

HD Highfield's Potash Bet Attractive, Says Bell Potter -- Market Talk

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2223 GMT - Highfield Resources (HFR.AU), which is developing a potash project in northern Spain, offers 53% upside for investors betting that emerging economies such as Brazil and **China** will need more fertilizer to sustain their food production, says Bell Potter. The broker has a buy call and A\$0.90 price target on the stock. It says the ASX-listed **company** has enough cash to complete a feasibility study into its Muga-Vipasca project around mid-2015, but will likely need to raise around A\$110 **million** thereafter to fund the **equity** component of its development. Bell Potter also adopts a more conservative price outlook on long-term potash prices of US\$300/ton, compared with Highfield's estimate of around US\$400/ton. HFR last traded at A\$0.585. (david.winning@wsj.com; @dwinningWSJ)

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2218 GMT - Australian shares are likely to continue last week's slide, with no sign worries over the pace of global growth are letting up. U.S. stocks capped a volatile week with losses Friday, and the Dow industrials shifted back into negative territory for the year. IG forecasts an opening fall of 1.1% for the S&P/ASX 200 to about 5127. Trade balance data due Monday out of **China** will be watched closely given concerns over a slowdown in Australia's biggest trading partner have been one of the triggers for the sharp and sustained selling in Aussie shares, IG market strategist Evan Lucas says. BHP Billiton (BHP.AU) shares may weaken after the U.S. ADRs fell 1.1%, although the spot **iron-ore** price rose 0.5% on Friday to US\$79.90/ton, IG figures show. The ASX 200 ended Friday down 2.1% at 5188.3. (robb.stewart@wsj.com; Twitter: @RobbMStewart)

2209 GMT - If investor lending in Australia loses more steam then it would relieve a key constraint to easier monetary policy, says J.P. Morgan. "The fact that further macro-prudential measures are expected to be announced by year-end adds to this prospect," J.P. Morgan economist Ben Jarman says. The value of loans for investment housing in Australia fell 0.1% in August from a month earlier, slowing sharply from a 5.6% on-month rise in July, data showed Friday. "Of course, it's still possible that foreign investment activity keeps prices going up," Mr. Jarman says, noting that Sydney is a potential hotspot. That would leave the Reserve Bank of Australia with the existential question of whether it should care about rising asset prices if there is no marginal leverage associated with it. "We suspect officials would view such a situation as outside the purview of monetary policy," Mr. Jarman says. (david.winning@wsj.com; @dwinningWSJ)

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