

HD Australian **Commercial Property** Shaky in 2Q: NAB -- Market Talk

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0130 GMT [Dow Jones] The National Australia Bank's **Commercial Property** Index falls to -6 points from -3 points in the second quarter from the first quarter. Sentiment is weaker in all markets except city-located hotels, the survey shows. Sentiment is negative in all states, especially in Western Australia, and to a lesser extent Victoria, NAB says. Capital values are lower in all **property** sectors, with rents falling fast. **Property** firms are now most concerned about stock availability, especially in Victoria, but concerns over government red tape, regulation, bureaucracy and consumer confidence are also rising. (james.glynn@wsj.com; Twitter: @JamesGlynnWSJ)

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0127 GMT [Dow Jones] The Australian dollar has slipped below US\$0.9400 after U.S. consumer confidence rose in July from June, surpassing analysts' expectations, says Stephen Innes, Senior Trader at OANDA. AUD/USD is now 0.9384. "The Aussie is trading lower on the back of continued positive greenback sentiment," Innes said. "Certainly some U.S. dollar strength can be attributed to month-end flows, but the general feeling on the street is that the U.S. dollar shorts are unwilling to stand in front of these risk events," he said. (james.glynn@wsj.com; Twitter @JamesGlynnWSJ)

0121 GMT [Dow Jones] **Hong Kong** equities will seek to extend a six-day rally today, with support from **Chinese** policy easing calming investor nerves ahead of the start of the Federal Reserve's July meeting and the release of US GDP data for the second quarter. The Hang Seng Index rose 0.9% to 24,640.53 yesterday, and index futures for July delivery, due to expire today, rise 0.3% ahead of the market open. Standard Chartered sees "growing evidence that Beijing is easing credit conditions," citing a new pledged supplementary lending facility. Though there's little by way of data on the docket for **China** today, Societe Generale says that the Federal Open Market Committee will be closely watched, even if it brings few surprises. "Today's FOMC statement is likely to be a near-verbatim repeat of the June communique, with the exception of adjusting asset **purchases** for another \$10bn taper." (gregor.hunter@wsj.com; Twitter: @gregorhunter)

0119 GMT [Dow Jones] The USD/SGD pair hits a seven-day high of 1.2428 in the London/New York session on Tuesday as the greenback rises broadly on a surprise gain in the Conference **Board** U.S. consumer confidence index to a near seven-year high of 90.9 in July. The currency pair has breached the downtrend resistance line that runs from the June 4 high of 1.2587, coming in now at 1.2415. Dow Jones technical analysis shows the USD/SGD short-term technical outlook is positive as the rate-of-change momentum indicator is advancing inside positive territory; the daily Moving Average Convergence/Divergence and slow stochastic indicators are bullish; the five-day moving average has risen above the 15-day moving average. Spot USD/SGD in the near term may target 1.2446 (July 16 reaction high), and then the 55-day moving average (now at 1.2477 and near the weekly tenkan line on the USD/SGD Ichikumo chart). Spot USD/SGD is last quoted at 1.2422-27 in the interbank market, compared with 1.2423-25 in late New York trade Tuesday. (jerry.tan@wsj.com)

0118 GMT [Dow Jones] Shares of Nomura Holdings (8604.TO) are down 2.0% at Y652.7 after the **firm** reported Tuesday a 70% net profit drop in the April-June quarter from a year earlier. The brokerage benefited last year from investors purchasing Japanese stocks amid high expectation of an economic

recovery. This year, the boom seems to be cooling. "There are few market participants," Mitsushige Akino, chief fund manager at Ichiyoshi Investment Management. "Some market gains are led largely by some buying in futures markets." Shares of Daiwa Securities **Group** (8601.TO) are up 0.8% at Y867.5, after the brokerage reported a 40% fall in net profit in the quarter. (kosaku.narioka@wsj.com)

0119 GMT [Dow Jones] Due to potential credit loosening in **China**, Credit Suisse is upgrading its rating on the country's **property** sector to neutral in contrast to its bearish stance since October 2013. But the move is not without caveats. The loosening of monetary policies helped end the housing market downturns in early 2009 and mid-2012. But Credit Suisse says credit loosening won't be as dramatic this time. Also there is an oversupply of homes and most people now have alternative investment channels, such as wealth management products, apart from housing. "We maintain our concerns on the sector's structural problems, as well as uncertainties over how much help the potential credit loosening can provide to the housing market this time," says Credit Suisse analysts Jinsong Du and Kelvin Tam.(esther.fung@wsj.com, Twitter: @estherfung)

0113 GMT [Dow Jones] The Nikkei is up 0.2% at 15652.64 as Japanese earnings results are largely favorable and the JPY trends weaker, says Tomohiro Okawa, **equity** strategist at UBS Securities Japan. The USD/JPY is now above 102 and around levels not seen in three weeks following improving U.S. consumer confidence data. "A gradual upward trend [in Japanese stocks] is likely to continue," he says. "Valuations on Japanese stocks are still relatively cheap. Global asset allocation flows tend to come in. European economies aren't great. The U.S. market is too strong. Because the **Chinese** economy is steady, neighboring (Asian) markets are faring okay, benefiting Japan." Honda Motor (7267.TO) shares are up 3.2% at Y3,659.5 after the **company** lifted its full-year sales and profit forecasts. Skymark Airlines (9204.TO) shares down 12% at Y221 amid uncertainty over the cost related to cancelling Airbus jet orders.(kosaku.narioka@wsj.com)

0104 GMT [Dow Jones] Japanese companies appear to be shifting focus to India, according to the latest figures from India's Dept. of Industrial Policy and Promotion. Japan's FDI into India in the first four months of 2014 was 69 **billion** rupees (\$1.1 **billion**), equivalent to almost 90% of all Japanese FDI into India last year. Political tensions with **China** and ultra-low interest rates in their own country have stimulated a shift of Japanese investment into faster-growing markets with younger consumers such as Southeast Asia. With a median age of 27 and a new, investor-friendly government, India may be beckoning to Japan Inc. (wayne.arnold@wsj.com)

0102 GMT [Dow Jones] A fall in **Chinese** aluminum production costs could pull the proverbial rug out from under market prices. Commonwealth Bank of Australia says new large scale and cheap capacity in Xinjiang "is likely to reduce average costs in **China**'s aluminium sector, thereby reducing marginal cost support for global aluminum prices, even as western world aluminium markets tighten." It says Xinjiang in April accounted for 19% of total **Chinese** aluminum production, "consolidating the province's position as **China**'s largest aluminium producer." It expects the province to continue to take market share as a result of lower power costs, as smelters take advantage of cheap local thermal **coal**. (rhiannon.hoyle@wsj.com; Twitter: @RhiannonHoyle)

0052 GMT [Dow Jones] The overnight rise of the U.S. dollar index ought to result in a higher PBOC daily USD/CNY parity rate, which could in turn push spot USD/CNY higher. Spot USD/CNY continues to show a bearish technical bias unless it closes Wednesday above 6.1941 and thus negates the daily Bollinger downtrend channel's influence. Spot USD/CNY's consecutive 5-day descent has now extended past the confines of the lower Bollinger band (standard deviation 2) suggesting that its recent movement has overshot the short-term average statistical fluctuation and could thus be due for a pullback. The U.S. FOMC meeting later today could steer the U.S. dollar higher if the U.S. Federal Reserve hints at raising interest rates sooner. Fresh U.S. sanctions announced overnight could also cast a mild risk aversion in Asia and **lead** to U.S. dollar strength. (ewen.chew@wsj.com)

0047 GMT [Dow Jones] Moody's Investors Service says that a severe **mining** downturn in Australia would trigger only a "relatively minor" increase in delinquencies for the Australian **Residential** Mortgage Backed Securities. "Australian RMBS would prove resilient in the event of a **mining** downturn because they are geographically diversified, limiting the exposure of individual **transactions** to regions that would be severely affected," said Alena Chen, a Moody's analyst. Chen said Moody's conducted this analysis because Australia's **mining** sector has seen significant job losses over the last two years, shedding close to 11,000 employees. (james.glynn@wsj.com)

0034 GMT [Dow Jones] Moody's has retained its stable outlook on New Zealand's banking system "reflecting our expectation of sustained economic growth and stable asset quality in the coming 12-18 months," the investor service says in a note. "While the banks could face mild pressure on their loan margins as monetary policy gradually tightens, low credit costs will help preserve profits and allow the banks to maintain their strong capital buffers." It says funding conditions will remain favorable. "Deposit growth will continue to exceed loan growth, although we expect the gap to narrow. Consequently, the

banks will not have to increase the proportion of their funding from wholesale sources."
(lucy.craymer@wsj.com;Twitter: @lucy_craymer)

(END) Dow Jones Newswires

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