

**HD** Roc **Oil** Deal Done, So What's Next for Fosun? -- Market Talk

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**LP**

2218 GMT - Roc **Oil** (ROC.AU) may be Fosun International's (0656.HK) first **acquisition** in **oil** and gas, but it's unlikely to be its last, says Macquarie. The **Hong Kong**-listed **company** has a market value of US\$8B and cash balances growing to US\$5.4B, giving it the firepower to do more deals. Fosun had secured a 92.6% interest in Roc when its A\$0.69/share offer closed, enabling it **buy** the outstanding stock via compulsory **purchase**. "With no major changes to the **business** planned, we suspect Fosun will use Roc's operator capability across a number of Asian countries (most notably **China** and Malaysia) and its carried forward tax losses in Australia as a springboard for further opportunities," Macquarie says. (david.winning@wsj.com; @dwinningWSJ)

**TD**

16:47 EST - U.S. Supreme Court will hear arguments on whether homeowners can cancel their second mortgages in bankruptcy when their properties aren't even worth the value of the first mortgage. Two Florida homeowners argued that the liens are valueless, but lenders have fought to keep them, saying the debt could be repaid as property values rise. Bank of America lawyers said the topic "may be the single most important unresolved issue in consumer bankruptcy." Lobbying groups for the corporate loan market and banking industry, including Loan Syndications and Trading Association and American Bankers Association, plan to fight alongside the bank. (katy.stech@wsj.com; @katystech)

16:13 EST - Ecuador and Venezuela believe one mechanism to boost **oil** prices is to meet the production ceiling of 30M barrels per day, Ecuador's minister of non-renewable natural resources Pedro Merizalde says. Some OPEC members, like Iran and Qatar, and non-OPEC **oil** producers like Mexico and Russia agree with this position, according to the minister. "We expect a consensus decision at the OPEC Nov. 27 meeting. Ecuador will comply with any OPEC decision," Merizalde says. OPEC is facing the lowest **oil** prices in at least four years. (mercedes.alvaro@wsj.com)

15:59 EST - Alleged corruption at the Brazilian state-run **firm** has led to the biggest credit default swap spreads at the **company** in more than five years, according to Fitch Solutions. Five-year CDS on Petrobras widened 21% last week, the widest since early-2009., Fitch says. Petrobras shares were down 6% today after the **company** said it would miss its 2014 **oil** production target, and delayed its 3Q earnings report amid a growing corruption scandal. (william.connors@wsj.com; @wconnors)

15:56 EST - NZD/AUD pushes slightly higher, extending gains after New Zealand's better-than-expected retail sales data Monday. BNZ strategist Kymberly Martin says with no new Zealand data, attention will center on the Reserve Bank of Australia's meeting minutes and speech by RBA Governor Stevens, before turning back domestically to results of a **dairy** auction. The pair is at 0.9088 from 0.9062 late last session. Martin puts resistance at 0.9160. (lucy.craymer@wsj.com; @lucy\_craymer)

2033 GMT - AUD/USD has found a near term cap at 0.8800 which should be retested during the days ahead, Westpac currency strategist Imre Speizer says. He says risk events will be the RBA's releases of its minutes for the Nov. 4 meeting, while Governor Stevens is due to speak in Melbourne later in the global day. "The Eurozone investor sentiment survey will be watched, as will U.S. PPI and homebuilder sentiment." The pair is at 0.8712 vs. 0.8784 late Monday in Sydney. (lucy.craymer@wsj.com; @lucy\_craymer)

15:31 EST - ICE cotton futures falls to a near 5-year low and the outlook is bleak, at least for the near term. Despite the plunge in prices "many mills are waiting to see if prices drop further before making large purchases," says the International Cotton Advisory Committee. The Washington D.C.-based **group**

says demand should pick up this year, rising 4.2% to 24.45M bales. But that will not be enough to spin the world's stockpile of cotton into a deficit. Stockpiles will likely end the 2014-15 season on July 31, 2015 at a record 21.6M bales, ICAC estimates. ICE March cotton ends 0.9% 59.10c/lb. (leslie.josephs@wsj.com; @lesliejosephs)

15:15 EST - A weaker NZD/USD overall saw large buying interest around 0.7920, and "expect dips to be sought after with the recent upside trend still intact," says ANZ. "It's all about the price action today, with no NZ data out." The pair is at 0.7917 after reaching 0.7975 overnight. ANZ adds the Global Dairy trade Auction is the next catalyst for NZD direction. The pair is expected to trade in a range 0.7880 to 0.7950. (lucy.craymer@wsj.com; @lucy\_craymer)

14:45 EST - Natural gas futures jump almost 8% as forecasts for winter weather appear on the horizon, with front-month December rising 32.1 cents to settle at \$4.341 a million Btus on the Nymex. Gas futures have been getting volatile lately, with prices plummeting to \$3.56 in late October, climbing almost \$1 through early November, then falling and gaining again. Prices are still shy of the high they set earlier this month but aren't far away. Analysts are saying this rally may be a bit overdone, but the forecast is certainly bullish: The trading window through the end of November completely reversed in weekend updates, turning much colder for much longer than previously expected. (christian.berthelsen@wsj.com)

13:49 EST - Japan's disappointing 3Q growth report has Capital Economics revising its USD/JPY forecast higher. Firm now sees the pair ending 2015 at 140 from its previous call for 120, citing an expected widening of the nations' 10-year yield gap in the coming years as the BOJ eases policy. Pair up 0.2% to 116.46. And despite the yen's haven status, CapEcon warns that reputation might be waning. "Japan's economic fundamentals have deteriorated to the point where many investors are not likely to see the yen as a 'safe haven' in times of stress," it says. "Even if volatility did increase, it is not clear to us that the yen would benefit as much this time around." (cynthia.lin@wsj.com; @cynthialin\_dj)

13:10 EST - Boaz Weinstein suffered a rough October despite the onset of increased volatility that he has said would be a boon for his fixed-income strategy. Weinstein's Saba Capital Master Fund fell 2.77%, its steepest drop this year, leaving the fund down nearly 7% for 2014 and on track for the worst annual loss in its 5-plus-year history, according to an investor update viewed by WSJ. As WSJ reported earlier this year, investors have consistently withdrawn money from Saba for more than a year; the firm now manages \$2.3B, down from \$2.6B at midyear. (rob.copeland@wsj.com; @realrobcopeland)

13:02 EST - Monday's proving to be tough day for the vocal contingent of folks who believe ultra-easy Fed policy is setting the stage of surging inflation. First, the venerable Survey of Professional Forecasters saw economists cutting their inflation outlooks over the next few years. Now, a new San Francisco Fed paper warns it's pretty likely inflation won't go over the Fed's 2% target until after 2016. That's not totally out of line with current Fed forecasts, but the paper also notes the risks of weak inflation strongly outweigh higher inflation. That means hitting the Fed's 2% price target may be becoming more elusive and suggests a higher level of uncertainty about 2015 rate hike bets. (michael.derby@wsj.com; michaelnderby)

(END) Dow Jones Newswires

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**CO** fosuni : Fosun International Limited | rocoil : Roc Oil Company Ltd | opexpc : Organization of the Petroleum Exporting Countries

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