

**Basic Materials Roundup: Market Talk**

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The latest Market Talks covering Basic Materials. Published exclusively on Dow Jones Newswires at 4:20 ET, 12:20 ET and 16:50 ET.

0814 GMT - Australian stocks continued their push higher, with the S&P/ASX 200 rising for the 11th day in 13 during a session that most in the region saw declines. The index rose 0.6% to 6050.2, a fresh 2-month high. Despite fresh gains Tuesday for US Treasury yields, equities yield plays did well in Australia, with REITs and utilities both up nearly 1%. Meanwhile, materials rose but 0.1% after some overnight softness in commodity prices as the greenback hit 2018 highs. (kevin.kingsbury@wsj.com; @kevinkingsbury)

0730 GMT - Morning gains turned into afternoon declines for Chinese stock benchmarks, but they finished little changed in the end following a 4-day holiday weekend. The Shanghai and Shenzhen composites each lost a point while the startup-heavy ChiNext ended down 0.2% after rising 1.5% early on. But the big-cap CSI 300 finished with a 0.2% gain as consumer stocks outperformed. Meanwhile, cyclicals such as coal and steel fell. Expecting liquidity inflows amid the upcoming MSCI inclusion of A-shares, HSBC remains positive about 2H and has a 3500 target on the Shanghai Comp; it closed at 3081. (john.wu@wsj.com)

0517 GMT - Iluka Resources Ltd.'s rally is about to run out of steam, if Morningstar is right. The research firm thinks that, although demand for Iluka's mineral sands looks good, "quite a bit of expectation is now built into the share price." Iluka has gained another 13% this year, after a 40% rally in 2017. Morningstar values the stock at A\$10.50. It trades at A\$11.50. (rhiannon.hoyle@wsj.com ; @RhiannonHoyle)

0439 GMT - New Century Resources has sold A\$40 million (\$30 million) of stock from institutional investors to restart operations at a zinc mine, news that sent shares skidding 7.5% yesterday and a further 1.7% today. The mine halted operation in 2015 under prior ownership, and bull Credit Suisse sees a stock rebound once operations resume. "We continue to see considerable value upside in New Century equity," on which it has a A\$2.35 target. Shares are trading at half that. (rhiannon.hoyle@wsj.com; @RhiannonHoyle)

0352 GMT - Cost inflation and limited supply growth mean the outlook for aluminum and zinc is--while not great--better than expected, says Jefferies. The investment bank says aluminum prices should find fresh support in broadly rising output costs while zinc is likely to find a firm floor thanks to a lack of supply growth despite recent market strength. "In both cases, we continue to expect prices to drift lower toward marginal cost of production over time, but the rate of decline is likely to be slower than we had previously anticipated." (rhiannon.hoyle@wsj.com; @RhiannonHoyle)

0317 GMT - Headlines keep pushing and pulling Hong Kong-listed shares of Russian aluminum heavyweight Rusal. They're up 8% this morning after majority owner EN+ and several other companies got an extension to comply with US sanctions, providing time to undertake planned divestments which include Oleg Diripaska cutting his stakes in the firms below 50%. In the process, it could allow Rusal to not be blacklisted after all. Rusal shares have been on a roller coaster the past month. They were halved on April 9, the 1st trading day in Hong Kong after the initial sanctions were announced. Since, there's been a 30% slump and surges of 26% and 43%. Just 2 days in the past 3 1/2 weeks have shares finished within 3% of the prior day's closing level. (kevin.kingsbury@wsj.com; @kevinkingsbury)

0258 GMT - A bigger-than-expected 19% drop in Lotte Chemical's Titan 1Q earnings on a jump in raw-material costs obscures ongoing demand strength at the Malaysian petrochemical company, says bull Maybank while easing its stock target 5.3% to MYR7.10. That as there's tight supply globally for Lotte Chemical's products, the broker adds, meaning margins should improve as average selling prices rise. After

sinking 8.4% Monday, shares were recently down a further 2.1% at MYR5.59. But they're still up 19% for the year. (yantoultra.ngui@wsj.com; @yantoultra)

2313 GMT -- Commodity price gains and a growing cash pile has led to ratings firm DBRS to lift the trend assigned Rio Tinto to positive from stable. "DBRS expects, all things being equal, that Rio Tinto should exit 2018 with between US\$9.5 billion and US\$10 billion in cash before the receipt of the US\$5.0 billion in proceeds from the sales of its remaining coal assets and the Dunkerque and ISAL aluminium smelters, which are expected to close in 2018," it says. Should Rio spend that cash in a way that improves its risk profile, a positive rating action could follow, says the firm. Still, bubbling trade tensions are a worry and have the potential to spark a downgrade should they escalate and hit commodity demand, it adds. (rhiannon.hoyle@wsj.com; @RhiannonHoyle)

2003 GMT - Canadian law firm Osler, Hoskin & Harcourt LLP hires former Saskatchewan provincial leader Brad Wall as a Calgary-based special advisor. Wall asked Canada's federal government to step in to block BHP Billiton's attempted takeover of Potash Corp. in 2010. (vipal.monga@wsj.com; @vipalmonga)

11:18 - US Secretary of Commerce Wilbur Ross says enough progress has been made on imposing tariffs that it's worth "investing another 30 days in the process." Ross, speaking at the Milken Institute Global Conference, said the purpose of the tariffs "is to deal with the problem of steel and aluminum overcapacity and overproduction." He added that he's "indifferent as to the exact way we achieve the objective but the objective has not changed and will not change." When asked for more details, he said they're "better done in the conference room than the press room." The discussions are "wide-ranging, it's a work in progress." He added: "We don't have a definitive solution as we sit here." (Emily.Glazer@wsj.com; @emilyglazerwsj)

1423 GMT - The Aluminum Association gives lukewarm support to the Trump administration's extension of the deadline for exempting major exporters of aluminum from a 10% US tariff to June 1. The association says the extension is a "positive first step," but objects to plans for linking permanent tariff exemptions to quotas on imported aluminum from countries such as Canada, Brazil and Argentina. "Constraining aluminum supply from trading partners who play by the rules could increase incentives for China to ramp up its illegally subsidized overcapacity by making Chinese imports more competitive. This is exactly the opposite of what we, and the White House, want to achieve," says association CEO Heidi Brock. The association says imported aluminum is essential because US-based producers of raw aluminum do not have sufficient production capacity to supply the US market. (robert.tita@wsj.com; @bob_tita)

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