

HD Floating LNG Cost Benefits Questioned -- Market Talk
WC 1,411 words

PD 20 June 2014

ET 08:38

SN Dow Jones Institutional News

SC DJDN

LA English

CY Copyright © 2014, Dow Jones & Company, Inc.

LP

22:39 GMT [Dow Jones] GDF Suez (GSZ.FR) and Santos's (STO.AU) decision to shelve an Australian floating LNG project, while not entirely surprising, still has negative implications for the cost structure of the emerging technology, says J.P. Morgan. "It implies that floating LNG might not be a cure-all wonder elixir for the plague of capex cost escalation in the Australian LNG industry," analyst Benjamin Wilson says. The decision has implications for Woodside (WPL.AU), which intends to use floating LNG to develop its Browse resource. The broker estimates build costs for Browse at US\$37 **billion**, valuing it at about A\$6.85/share. "A significantly higher cost estimate would reduce this value materially," Mr. Wilson says. Shell is currently building the world's first floating LNG vessel to develop gas from the Prelude field from 2016. (Ross.Kelly@wsj.com)

TD

18:33 EDT - JB Hi-Fi (JBH.AU) banished the winter blues afflicting other Australian retailers by reiterating expectations for full-year profit of up to A\$129M. But it wasn't all good news. JB Hi-Fi's forecast of 5.3% sales growth in FY14 is below its previous guidance of at least 6%, implying it's also suffering from the broad pullback in consumer spending following the federal government's budget that mixed spending cuts with tax rises. But JPMorgan says it still thinks "JB Hi-Fi is well positioned compared to other mid-cap discretionary retailers with no exposure to weather risk, improving industry trends such as TV replacement, and lower impact from falling AUD/USD." Broker lifts its price target marginally to A\$21.64. JBH last traded at A\$18.97. (david.winning@wsj.com; @dwinningWSJ)

18:29 EDT - Amazon.com (AMZN) yesterday unveiled its Fire phone, which includes software that makes it easier for the ecommerce giant to poach customers from brick-and-mortar rivals. The feature, called Firefly, allows consumers to take a picture of a product in a store from their smartphone and then generates a link to that product featured on AMZN's website. Firefly can recognize 70M products, including household items, books and video games. Analysts say such software could make it easier for consumers to **purchase** items they find in physical stores more quickly from AMZN--a practice known as showrooming. "It's showrooming on steroids, absolutely," says John Jackson, an IDC analyst who covers mobile technology. (clint.boulton@wsj.com)

18:26 EDT - JP Morgan reiterates its Overweight rating on Asciano, saying it's on track to deliver higher earnings and dividends. "In our view, AIO has undertaken the right strategy of replacing outdated and inefficient equipment and automating the **business** and will be nicely placed to leverage from any improvement in economic activity," the broker says. Target price rises to A\$6.14 from A\$6.00 after Thursday's trading update and job cuts. AIO last A\$5.55. (david.rogers@wsj.com; @DavidRogersWSJ)

18:20 EDT - The New Zealand 2014 **wine** vintage "is a cracker" with not only the volumes of grapes up 30% but also grape quality looking equally high, says ASB. "The larger 2014 harvest combined with its high quality sets the industry up well for export growth over the year." It adds that economies of key markets such as the US and the UK are improving, "which should help boost demand for NZ **wine**," while at the same time emerging markets such as **China** represent longer-term opportunities for New Zealand **wine** exports." (lucy.craymer@wsj.com; @lucy_craymer)

18:17 EDT - Iraqi **oil** production has not been affected by the Sunni insurgency in the country, but prices have soared to \$115/barrel on fear alone in the past week. "If ever there were an experiment on defining a risk premium, this is it," says Ed Morse of Citi at a panel in New York. Long-term buyers such as airlines and utilities rushed to lock in prices last week, he says, and now prices are being driven by shorter-term traders and hedge funds. (nicole.friedman@wsj.com; @NicoleFriedman)

18:16 EDT - Red Hat (RHT) on Wednesday acquired eNovance to help speed up testing and launching of cloud software systems. The deal, for which RHT is paying 70M euros (\$95M), hinges on the companies' collaboration on OpenStack, an open source approach to building cloud systems. RHT's OpenStack software enables businesses to manage servers, storage and networking devices as if they were a single resource. ENovance sells automation tools and integration services that let developers deliver rapid iterations of code for OpenStack systems. RHT and eNovance are chasing pieces of a potentially large pie: **business** sales related to OpenStack will exceed \$1B by 2015, according to the 451 Research. (clint.boulton@wsj.com)

18:11 EDT - California's new state tax committee has announced \$29M in income tax credits for companies that agree to add and keep jobs in the state -- far short of the \$500M in credits requested by companies. Winners announced Thursday include Samsung Information Systems America, which agreed to add 201 jobs in Mountain View and Samsung Semiconductor, which will create 400 jobs in San Jose. The notoriously **business**-unfriendly state's new panel -- the California Competes Tax Credit Committee -- appears to be hoping to make it a little friendlier. (tammy.audi@wsj.com)

18:06 EDT - Bang. Rifle sales fell off a cliff in the latest quarter, says US market leader Smith & Wesson (SWHC), sending its shares down 11% to \$15.07 in after-market trade. Handgun sales climbed 30% and overall gun sales rose 9%, which is brighter news for rocket specialist Alliant Techsystems (ATK), which also makes ammo for guns large and small. ATK's shares bounce around in response to the mixed performance of the sporting goods sector in recent months, weighing on its all-stock bid for Orbital Sciences (ORB). ATK shares still down 13% from when the ORB merger was announced last month, though unchanged after the close. (doug.cameron@wsj.com; @dougcameron)

17:28 EDT - The Warehouse **Group** (WHS.NZ) shares may come under pressure early in New Zealand after it lowers its FY adjusted net profit guidance due to warm autumn and winter temperatures. It now tips adjusted **group** net profit after tax to be NZ\$59M to NZ\$62M in the year to July 27 versus a prior forecast of NZ\$61M to NZ\$71M. **Firm** says warm weather means seasonal apparel and home products are "increasingly having to be **sold** at decreased margins to maintain seasonal sell-through and avoid end-of-season overstocks." Also, market conditions add "further unpredictability to the remaining June and July trading environment." Shares closed Thursday at NZ\$3.32. (rebecca.howard@wsj.com; @FarroHoward)

17:25 EDT - CME hog futures have been one of the fastest-climbing commodities this year, closing Thursday at a fresh record at \$1.2805 a pound, stoked by concerns about a deadly swine virus. Since the announcement Monday that a vaccine-maker in Iowa received a license for a product that could slow the disease spread, futures have fallen sharply, only to jump to new peaks as traders debate market implications. "A vaccine that works will result in more pork on the market and a lot lower prices, but one that doesn't won't," says Ron Plain, agricultural economist at the University of Missouri. "It all depends on how effective it is." (kelsey.gee@wsj.com; @kelseygee)

17:23 EDT - The Canadian government will announce Friday reforms to a temporary foreign-worker program that has been criticized for alleged abuses which led Ottawa to prohibit fast-food restaurants from hiring such workers two months ago. According to a government statement, there will be a technical briefing at noon Friday, and a press conference by Employment Minister Jason Kenny and Citizenship and Immigration Minister Chris Alexander at around 1:30pm. (nirmala.menon@wsj.com; @NirmalaMenon)

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

(END) Dow Jones Newswires

June 19, 2014 18:38 ET (22:38 GMT)

CO gazfr : GDF Suez SA

IN igamsof : Games Software | i1 : Energy | i13 : Crude Oil/Natural Gas | i16 : Electricity/Gas Utilities | imulti : Multiutilities | i3302 : Computers/Electronics | i330202 : Software | i3302021 : Applications Software | icomp : Computing | itech : Technology | iutil : Utilities

NS mcat : Commodity/Financial Market News | namt : All Market Talk | ncmac : Commodities Asset Class News | ndjmt : Dow Jones Market Talk | nenac : Energy Asset Class News | neqac : Equities Asset Class

News | nfiac : Fixed Income Asset Class News | ncat : Content Types | nfact : Factiva Filters | nfce : FC&E Exclusion Filter

RE austr : Australia | eurz : Europe | apacz : Asia Pacific | ausnz : Australia/Oceania

PUB Dow Jones & Company, Inc.

AN Document DJDN000020140619ea6j003v0