD/SGD appears to be consolidating near the bottom of the Ichimoku Cloud support zone between 1.2455-1.2489 after Thursday's drop from near 1.2500. The U.S. dollar slipped overnight after disappointing U.S. jobless claims. If USD/SGD ends Friday below 1.2452 it will be beneath the Ichimoku Cloud support zone and the 20-day Bollinger midsupport--making it more likely to see further downside next week. The persistently low yield on the benchmark U.S. 10-year Treasury bond--which lingers around its 2014 trough--has been a burden on the U.S. unit this week. USD/SGD is now 1.2464 from its Thursday close of 1.2463. (ewen.chew@wsj.com)

0130 GMT [Dow Jones] Expect sighs of relief in the boardrooms of Qantas (QAN.AU) and Virgin Australia (VAH.AU) after government data pointed toward signs of stability in most domestic airfares this month. The Bureau of Infrastructure, Transport and Regional Economics indicated **business** class fares in August would rise 14.7% on-year, with restricted economy fares up 4.7%. Discount fares, however, are likely down 11.8%. "In broad terms, we expect a stabilization in mainstream airfares to be positive for both Qantas and Virgin," says Bell Potter analyst John O'Shea. Still, that assessment comes with two key caveats. Firstly, discount airfares appear to be still in decline, which is negative for both airlines. Secondly, the bulk of Qantas's passenger growth over the past 18 months has been at its Jetstar budget carrier and the data suggest airfares for this segment remain under pressure.(david.winning@wsj.com; @dwinningWSJ)

0122 GMT [Dow Jones] Global **dairy** prices continue to search for a bottom, with prices now down by 37% on the year, says ASB Bank Rural Economist Nathan Penny. He notes, however, many of the factors pushing down prices are due to temporary boosts to supply. For example, the production rebound from drought in New Zealand won't repeat and the NZD and **dairy** prices "are out of whack and we see a rising possibility of this gap closing over the year." All up, ASB expects **dairy** prices to stabilize and recover by the end of 2014. (rebecca.howard@wsj.com; Twitter: @FarroHoward)

0116 GMT [Dow Jones] **Hong Kong** equities are poised for a higher open as signs of de-escalating tensions between Russia and the West over Ukraine boost demand for riskier assets. "Both Iraq and Ukraine are showing signs of reaching equilibrium in the respective conflicts, meaning the markets are refocusing on central banks," says IG. The data calendar includes **Hong Kong**'s GDP for the second quarter, while **China** may also release foreign direct investment data. "We expect a pick-up in their growth rate to above-consensus levels," says Credit Agricole of the FDI data. This would be unlikely, however, to change the picture of an economy that slowed in the first part of the summer." The Hang Seng Index fell 0.4% to 24,801.36 yesterday, while index futures gain 0.5% ahead of the market open. (gregor.hunter@wsj.com; Twitter: @gregorhunter)

0116 GMT [Dow Jones] The market is significantly underpricing additional monetary easing from the Bank of Japan this autumn, and that provides a good opportunity to **buy** USD/JPY, Morgan Stanley says. Japan's second-quarter GDP not only contracted by 6.8% on-year, but the composition of growth strongly suggested a weak third quarter; meanwhile, domestic inflation has also stayed weak due to underwhelming wage growth, and core inflation could drop below 1% again, the bank explains. "All these reasons make us believe that the BOJ could kick back into action, weakening the JPY against USD, and we think the pair could grind higher to 106," Morgan Stanley says. The bank recommends buying USD/JPY at 102.50 with a target of 106.00 and suggests placing a sell-stop at 101.50 to limit losses. Spot USD/JPY is at 102.50. (jerry.tan@wsj.com)

"Crown Resorts Weathering Soft Consumer Environment - Citi -- Market Talk," at 0057 GMT, misstated the name of the brokerage issuing the report on Crown Resorts. It was Macquarie, not Citi.

0057 GMT [Dow Jones] Macquarie keeps its outperform rating and A$21.45 target on Crown Resorts (CWN.AU) after a 10% rise in its Australian casino revenue growth in the second half. "All in, Crown's domestic **business** looks to be weathering the soft consumer environment, boosted by notable VIP contributions and Macau earnings," the broker says. "Despite difficult macro conditions and increasing VIP competition, we view Crown's domestic assets as well placed to deliver consistent earnings growth over the medium term. In our view, Crown remains highly levered to international growth, with earnings from Melco Crown (MPEL) contributing approximately 82% to total EBIT in FY18, up from 52% in FY14, per our estimates." CWN last up 0.5% at A$15.74. (david.rogers@wsj.com; Twitter: @DavidRogersWSJ)

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Corrections and Amplifications

This item was corrected at 01:11 GMT. The original misstated the name of the brokerage issuing the report on Crown Resorts. It was Macquarie, not Citi.

0037 GMT [Dow Jones] Spot USD/SGD is likely consolidate after hitting a one-week low of 1.2446 Thursday as market participants trim long-SGD bets ahead of the weekend. The currency pair is now in the "neutral zone" of the 20-day Bollinger Band (an area between the one-standard-deviation lower and upper bands) with the middle Bollinger Band now at 1.2452. A drop below 1.2446 will expose the downside to 1.2409 (base of neutral zone). Resistance is expected at 1.2493 (high in Asian session Thursday, near top of daily Ichimoku cloud). Spot USD/SGD was last quoted at 1.2456-61 in the interbank market. (jerry.tan@wsj.com)

0033 GMT [Dow Jones] Pressure is building on Mineral Resources Ltd. (MIN.AU) as the **iron**-**ore** price environment weakens and competition intensifies in Australia's **mining** services sector, says J.P. Morgan analyst Anthony Passe-de Silva. "MIN's **mining** services exposure provides strong linkages to mine production, particularly **iron ore**," where output is rising sharply, he says. "But, MIN is not immune to sector-wide cost pressures from miners while it also recovers from losing higher-margin crushing volumes." J.P. Morgan cuts its target to A$8.88 from A$9.12 and retains an underweight rating. MIN trades down 0.2% at A$10.14. (rhiannon.hoyle@wsj.com; Twitter: @RhiannonHoyle)

(END) Dow Jones Newswires

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