

HD ANZ: Spike Up in Australian Unemployment a Likely Mirage -- Market Talk

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2316 GMT [Dow Jones] Australian business activity is on the rise, says ANZ, and the major bank is growing in confidence that a transition away from **mining** to others sectors to drive growth is gaining traction. The strength in business conditions is a positive sign for the outlook, ANZ said in a note to clients. Citing a survey by NAB published Tuesday, it said business confidence is buoyant. Capacity utilisation is also rising, which suggests a recent spike higher in the unemployment rate is not reflective of broader conditions in the economy, ANZ said. (james.glynn@wsj.com; Twitter @JamesGlynnWSJ)

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2315 GMT [Dow Jones] The USD/JPY may trade in a 102.10-102.50 range during Asian trading, likely with limited movements as many participants are off during the summer holiday season, says Kengo Suzuki, chief currency strategist at Mizuho Securities. Focus will be on Japan's April-June GDP data, which will likely show a sharp contraction following the introduction of a sales-tax hike in April. "Eyes will also be on **China's** retail sales and industrial production data for July," he says, followed later in the day by U.S. retail-sales data. He tips the EUR/USD in a 1.3320-1.3400 range. The USD/JPY is at 102.28 and the EUR/USD is at 1.3368.(alexander.martin@wsj.com)

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)

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)

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