

**DJ Australian Equities Roundup -- Market Talk**

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0626 GMT - A week-straight of gains ended today with Australian stocks falling like the rest of Asia-Pacific. The S&P/ASX 200, which rose for a 3rd-consecutive week (its first such run of 2018), fell 0.2% today to 5868.80. Declines were broad, with telecom again weak and miners pulling back after recent strength. But energy edged up. Elsewhere, AMP fell 0.5% to put the week's slump at 9.6%, the most in 18 months. The company has been targeted in an ongoing probe of financial-industry misconduct. (robb.stewart@wsj.com; @RobbMStewart)

0224 GMT - Canberra is stiffening criminal and civil penalties that individuals and companies face for financial misconduct, as a judicial inquiry continues to hear revelations of wrongdoing. The Turnbull government is increasing the maximum penalties courts can impose, so individuals could face 10 years imprisonment for criminal cases or \$1.05 million in costs for civil matters, up from A\$200,000 previously. Corporations face the greater of A\$9.45 million or 10% of annual turnover in criminal charges or A\$10.5 million in civil cases, from A\$1 million previously. "The financial and banking system in Australia is one of the central pillars of our economy," says Treasurer Scott Morrison, adding the scale penalties and heightened powers for the corporate regulator is intended to send a clear message to the industry. (robb.stewart@wsj.com; @RobbMStewart)

0206 GMT - AMP shares rose as much as 2.7% on word of the Aussie asset manager's CEO stepping down on word the company misled regulators about fees charged to customers for advice that wasn't delivered. But they're now little changed, putting the week's skid back to 9.5% as AMP was in the spotlight of a financial-sector judicial inquiry. CEO Craig Meller, due to retire by year-end in any case, says since misleading statements to the corporate watchdog were made during his tenure it was appropriate to exit now. (robb.stewart@wsj.com; @RobbMStewart)

2139 ET - Australia's consumer price index likely cooled to 0.5% on-quarter in 1Q, Moody's Analytics says, following the 0.6% expansion in the December quarter. Annual inflation likely remained at 1.9%, a whisker shy of the Reserve Bank of Australia's 2%-to-3% inflation target. The data are "not enough to get the RBA off the sidelines and into normalizing policy mode any time soon." Moody's is sticking to its view that interest rate rises will not begin until the first quarter of 2019. The CPI data are due Tuesday. (rachel.pannett@wsj.com; @rachelpannett)

2116 ET - If Australia's 1Q CPI data, due Tuesday, print somewhere around 0.4%-0.6% on-quarter, and risk appetite holds up, the AUD/USD could probe 0.7860-0.7880, Westpac's Sean Callow says. Westpac has a forecast of 0.5%, which should be taken calmly by markets, though he notes there's a lot of tension because of a shock result 2 years ago when prices fell 0.2% in the same quarter, setting up two interest-rate cuts. AUD/USD last at 0.7719. (rachel.pannett@wsj.com; @rachelpannett)

0116 GMT - If Australia's 1Q CPI data, due Tuesday, print somewhere around 0.4%-0.6% on-quarter, and risk appetite holds up, the AUD/USD could probe 0.7860-0.7880, Westpac's Sean Callow says. Westpac has a forecast of 0.5%, which should be taken calmly by markets, though he notes there's a lot of tension because of a shock result 2 years ago when prices fell 0.2% in the same quarter, setting up two interest-rate cuts. AUD/USD last at 0.7719. (rachel.pannett@wsj.com; @rachelpannett)

2110 ET - There can be a tendency to try and make parallels between the New Zealand CPI (out yesterday) and the Aussie CPI (due next Tuesday); ANZ strategists caution against that. "While there is some commonality, notably around tradable items such as fuel, the overall correlation quarter to quarter is relatively weak," they say. The NZ inflation data printed slightly stronger than expected, up 0.5% on-quarter, but the annual rate drifted lower, to 1.1%. (rachel.pannett@wsj.com; @rachelpannett)

0019 GMT - The sharp price gap between grades of iron ore has started to narrow the past week, with the discount shrinking to less than 40% versus a peak of around 50%. UBS says that's good news for Australia's Fortescue, a seller of low-grade ore, and should trigger an improvement in the company's realized prices. Demand is rising as Chinese blast furnaces are firing up following seasonal production cuts. Shares are down 1.2% this morning, cutting the week's gain to 2.5% and April's rebound to 7.5%. (rhiannon.hoyle@wsj.com; @RhiannonHoyle)

0002 GMT - Miner South32 Ltd. is facing a problem not unfamiliar in the industry these days: What to do with its cash? "With a solid capital return program already running, a seeming lack of big ticket M&A targets and a desire to add value via early stage exploration ventures, it's hard to see an immediate call on the cash" pile that now totals almost US\$2 billion, says Credit Suisse. But, as the money piles up, investors will be keen for an answer, says the bank. "Not a dynamic isolated to South32 and unquestionably a good problem to have, but as the balance continues to build the interest in where it is directed only increases." (rhiannon.hoyle@wsj.com; Twitter: @RhiannonHoyle)

0002 GMT - Is Evolution Mining's stellar stock run done? Shares are at the cusp of 2003's record high after having risen at least 25% annually since 2015, including 27% already this year. But investment banks including Credit Suisse and UBS have been downgrading the gold miner on valuation, with all the good news baked in. While UBS drops Evolution to neutral, Credit Suisse is now at underperform. Shares were at A\$0.59 price at the start of 2015; they're now at A\$3.36. (rhiannon.hoyle@wsj.com; @RhiannonHoyle)

2351 GMT - Mining stocks have been on fire this month amid the jump in metals prices. But Morningstar thinks giant BHP's stock has gotten even-more pricey after a 9.6% jump this month. The researcher ticks up its valuation estimate a buck to A\$23 on the price moves, but shares closed Thursday at A\$30.92. (rhiannon.hoyle@wsj.com; @RhiannonHoyle)

2335 GMT - F3Q data from South32 led to some tinkering around the edges of Macquarie's earnings forecasts through mid-2020. But it adds there's a significant chance for them to rise with "manganese, alumina, aluminium and nickel prices trending strongly upwards." Shares have surged 11% this week on those price gains, putting April's pop at 21%. Both are on pace to be South32's best periods stock-wise since 2016. (rhiannon.hoyle@wsj.com; @RhiannonHoyle)

2330 GMT - Sydney Airport saw an impressive 11% increase in international passengers last month, but helping that was an earlier Easter than last year. As such, April results may look a bit soft with 2017's report including the full holiday. The facility has seen strong growth in recent years amid a boom in Asian tourists visiting Australia. Meanwhile, domestic passengers rose 3%, with Sydney Airport's total growth being 6%. (mike.cherney@wsj.com; @Mike_Cherney)

2326 GMT - Market conditions are finally improving for Iluka, but Macquarie is still finding it hard to get excited. With the outlook for the miner's Australian asset base declining and future production reliant on Sierra Leone--which has recently disappointed--the investment bank struggles to see value in the stock. Its rating remains at neutral; Iluka is up 11% this month and 15% for 2015. (rhiannon.hoyle@wsj.com; @RhiannonHoyle)

1856 ET -- Rising sales prices and margins have helped make Steel Dynamics Inc. Jefferies' top pick in U.S. steel. It thinks the company's earnings power is underappreciated by the market, and tips a rising cash pile will help fund returns, growth and "meaningful" M&A. "After a healthy start to the year, we expect Steel Dynamics' earnings power to continue to positively surprise as lagged flat product contracts reset and long product spot prices begin to play catch-up aided by improved utilization rates," says the bank. It reiterates a Buy rating and US\$54 target on the stock. (rhiannon.hoyle@wsj.com; Twitter: @RhiannonHoyle)

1854 ET -- News that BHP Billiton Ltd.'s shale-unit sale is progressing--against a backdrop of a stronger oil market, too--is positive for the miner's stock. Still, Jefferies is a little cautious on the near-term outlook. "While BHP has catalysts and its valuation has de-rated, we maintain our Hold rating on these shares due to iron ore and coking coal price risk this summer," it says. (rhiannon.hoyle@wsj.com; Twitter: @RhiannonHoyle)

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