

HD S&P/ASX 200 Focus on Earnings, Economic Data, Geopolitics -- Market Talk**WC** 1,392 words**PD** 13 August 2014**ET** 09:15**SN** Dow Jones Institutional News**SC** DJDN**LA** English**CY** Copyright © 2014, Dow Jones & Company, Inc.**LP**

2315 GMT [Dow Jones]--S&P/ASX 200 has slightly bearish offshore leads with the DAX down 1.2% on weak German economic survey, the S&P 500 down 0.2% on lingering jitters about Ukraine and Iraq, and spot **iron ore** down 1.4%. Geopolitics remains in focus as Russia sends a humanitarian aid convoy to Eastern Ukraine, and the US contemplates an international rescue mission to save trapped Yazidi refugees in Iraq. Domestic consumer sentiment and wages data are due, along with **China** economic data. But earnings reports are the major focus, with CBA (CBA.AU), CSL (CSL.AU), Suncorp (SUN.AU), Computershare (CPU.AU) and Carsales.com (CRZ.AU), Echo Entertainment (EGP.AU), OZ Minerals (OZL.AU), Goodman Fielder (GFF.AU) and Southern Cross Media (SXL.AU) reporting Wednesday. Index last 5530.3. (david.rogers@wsj.com; Twitter: @DavidRogersWSJ)

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2313 GMT [Dow Jones]--There's a question mark around whether Australia's Arrium (ARI.AU) can sustain dividend payments, given **iron-ore** prices have fallen by around a third since the start of January, says Credit Suisse. Arrium is due to report FY14 earnings on Aug. 19, with Credit Suisse forecasting a net profit of around A\$286.5 **million**. Credit Suisse expects Arrium to declare a dividend of 9 cents/share, but warns that this could be reduced as debts are high. The outlook is likely to be grim, featuring weakness in **iron ore mining** because of lower prices. While Arrium will hope for an improvement in **mining** consumables, it's also likely to acknowledge the market has become more challenging. Still, there may be further opportunities to sell assets to reduce debt. Credit Suisse rates Arrium at underperform with a A\$0.61 price target. ARI last traded at A\$0.785. (david.winning@wsj.com; @dwinningWSJ)

2311 GMT [Dow Jones] Private debt investors are increasingly favoring the European market over the U.S., as they foresee a larger supply/demand imbalance for credit in Europe in the next five years. The Pennsylvania Public School Employees' Retirement System gave the green light last week to a \$200M separately managed account with European credit provider Park Square Capital. "Pricing for senior and subordinated direct and secondary lending in the European markets is at historically attractive levels," according to public pension documents. "Many loans are also being issued at a discount to par at refinance, leading to yields of 5.5%-6.5% on senior and 9%-13% on subordinated [debt]." (dawn.lim@wsj.com)

2310 GMT [Dow Jones]--Domino's Pizza Enterprises (DMP.AU) is continuing to meet high expectations, says Credit Suisse, which raises its price target to A\$24.70 but keeps a neutral call on valuation grounds. Shares in the holder of the franchise rights for the pizza brand in Australia, Japan and France have risen almost eightfold in the last five years. The **company** now trades on an FY14 price-to-earnings ratio of around 44 times. (Ross.Kelly@wsj.com)

23:08 [Dow Jones] The liquidation last month of Mexican niche bank Banco Bicentenario showcases benefits of the recent financial overhaul, but also raises questions about the government's strategy of using such lenders to increase Mexico's low level of bank use, says Moody's. The narrow focus and limited experience of minor banks like Bicentenario results in precarious financial positions and weak assets. "The failure of these niche banks to expand the formal banking sector is due in large part to the fact that many of the new lenders lacked banking expertise." Of the country's more than 2 **million** firms with fewer than 100 employees, only a quarter are bank clients, the ratings **firm** notes. (anthony.harrup@wsj.com)

2308 GMT [Dow Jones]--So you've increased sales in your division by 15%. But are you a warlock? A handful of job seekers have taken to listing achievements in the videogame "World of Warcraft" on their resumes or LinkedIn profiles, betting that virtual-world achievements will impress hiring managers in real life. Prominent fans of the game include Stephen Gillett, the chief operating officer of Symantec Corp. and a former chief information officer of Starbucks Corp. But others aren't convinced it's a good idea. "At the end of the day, it's all make-believe," says Peter Morris, a New York sales executive who keeps his gaming interests off his CV. (adam.auriemma@wsj.com)

18:26 EDT - JPMorgan boosts its target price on Domino's Pizza (DMP.AU) 13% to A\$22.84 after FY14 earnings beat consensus by 3%, but the broker keeps its Neutral rating after the stock surged 14% yesterday. "We like management but the stock is trading on 36.7 times FY15 earnings estimates, with growth and margin expansion priced in," JPM analysts say. Their valuation is factoring in long-term earnings margins of 32% in Australia and New Zealand, 13% in Europe and 17% in Japan. DMP last A\$23.39. (david.rogers@wsj.com; @DavidRogersWSJ)

18:21 EDT - Paine & Partners, a New York-based private-equity firm that traces its roots to Fox Paine & Co., has collected \$476M so far for its first fund focused exclusively on investments in the food and agribusiness industries. Paine & Partners, which aims to raise \$850M for Paine & Partners Capital Fund IV LP, joins a small handful of private-equity firms focused exclusively on food-related deals, along with Dallas-based Kainos Capital and Chicago-based Arbor Investments. (laura.kreutzer@wsj.com; @LauraKreutzer)

18:19 EDT - GrainCorp (GNC.AU) has appointed an experienced grains industry executive to lead the company, an appointment that appears to provide a good cultural fit and to be consistent with ensuring the execution of strategies, says Credit Suisse. The company names Mark Palmquist, currently senior vice president and chief operating officer of Ag Business at CHS, as its managing director and CEO. Credit Suisse has a neutral stance on GNC with a A\$9.65/share price target. GNC last traded at A\$8.62. (robb.stewart@wsj.com; @RobbMStewart)

18:15 EDT - BBY cuts Bradken (BKN.AU) to Underperform from Buy on earnings uncertainty after its FY14 results. "The result was in line with the recent guidance which saw consensus EBITDA estimates of A\$173.4 million," the broker notes. "Omitted from the announcement and press release was any earnings guidance for FY15." Target price taken down 15% to A\$4.24. BKN last A\$4.64. (david.rogers@wsj.com; @DavidRogersWSJ)

18:13 EDT - Australia's 2Q wage cost index is due for release Wednesday and the outcome will be critical for inflation expectations in the world's 12th-largest economy, says Carl Weinberg, chief economist at High Frequency Economics. "We estimate wage costs were just 2.6% higher than year-ago levels, as they were in the first quarter," Weinberg says. "If our estimate is accurate, locals will increase their bets on the Consumer Price Index returning to its 2%-3% target range." That would leave room for bonds to rally even further, Weinberg adds. (david.winning@wsj.com; @dwinningWSJ)

18:05 EDT - The NZX-50 has been looking "soggy" in recent days as investors wait for corporates to report results and amid jitters about how the New Zealand election will play out, says Hamilton Hindin Greene broker Grant Williamson. He says Skycity Entertainment's (SKC.NZ) FY14 result was disappointing as it had been hit by the strong New Zealand dollar and construction at Adelaide Casino. However, he says comments about strong momentum in FY15 and development plans in Auckland were positive. Some focus might also be on property companies with Precinct (PCT.NZ) and Property For Industry (PFI.NZ) both reporting earlier. (lucy.craymer@wsj.com; @lucy_craymer)

To contact the Market Talk Editors,
Kevin Kingsbury, 212 416-2354, kevin.kingsbury@wsj.com
Cynthia Lin, 212 416-4403, Cynthia.lin@wsj.com
John Shipman, 212 416-2181, john.shipman@wsj.com
Patrick Sullivan, 212 416-2326, Patrick.sullivan@wsj.com

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