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Bega **Cheese** is All Cashed Up -- Market Talk

1,530 words

25 August 2014

09:16

Dow Jones Institutional News

DJDN

English

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2316 GMT [Dow Jones] What's Bega **Cheese** (BGA.AU) to do with its cash? Bell Potter notes the **company's** balance sheet is in a healthy position and can adequately fund investment in supply expansion and new capacity, with surplus cash still remaining. Consolidation remains a desire but there's also the scope to release surplus franking credits that now total A\$23.6 **million** and could support special dividends, Bell Potter says. It retains a hold recommendation and A\$5.43/share target after BGA's FY14 underlying profit was broadly in line with expectations. BGA last traded at A\$5.25. (robb.stewart@wsj.com; Twitter: @RobbMStewart)

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2313 GMT [Dow Jones] The USD/JPY may trade in a 103.50-104.50 range with bias on the upside after Fed Chairwoman Janet Yellen said that should consumer prices and wages rise, the Fed could increase rates sooner than the mid-2015 timeline the market expects, says Junichi Ishikawa, market analyst at IG Securities in Tokyo. "Her comments at Jackson Hole were balanced, and took into consideration the positions of the more hawkish members of the Fed," he said. Mr. Ishikawa says the pair's next resistance is at 104.50, where thick selling offers are seen. "Stop-loss orders will be triggered once this level is breached," he says. He tips the EUR/USD at 1.3150-1.3250. The USD/JPY is at 104.19 and the EUR/USD is at 1.3197. (alexander.martin@wsj.com)

2309 GMT [Dow Jones] J.P. Morgan holds a neutral rating on Spark (SPK.NZ), formerly known as Telecom Corp. of New Zealand, as the **company** is trading above its 12-month target price of NZ\$2.65. The **company** is currently trading up 0.7% at NZ\$2.88. It adds that scepticism about the turn-around strategy seems to have evaporated judging by the share price strength removing a catalyst for re-rating. It adds that it still sees risks in the fixed line **business** but "in a sector which is trading at full valuations in our view, Spark yield support and balance sheet flexibility limit the downside." (lucy.craymer@wsj.com; Twitter: @lucy_craymer)

2258 GMT [Dow Jones] RBC Capital Markets says Santos's (STO.AU) latest gas-condensate discovery in the Browse Basin offshore Western Australia state is

good news, but development is likely to be slow. On Friday, Santos said its Lasseter-1 exploration well had struck a 405-meter net gas-condensate column and that testing had indicated 78 meters of net pay. "With uncertainties on the Woodside Petroleum (WPL.AU) Browse project, the entry of Origin (ORG.AU) into the Poseidon project, the collapse of Bonaparte FLNG and the strong potential for that project to be used as Darwin-LNG backfill gas, the Western Australia development opportunity may be long-dated and highly competitive," RBC says. The broker rates Santos at sector perform, with a A\$16.00 price target. STO last traded at A\$15.16. (david.winning@wsj.com; @dwinningWSJ)

10:49 GMT [Dow Jones] AMP's (AMP.AU) valuation is again moving back toward the relative premium it used to hold as a relatively safe, stable stock, says J.P. Morgan which nevertheless retains a neutral recommendation. The brokerage says there remains the likelihood of continued volatility in financial protection trends, and on top of the AMP isn't paying full-franked dividends. Its price target rises to A\$5.47/share from A\$5.19 after what it says was a good first-half result from the **company**. AMP last traded at A\$5.77. (robb.stewart@wsj.com; Twitter: @RobbMStewart)

2247 GMT [Dow Jones] The overall global recovery remains on track, but its gradual and it is not an environment where central banks will be in a hurry to take away the punch bowl, says AMP chief economist Shane Oliver. "It's important to note that the Fed is gradually becoming less dovish," he added. Federal Reserve Chairwoman Janet Yellen's opening address to the annual central bankers get together in Jackson Hole effectively reiterated her assessment that considerable labor market slack remains but acknowledged uncertainty in assessing the degree of slack. "Yellen's somewhat less dovish comments are consistent with the Fed edging closer to starting to raise interest rates but remain consistent with the first move on rates not coming till around mid next year," Mr. Oliver said. [http://online.wsj.com/articles/wsjs-hilsenrath-fed-can-remain-patient-on-rate-hike-debate-after-data-1406901937?KEYWORDS=Hilsenrath\(james.glynn@wsj.com\);](http://online.wsj.com/articles/wsjs-hilsenrath-fed-can-remain-patient-on-rate-hike-debate-after-data-1406901937?KEYWORDS=Hilsenrath(james.glynn@wsj.com);) Twitter @JamesGlynnWSJ)

2240 GMT [Dow Jones] IOOF Holdings' (IFL.AU) near-term prospects are likely to be helped by **acquisition**-led EPS growth and a dividend payout ratio at the top end of the **company**'s guidance range, says J.P. Morgan. It maintains an overweight recommendation in anticipation of strong earnings growth into fiscal 2016 and a healthy fully-franked dividend yield. IOOF's FY14 underlying profit came in slightly ahead of J.P. Morgan's forecast. Its price target rises to A\$9.83/share from A\$9.44. IFL last traded at A\$8.95. (robb.stewart@wsj.com; Twitter: @RobbMStewart)

2236 GMT [Dow Jones] While the Indonesian export ban on bauxite is likely to add pressure to prices of the commodity over the medium term, J.P. Morgan notes the impact on **China** has yet to be felt materially. "Further, lower electricity prices in some regions are helping to offset higher bauxite input costs," the broker

says. Input costs for **alumina** are typically more weighted to **energy** than bauxite. "On this basis we believe there is a risk the 'cost push' theory to support higher **alumina** prices could be less dramatic and take longer to play out," J.P. Morgan says. (david.winning@wsj.com; @dwinningWSJ)

2234 GMT [Dow Jones] Bell Potter lifts QBE Insurance (QBE.AU) to **buy** from hold as its price target rises to A\$12/share from A\$11.60, in line with its sum-of-the-parts valuation. "There is a growing probability that macro, micro, technical and stock supply/demand are about to collide--in a good way--for QBE," says director Charlie Aitken, adding it is the cheapest stock on a forward price/earnings-to-growth ratio in the ASX 20. Aitken says QBE's underlying **business** is very sound, and the stock could again trade at A\$16 over the next few years. QBE last traded at A\$11.27. (robb.stewart@wsj.com; Twitter: @RobbMStewart)

10:34 GMT [Dow Jones] Asian markets may be under early pressure given weak offshore leads after U.S. stocks finished mostly lower amid central bank speak and geopolitical turmoil, says Macquarie Equities broker Brad Gordon. In New Zealand and Australia investors will remain focused on results. The NZX-50 has opened 0.2% higher as investors are cheered by a positive result from retirement village operator Metlifecare (MET.NZ). The stock is up 3.5% to NZ\$4.50. Chorus (CNU.NZ) is flat at NZ\$1.73 as investors digest the result. (rebecca.howard@wsj.com; @FarroHoward)

10:31 GMT [Dow Jones] **Mining** accommodation builder Fleetwood's (FWD.AU) challenges were underscored last week when it foreshadowed a A\$5 **million** asset impairment ahead of its FY14 results due Aug. 26. With the **mining** sector showing little sign of rebounding, attention will shift to Fleetwood's balance sheet. J.P.Morgan notes the **company** has a one-year debt facility with Westpac for A\$73 **million**, which is expected to expire in December 2014. The broker expects Fleetwood will look to refinance this facility and extend the duration in the coming months. "With net debt increasing to A\$60 **million** at June 2014 and the majority of historical earnings skewed to a sector that will continue to put pressure on suppliers in the near to medium term, we retain our underweight recommendation," J.P.Morgan says. FWD last traded at A\$2.47. (david.winning@wsj.com; @dwinningWSJ)

2229 GMT [Dow Jones] U.S. Federal Reserve Chairwoman Janet Yellen's Jackson Hole speech over the weekend has the attention of markets in early Asia trading. ANZ said in a note to clients that while it did not signal a definitive Fed policy shift, Yellen's tone was more neutral, and should the U.S. data pulse continue to show improvement, it opens up the possibility that the Fed signals the beginning of policy tightening sooner than the market is currently pricing. This will support the U.S. dollar. (james.glynn@wsj.com; Twitter @JamesGlynnWSJ)

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August 24, 2014 19:16 ET (23:16 GMT)

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