DOW JONES NEWSWIRES

Global Equities Roundup: Market Talk

2,070 words
27 April 2018
16:37
Dow Jones Institutional News
DJDN
English

The latest Market Talks covering Equities. Published exclusively on Dow Jones Newswires throughout the day.

0637 GMT - Australian stocks rose strongly finishing at session highs amid an afternoon uplift for many Asia Pacific markets following a solid start. The S&P/ASX 200 rose 0.7% to 5953.6, its 3rd gain in 4 days and capping a 4th-straight winning week, the longest run since December. Still, the index is down 1.8% for the year. Utilities stocks jumped 2.6% on the overnight pullback in bond yields, their best day since February 2017. But financials rose just 0.2% and earlier hit an 18-month low. (kevin.kingsbury@wsj.com; @kevinkingsbury)

0552 GMT - Growing risks in a number of areas--including consumer spending, tightening bank-lending standards and slowing Sydney and Melbourne property markets--should keep Australia's central bank on hold until 2020, contends AMP Capital chief economist Shane Oliver. That's a dovish sentiment versus many prognosticators. He also thinks a rate cut can't be ruled out. (james.glynn@wsj.com; @JamesGlynnWSJ) 0448 GMT - Nomura says guidance from Australia's central bank after Tuesday's meeting will warrant above-average attention as there is risk the RBA's description of global growth momentum and the local labor market could sound a fraction softer. Meanwhile, policymakers' comments on inflation could be more upbeat--and thus bearish for bonds--the investment bank adds. Nomura will be watching closely for clues about coming forecast revisions; it's possible the RBA could trim some GDP forecasts and tick up CPI predictions. (james.glynn@wsj.com; @JamesGlynnWSJ) 0207 GMT - Is a better mining market sparking a resurgence in dealmaking Down Under? The value of mining and metals takeover in resource-rich Australia quadrupled from 4Q last quarter to US$1.8 billion, notes deal advisor EY. "With stronger balance sheets and buoyant commodity demand, acquisitive growth will drive deal activity in Australia in 2018," predicts Paul Murphy, the firm's Asia Pacific mining transactions leader. Australia accounts for about 1/3 of global mining M&A deals by volume. Murphy thinks there will be a particular focus on "strategic investments," with activity in battery metals, in particular, seen increasing. (rhiannon.hoyle@wsj.com; @RhiannonHoyle) 0203 GMT - Expectations of extended coal-import restrictions at ports in southern China should help push up prices for the fuel, says Argonaut Securities. Limits "will lead to supply tightness in these coastal provinces and also in their neighbouring provinces," which account for about 20% of the country's coal usage, the firm notes. With the value of coal shipped from Australia to southern ports up some 4% the past week, Argonaut expects higher domestic prices as well, particularly as Chinese demand for coal rises from 2017 levels. (rhiannon.hoyle@wsj.com; @RhiannonHoyle) 0141 GMT - Senex Energy has plenty on the go to keep Credit Suisse interested in the Australian firm. While output fell sequentially, "the production numbers themselves [are] a bit of a sideshow to where this business could be positioned in 24 months," the investment bank contends. The Growler-15 horizontal well had a great outcome, the Atlas project is progressing towards an infrastructure decision and there's the "incredibly logical deal with BPT to allocate capital where it'll be most effective." Credit Suisse adds that with strong oil prices this year, earnings expectations at Senex are being bolstered. Shares are up 1.9%, erasing most of this week's decline. (rhiannon.hoyle@wsj.com; @RhiannonHoyle) 0133 GMT - An oil-price-outlook upgrade prompts Macquarie to also raise its expectations for Australia's Woodside Petroleum. The bank lifts to Neutral from Underperform and increases its target by 14% to A$31.90, after raising its 2018 Brent forecast by 20% to roughly US$70 a barrel. "Despite our concerns on the viability of expansion projects at Scarborough and Browse, current cash generation means Woodside can take more of this risk on their own balance sheet," says Macquarie. (rhiannon.hoyle@wsj.com ; @RhiannonHoyle) 0120 GMT - For Australia's Healthscope, an uncertain near-term industry outlook takes a backseat to a potential reorganization, with a takeover premium likely to remain in the shares for the time being, says Morgan Stanley. The company has received an unsolicited offer of A$2.36 per share from a consortium including BGH Capital and AustralianSuper, prompting the bank to lift its target to the same value, from A$1.67, and upgrade the stock to Equal-weight from Underweight. Still, the "near-term outlook is challenged...as the industry evolves to face increasing weakness," cautions Morgan Stanley. (rhiannon.hoyle@wsj.com ; @RhiannonHoyle) 0102 GMT - Australia's central bank could boost its inflation forecast next week as core inflation hit 2% for the first time since 2015 in 1Q. Bank of America Merrill Lynch sees the RBA boosting its year-end inflation view to 2% from 1.75%. But at adds that doesn't mean the central bank will move off its neutral guidance. (james.glynn@wsj.com; @JamesGlynnWSJ) 0038 GMT - Oceanagold remains cheap, and that's how it should be, says RBC as the miner needs to spend more at its Haile site and the company is projected to have modest cash flow in comparison to Australian peers. "Absent stronger free cash flow, we find it difficult to identify the obvious catalyst" for stocks despite strong output last quarter. Shares are down 5% today, putting the week's skid at 6.9% and Oceanagold back into negative territory for 2018. (rhiannon.hoyle@wsj.com; @RhiannonHoyle) 0022 GMT - Boral's outlook has soured some following weak results from US wallboard maker USG. The companies are JV partners, and USG said its 1Q share of equity income from the effort slid to US$9 million from $13 million a year earlier on higher paper. Deutsche Bank calls the results "disappointing" even though the start of the year is generally the slowest. Boral is up 1.8% in early Australian trading. (rhiannon.hoyle@wsj.com; @RhiannonHoyle) 2358 GMT - Newcrest's update on the Cadia mine has restored confidence in important operation's outlook, says Deutsche Bank. While F3Q production for the company was soft, output from Cadia was better than expected following the March tailings-dam spill. Deutsche boosts EPS forecasts through mid-2019 up about 5% on Cadia's rebound. Shares are up 3.8% this week, cutting the year's drop to 9.1%. (rhiannon.hoyle@wsj.com; @RhiannonHoyle) 2348 GMT - Sandfire's boost to gold-output guidance and a reduction in production-cost estimates should help cash flow this quarter, says RBC while calling F3Q "a solid result" for the miner. That as the Monty development remains well-placed to see its 1st ore by the end of 2018. RBC remains upbeat on the stock, highlighting its expectations on cash flow and saying it's "a nice avenue for investors seeking copper exposure" in Australia. Shares have jumped 14% this month, on pace for the biggest gain since January 2017. (rhiannon.hoyle@wsj.com; @RhiannonHoyle)

0630 GMT - Airbus isn't hedging at full blast because future currency rates are unfavorable, says CFO Harald Wilhelm. The plane maker sells in dollars while most of its costs are in euros. It added $400 million of hedges in 1Q at an average $1.34/euro, putting its total at $6.5 billion at an average $1.31. The common currency trades around $1.21. (robert.wall@wsj.com)

0628 GMT - Despite a challenging outlook, Malaysian shipping firm MISC thinks it should be able to match 2017's operating profit amid locked-down charters at its LNG and offshore segments, says CEO Yee Yang Chien. Things were a struggle last year for the company and peers amid scarce growth opportunities and revenue being pressured by weak freight rates and contract-renegotiation risks. But higher oil prices should spark more offshore activity, he predicts. MISC will allocate some $500 million to invest in opportunities there this year, especially on shuttle tankers. Analysts, though, think things probably won't improve for MISC until at least 2019. Shares rose 1.4% in the morning session, cutting the year's drop to 4.2%. (yantoultra.ngui@wsj.com; @yantoultra)

0627 GMT - London stocks are expected to open marginally higher, with some caution ahead of the release of U.K. and U.S. gross domestic product data for the first quarter. CMC Markets expects the FTSE 100 to open six points higher at 7,427. "Over the last two years Q1 has been the weakest quarter [in the U.K.] and has subsequently been followed by a pickup in Q2 and Q3, which suggests, despite the well documented problems in the retail sector, that we could see something similar unfold this year as well," says Michael Hewson, chief market analyst at CMC Markets. L (emese.bartha@wsj.com; @EmeseBartha)

0623 GMT - Market participants were restrained in their moves today given the kinds of surprises the trading day presented them. That included the Bank of Japan scrapping its inflation-target date midday. But the Nikkei maintained early strength in finishing up 0.7% at 22467.87, doubling the week's gain. It was the 5th-straight weekly gain, not seen since last fall, and the benchmark rose 4.7% this month (Monday is a holiday in Japan). That's the biggest gain since October's surge. The yen barely budged in Asian trading despite the BoJ's pronouncement, which included news of continued ultraloose policies. (suryatapa.bhattacharya@wsj.com; @SuryatapaB)

0610 GMT - With plane deliveries running late, Airbus' 1Q earnings and cash flow were expected to be weak. But it was worse for the seasonally week period as free cash outflows were EUR3.84 billion. Bernstein was predicting EUR3 billion. Meanwhile, Airbus is still forecasts 2018 free cash flow of around EUR3 billion. (robert.wall@wsj.com)

27 Apr 2018 02:37 ET Global Equities Roundup: Market Talk -2-

0557 GMT - Taiwan stocks ended a rough week on an up note, though the Taiex still fell 2.1% for the week, the most since early February. It rose 0.6% today to 10553.43, ending a 5-day losing streak. But lens maker Largan stood out on the downside as it fell 0.9%. It's skidded 8 of the past 9 weeks and is off 19% this year amid ongoing worries about smartphone demand. (kevin.kingsbury@wsj.com; @kevinkingsbury)

0536 GMT - Citic Bank's 1Q net-interest income remained weak in 1Q despite better-than-expected margins driven by the contraction of low-yield assets such as central-bank balances and investments, says Nomura. Despite a low valuation and improvement in pre-provision operating profit as "other operating income" more than doubled, the broker leaves its rating at reduce given a cautious outlook in fee income. That line item fell from a year earlier in 1Q. Shares are up 1.1%, putting them 12% higher for the year. (john.wu@wsj.com)

0529 GMT - While Gree's decision to not pay dividends for 2017 came as a big negative surprise this week, Daiwa still sees the latest round of results from Chinese-listed appliance names as largely meeting expectations. Among them, the investment bank says Haier posed the weakest revenue growth in 1Q--along with lower margins--while Little Swan had the best in both. Little Swan is up 1.5% in Shenzhen while Haier is off that much in Shanghai. Gree is down 2.5% putting the week's slide at 7.2%. (john.wu@wsj.com)

0517 GMT - New Zealand stocks rebounded strongly today, making it one of Asia-Pacific's best performers as crimped gains in other parts the region as Friday trading progressed didn't reach the islands. The NZX 50 ended up 1.1% at 8370.37, allowing it to rise 0.6% for the week. Fisher & Paykel jumped 3.5% more, doubling the week's bounce. Auckland International Airport gained 2.1%. But a2 Milk fell 0.7% more. (kevin.kingsbury@wsj.com; @kevinkingsbury)

(END) Dow Jones Newswires

April 27, 2018 02:37 ET (06:37 GMT)

Document DJDN000020180427ee4r000w1

