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Global Equities Roundup: Market Talk

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

0539 GMT - Voices continue to build that US/China trade tensions at present mean very little to the global economy. "The amount of trade that is at risk is relatively small in a global context," notes Richard Titherington, CIO and head of the emerging-markets and Asia-Pacific equities team at JPMorgan Asset Management. "I don't see any reason why what's going on between China and the US today should disrupt global growth." At an event in Hong Kong, Titherington described the trade concerns as "something to worry about, but I don't think it's something that's going to really drive our overall asset allocation." And while both sides "talk a big game, they have both been quite careful to avoid hitting sectors that are globally significant," like smartphones. (steven.russolillo@wsj.com; @srussolillo)

0536 GMT - Chinese large and small caps continue to trade apart from each other--though today it's the big boys leading. Smaller stocks have been notably outperforming since February's bottom in the Middle Kingdom. But investors have apparently shifted their focus to heavyweight financial names. The Shanghai Composite is 0.4% and the large-cap CSI 300 is up 0.6%. But the Shenzhen Composite is down 0.5% and the city's startup-heavy ChiNext has fallen 1.4%. Some other recent outperforming sectors, such as agricultural and defense, are also lower today amid hopes of eased trade concerns following Xi's speech today. (john.wu@wsj.com)

0527 GMT - Property prices in parts of Singapore are now at record highs while demand continues to increase. Resale prices of private residential property jumped 8.5% from a year earlier in March, according to an index compiled by the Singapore Real Estate Exchange, and 1.5% from February, when the metric climbed 2% sequentially. Activity is also picking up, with March transaction levels up 12% on-year. Rising prices in the secondary market should help builders, many of which have been aggressive of late on the land-buying front in anticipation of a real-estate recovery after several years of slow price declines. (gaurav.raghuvanshi@wsj.com)

0524 GMT - The profit-taking has continued today in what has been the hot startup segment of Chinese stocks. After popping 3.2% in April's first trading day after outperforming in March with a 5% gain, the ChiNext Price Index fell 1.5% and then 1.9% into holidays on Thursday and Friday. It rose 0.3% yesterday after the 4-day weekend before sliding anew in morning trading even as equities in the region rebounded further. The index is off 1.4% in early-afternoon action, moving it further from what would be bull-market territory. Saturday marks the 2nd anniversary of the start of the ChiNext's current bear market. It's by far the longest since the index's 2010 creation. (kevin.kingsbury@wsj.com; @kevinkingsbury)

0520 GMT - New Zealand stocks again overcame morning weakness to finish higher, though today's gains were much less than yesterday's--in the process trailing advances elsewhere in the region. The NZX 50 finished up 0.2% at 8469.77. Fisher & Paykel, after helping drive yesterday's advance, held the index back in falling 1.9%. But a2 Milk rebounded 0.6% and Ryman Healthcare climbed a further 1.9% to hit 3-week highs. (kevin.kingsbury@wsj.com; @kevinkingsbury)

0509 GMT -- Western Areas saying its Odysseus mine has at least a decade of life left, versus 7 1/2 years before, helps the nickel miner greenlight an 18-month, A$32 million *($25 million) capital-works program there. While RBC thinks Western Areas can self-fund Odysseus, the broker has yet to fully incorporate the project in its forecasts "given the early-stage nature of the project." Shares are up 0.9%, in line with the broader market. (rhiannon.hoyle@wsj.com; @RhiannonHoyle) 0456 GMT -- Moves by state-owned NBN broadband system to roll out its fiber-to-the-curb program to 440,000 more homes has shares of NetComm

Wireless rebounding today. The company says it's the only supplier with approved and functioning equipment for such service, and shares are up 4.7% today to move back into positive territory for both April and the year. If getting a new deal to handle all that work, RBC says that would expand NetComm's "largest contract by potentially up to 50% initially." (david.winning@wsj.com; @dwinningWSJ) 0444 GMT -- Don't read too much into Australian data showing less optimistic business sentiment in March, says JP Morgan. The correlation between NAB's monthly business survey and economic activity has broken down in the past year as a persistently upbeat message from the business survey has not been reflected in the hard data, JP Morgan says. The bank views the March print as a partial realignment with economic fundamentals. (james.glynn@wsj.com; @JamesGlynnWSJ) 0431 GMT -- Slow demand that put a squeeze on packaging group Amcor is showing signs of improving, says Morgan Stanley, dropping its bearish call on the stock. "Importantly, we believe that Amcor is better equipped to deal with cost inflation," the bank says. It tips earnings growth to jump to 10% in FY19, from 5% in FY18, as Amcor benefits from price increases and M&A. (david.winning@wsj.com; @dwinningWSJ) 0415 GMT -- Morgan Stanley expects cost increases to be an ongoing issue for Brambles even as the logistics group weathers cyclical headwinds that have weighed on shares. While the company has strategies in place to shield profitability, they'll be of limited help the next two years, the investment bank predicts as it starts coverage of the stock at underweight. It forecasts Brambles' EPS rising 3-5% both this FY and next, lagging expected market growth of 6-9%. Morgan Stanley's stock target is A$9; Brambles is flat today at A$9.89 amid the broader market's rally. (david.winning@wsj.com; @dwinningWSJ) 0208 GMT -- A takeover of Atlas Iron would significantly boost Mineral Resources iron-ore shipments notes Macquarie. Buying the firm would help spur MinRes to progress on proposed infrastructure developments in the Pilbara and boost annual iron-ore output to roughly 30 million tons early next decade. Production would be some 8 million tons otherwise, says Macquarie, which adds estimates could rise further as there's still a lot of uncertainty regarding the Pilbara infrastructure plans. MinRes, which skidded 6.9% yesterday on the takeover deal, has rebounded 2% so far today. (rhiannon.hoyle@wsj.com; @RhiannonHoyle) 0006 GMT -- Morningstar says it isn't sure that a new mall being by developed by Scentre is a good bet. Scentre has a 50% stake in Westfield Coomera near the Gold Coast, which is also the company's first greenfield development, according to Morningstar. But the mall is in a lower socio-economic area than many of Scentre's other Australian malls, so Morningstar is "skeptical as to the long-term value Scentre will acheive on this development." Scentre is also hoping to boost shareholder returns with a recently announced buyback, but Morningstar keeps its price target unchanged. (mike.cherney@wsj.com; @Mike_Cherney) 0005 GMT -- A reassessment of Macquarie's competitive strengths across its five businesses has Morningstar reassessing, concluding the investment bank and asset manager does indeed have a narrow "moat." The research firm also believes the market doesn't appreciate the interconnectedness of Macquarie's adjacent businesses, which offer real competitive advantage and is key to continued strong growth in total shareholder returns. Morningstar's valuation rises 7% to A$118, suggesting further upside from the last close at A$101.60 even after ticking up 2% in 2018. (robb.stewart@wsj.com; @RobbMStewart) 0004 GMT -- After sinking 40% in 2 months to return to levels last seen in October, WiseTech Global shares are where Citi predicted. So the investment bank drops its bear call on the Aussie software company's stock. While it doesn't see a rebound soon as investors are liable to continue digesting the company's technology and acquisition strategy, Citi does believes WiseTech's medium-term outlook will be more positive after the recent acceleration in R&D spending and as e-commerce broadly gains traction. (robb.stewart@wsj.com; @RobbMStewart) 2349 GMT -- A key question arising from Macquarie Atlas Roads's deal to internalize its management is how it will pay performance fees. Macquarie's research team thinks the toll-road owner--to be renamed Atlas Arteria--will use cash rather than issue new shares. "The expectation is Atlas Arteria will use the Eiffarie borrowing facility to finance these fees, thus no impact on dividend, and use surplus cash from Greenway, improved currency to repay the borrowing," Macquarie says. (david.winning@wsj.com; @dwinningWSJ) 2338 GMT -- Credit Suisse says it appears "likely" that Australian coglomerate Wesfarmers will dump its Bunnings UK/Ireland unit, which has struggled since Wesfarmers bought UK home-improvement retailer Homebase in 2016. Despite an exit cost of about GBP900 million ($1.3 billion), Credit Suisse says closing the unit would boost Wesfarmers earnings after its planned spinoff of the Coles grocery business. The investment bank is bullish on Wesfarmers shares. (mike.cherney@wsj.com; @Mike_Cherney) 2338 GMT -- The departure of AirXpanders CEO Scott Dodson following underwhelming sales of the AeroForm tissue expander used in women after mastectomies shouldn't stoke concerns around the product itself, Canaccord says. Instead, quarterly flat sales likely reflects deficiencies in both the company's sales strategy and execution. A lack of timely followups has contributed to poor continued use, the broker says. "However, surgeons that have been supported, typically end up using it for the majority of their expander-based breast reconstructions," it adds. Canaccord stays very bullish, but drops its price target by 41% to A$0.85/share. AirXpanders ended trading on Monday at A$0.195. (david.winning@wsj.com; @dwinningWSJ) 2335 GMT -- Amid what it calls the growing likelihood of Australia-based Treasury Wine buying a US peer, Macquarie thinks Altria-owned Ste.

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Michelle is the most logical target. Part of the reason is most of Ste. Michelle's profit comes from the luxury and masstige category. Paying A$3 billion ($2.3 billion) would boost Treasury Wine's earnings 9%, the investment bank estimates while assuming 15% debt/85% equity funding and 5% savings.

(mike.cherney@wsj.com; @Mike_Cherney) 2327 GMT -- Morningstar says "we do not see the golden age of free-to-air TV returning" even though the industry posted growth in advertising revenue in the recently concluded half year, saying streaming services will continue to gain audiences. Morningstar still believes shares in Nine Entertainment are significantly overvalued, trading at a 51% premium to its target price. Other companies, Seven West Media and Southern Cross Media, are more attractive opportunities, "not because we have a bullish view of the TV industry, but because the market appears to be too fixated on near term concerns." (mike.cherney@wsj.com; @Mike_Cherney) 2325 GMT -- Worry over inflation, trade wars and the U.S. tech space have dragged global equities down, yet UBS still judges the economic and earnings backdrop to be a stronger force and remains positive on stocks both globally and in Australia. The investment bank continues to think Australia will underperform slightly over the next six to 12 months and trims its year-end target for the ASX 200 very marginally to 6250. The index last settled at 5808.7, down 4.2% year-to-date after rising the prior two years. (robb.stewart@wsj.com; @RobbMStewart) 2319 GMT -- UBS likes the look of Macquarie Atlas Roads's deal with investment bank Macquarie to internalize its management. The agreement will result in a net cost saving of around A$8 million a year against an expected A$20 million of incremental one-off costs, the bank says. That represents a payback period of 2.5 years. UBS also notes that A$60 million of already earned performance fees will also be paid to Macquarie, probably via a share issue. "The main benefit will come from improved investor sentiment towards Macquarie Atlas Roads given the removal of conflict and governance concerns and linking future performance fees to cash flow rather than share price performance," UBS says. Its price target moves up 10% to A$7.10/share. (david.winning@wsj.com; @dwinningWSJ) 2256 GMT -- Though it reckons the risk is speculative, RBC has big expectations for Xero. Initiating coverage of the accounting technology firm with an outperform call and A$45 target, the investment bank says Xero should notch more than 30% compound annual growth in revenue and subscriber numbers through fiscal 2022, anchored by its Australian and New Zealand businesses and longer-term a presence in the UK and US. And with more than 10 years of growth on the cards for the company, it justifies current trading multiples, RBC adds. Last at A$33.85, shares are up 18% so far this year after a 69% jump in 2017. (robb.stewart@wsj.com; @RobbMStewart)

0514 GMT - CBA calls Xi's speech this morning constructive and inclusive speech as the Chinese president's comments helped soothe some trade worries. Risk assets--including equities, commodities and the Australian dollar--rallied on appearance at an economic gathering. Xi said China plans to expand imports in part by lowering vehicle tariffs "considerably" and cutting them on some other products. He also expressed a desire to have China create a more-attractive investment environment, ease market access and strengthen the protection of intellectual-property rights. (james.glynn@wsj.com; @JamesGlynnWSJ)

0509 GMT - Western Areas saying its Odysseus mine has at least a decade of life left, versus 7 1/2 years before, helps the nickel miner greenlight an 18-month, A$32 million *($25 million) capital-works program there. While RBC thinks Western Areas can self-fund Odysseus, the broker has yet to fully incorporate the project in its forecasts "given the early-stage nature of the project." Shares are up 0.9%, in line with the broader market. (rhiannon.hoyle@wsj.com; @RhiannonHoyle)

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