

**Global Equities Roundup: Market Talk**

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2108 ET - [Dow Jones] Though not every analyst is so bullish, Morgan Stanley is confident Woodside Petroleum is at the start of an elevator ride in production and earnings growth that should support the dividend over time. Retaining an overweight recommendation, the investment bank envisages 7% compound dividend growth until 2023 at current oil prices. Shares are up 1.9%, adding to yesterday's 1.1% rise following its 1Q production report, narrowing the 2018-to-date fall to 4.3%. (robb.stewart@wsj.com; @RobbMStewart)

2058 ET - The combination of increasing supply and weakening demand against the backdrop of falling inventory means easing momentum in China's property price, says JPMorgan. It's good news for the government. But even so, the investment bank predicts 5% growth in selling prices this year, and it thinks listed developers will log 30% sales growth for this quarter to remain on track with full-year forecasts. (john.wu@wsj.com)

2055 ET - Santos shares are lower despite fresh strength in Aussie energy stocks today following the release of in-line 1Q production data. It also included what RBC calls an as-expected reduction in 2018 output and sales guidance. Shares are down 0.3% at A\$5.96, versus the A\$6.50 offer price from Harbour Energy. Santos says its suitor has begun due diligence. But hurdles to a deal include how investors ENN and Hony will respond. (robb.stewart@wsj.com; @RobbMStewart)

2054 ET - Citi thinks better commodity prices will give Rio Tinto Ltd. a further boost, lifting its target to A\$86/share from A\$82 currently. That gives Rio, which is trading at A\$80.92, some room to rise after 11% in gains already this month. That may not be the last upgrade, either. "We still see upside to our forecasts in 2018 and 2019 from spot commodity prices," says Citi. (rhiannon.hoyle@wsj.com ; @RhiannonHoyle)

2052 ET - UOB Kay Hian initiates coverage of Malaysia's Denko at buy and a MYR1.75 stock target, noting the firm's projected 34% compound annual earnings growth for the next 2 years. Denko is a fast-growing electronics-manufacturing-services provider, focused in home appliances. Shares have jumped 7.1% this week to MYR1.65, putting the year's jump at 11%. (yantoultra.ngui@wsj.com; @yantoultra)

2046 ET - South32 Ltd.'s outlook for output at its Illawarra coal operations has fallen well short of Macquarie's forecasts. The miner is now "anticipating a return to historical production levels circa 2 years later than we had expected," it says. The bank had been forecasting an annualized production rate of more than 8 million tons by 4Q18, but South32's base case is to reach that level around 2H20. Overall, South32 offered up a mixed 3Q report, Macquarie says, with strength in manganese and nickel offset by weakness in alumina, lead and coal. (rhiannon.hoyle@wsj.com ; @RhiannonHoyle)

2044 ET - Margins at Australia's big banks may disappoint this earnings season, says Morgan Stanley, adding there's downside risk to F2H forecasts from higher wholesale-funding costs. The majors have benefited from favorable margin trends for nearly 2 years, thanks to increased home-loan rates and lower deposit costs. But Morgan Stanley anticipates margins peaking given consumers are switching out of interest-only mortgages and with there being more deposit competition. (robb.stewart@wsj.com; @RobbMStewart)

2040 ET - China planning to increasingly open up its auto market to overseas producers has been widely seen as good for foreign players and bad for domestics. But Smartkarma's Scott Laprise says firms are unlikely to move to full ownership of their Chinese operations because overseas and Chinese partners are in

the midst of transitioning to electric vehicles. Tesla, seen as a key beneficiary from the move, will likely take years to have a local factory up and running, he adds. (john.wu@wsj.com)

2036 ET - Morgans Financial remains puzzled by Woodside's \$2.5 billion equity raising in February, or at least why so soon given its Scarborough and Senegal projects are years from construction and the Browse field a consideration for the next decade. At the time, Woodside said buying a 50% stake in Scarborough was a key reason for the raising. With Woodside now at 75% on the asset, Morgans reckons its likely that remaining partner BHP will want out, a worrying thought as it would leave Woodside going it alone just as it was on the Pluto LNG project where it ended up with a disappointing return. (robb.stewart@wsj.com; @RobbMStewart)

2033 ET - It was news on BHP Billiton Ltd.'s shale sale that investors were most looking for in its 3Q update, says RBC Capital Markets, but the miner had little to add. "Nothing much has changed on this front," RBC says. "BHP is keeping its options open (asset divestments, asset swaps, demerger, IPO etc) though, with first bids expected in June 2018, we are getting closer to a resolution." For the broker, 3Q was a little below expectations with the exception of BHP's copper unit, in which Escondida performed solidly and utilization rates at Pampa Norte improved. (rhiannon.hoyle@wsj.com ; @RhiannonHoyle)

2027 ET - Stock benchmarks in Japan and Australia have jumped some 0.5% in the opening minutes of trading, coming as both the Nikkei and S&P/ASX 200 look for their 5th-straight gains. In Tokyo, 25 of 33 Topix subindexes are higher, with the market getting help from eased trade concerns with the US and commodity-related names leading the way. That after fresh near-3% gains in oil prices, which has Australia's energy sector up a fresh 1.2%. Meanwhile, a downtick for the yen is also helping Japanese stocks. New Zealand's benchmark is up 0.3% and Korea's Kospi is essentially flat despite Samsung rising a further 1.5%. (kosaku.narioka@wsj.com)

2014 ET - Despite concerns that Vicinity Centres isn't selling assets as quickly as it planned, Shaw sees a silver lining: the company is getting a roughly 3% premium to book value on deals which have been unveiled. Yesterday, Vicinity said it and its co-owner would sell the Brandon Park center in Victoria for a nearly 4% premium. Shaw continues to see Vicinity as an "undervalued asset play," noting the REIT is trading at a 19% discount to net tangible assets. That suggests investors aren't ascribing any value to Vicinity's management business. The company is down 12% this year. (mike.cherney@wsj.com; @Mike\_Cherney)

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