

HD JENNY PRABHU'S HOT & SPICY CURRY SHOP

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the day's menu

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The S&P/ASX 200 as at 2:51pm up 18.9 to 5369

Qube is a "neutral"/a "hold" ..

A leading broker retained a "neutral" on Qube with a price target of \$2.10 after Qube announced a \$200 **million equity** raising to fund \$90 **million** of growth commitments announced yesterday and further increase funding capacity for future opportunities.

The broker said it views Qube's diversion into export grain logistics and sees it as an initial investment in a very inefficient grain export chain.

The broker adds new container terminal at Webb Dock in Melbourne would likely require around 350 **million** in 2015 and 2016, with the broker expecting a decision by the Victorian government in the next month. Cost and timing are far less certain for any involvement in the Moorebank intermodal terminal in Sydney.

*Another leading broker retained a "hold" on Qube with a \$2.04 price target vs \$2.06 earlier. The broker said QUB remains difficult to justify on a fundamental earnings basis given the multiple at which it is trading (23x full year 2015 forecast earnings).

The broker added, "We would still like to see a lower entry pint for the stock, which could eventuate if QUB misses out on Melbourne's third container terminal and/or the shortlist for the Moorebank development".

QUB down 5c to \$2.18.

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GrainCorp is a lighten/competition moves in inc Quattro Grain j/v with Qube ..

A leading broker cut its recommendation on GrainCorp to "lighten" with a price target of \$7.85, down from \$8.50 for several reasons, the broker said including its recent outperformance that has led to reduced valuation support, additional competitive capacity entering the market with Qube's announcement of a new bulk grain port in GrainCorp's last remaining major regional monopoly and also, the broker believes consensus earnings forecasts for 2015 are optimistic.

The broker has cut its normalised eps forecasts for 2014 for GNC by 0.4%, raised them by 3.2% for full year 2015 and cut them by 8.1% for 2016. Its valuation is \$7.12.

GNC up 4c to \$8.44.

Diggers & Drillers

Santos remains a "hold" .. doubts on CSG resource ..

A leading broker retained a "hold" on Santos after the **company** announced the Meridian gas contract that could eventually provide 65 terajoules per day or 5% of GLNG capacity, although in practice it may prove less.

The broker added, the fact that GLNG has contracted any third party gas beyond the ramp up period implies either (a) it expects its internal fields to be short of gas to fill the full 7.8mtpa for 20 years or (b) the third party fields can supply at a more economic rate than some of GLNG's more marginal CSG fields such as Scotia/Arcadia.

The broker added, "The Meridian deal underlines our view that internal GLNG reserves are yet further away from filling its capacity. GLNG external gas contracts and internal 2P reserves currently cover just 66/75% of the 10,000 PJ we estimate is required to be available to meet its LNG contracts (including 1,599/2,000 PHJ produced in CSG ramp down).

STO up 6c to \$13.36

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Horizon remains one of the cheapest stocks in the sector but mired in debt ..

Peter Strachan in 'StockAnalysis' dated March 26 looks at the whole of the **oil** and gas sector with comments on several stocks.

Of Horizon, he said "Horizon remains one of the cheapest stocks in the sector, but mired in heavy debt ahead of achieving approvals for the Stanley condensate project, which will trigger payment from Osaka Gas for its involvement in its PNG gas projects. "Political risk remains in **China** and especially PNG for Horizon" Peter adds.

HZN down .3c to 30.7c.

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