

HD NAB's Takes Next Step in Restructuring Story -- Market Talk**WC** 1,174 words**PD** 1 September 2014**ET** 08:49**SN** Dow Jones Institutional News**SC** DJDN**LA** English**CY** Copyright © 2014, Dow Jones & Company, Inc.**LP**

2245 GMT [Dow Jones] -- National Australia Bank's (NAB.AU) exit from Great Western Bank is clearly capital positive over time, but capital won't be released ahead of expected substantial charges likely to be booked with the bank's fiscal 2014 results, says Credit Suisse. The brokerage anticipates a **sale** price for Great Western of 1.5 **billion**-2 **billion** Australian dollars (US\$1.4 **billion** to US\$1.9 **billion**), based on current valuations for U.S. regional banks, which isn't material for NAB beyond its significance as part of NAB's restructuring story. "This transaction will--perhaps prematurely--bring forward expectations as to what might be achievable in the U.K. with Clydesdale Bank." Credit Suisse has an outperform recommendation and A\$38/share target. NAB last traded at A\$35.20. (robb.stewart@wsj.com; Twitter: @RobbMStewart)

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2242 GMT [Dow Jones] Credit Suisse lifts its Woolworths (WOW.AU) target price to A\$39.00 from A\$38.25 and keeps its Neutral rating. It feels the retailer has a good prospect of exceeding its guidance for FY15 net profit after tax growth of 4%-7% for FY15, provided Home Improvement and General Merchandise achieve similar results as FY14 and the food competitive environment remains benign. WOW last A\$36.16. (david.rogers@wsj.com; Twitter: @DavidRogersWSJ)

2238 GMT [Dow Jones] -- The latest corporate earnings season in New Zealand "has been broadly consistent with our expectations," says Chris Green, director, Economics and Strategy at First NZ Capital. Of the 33 companies monitored, 39% posted double-digit earnings-per-share growth. In the other direction, 30% of the 33 companies reviewed showed a contraction in EPS of more than 3% "with these companies showing the negative impacts of an exposure to a subdued Australian economy (or more broadly soft global markets), competitive domestic market conditions and/or the adverse effects of an elevated NZD." Overall, outlook comments continued "to have a generally positive tone, with most companies expecting NZ trading conditions to remain supportive over the year ahead," Mr. Green says. The key risk seemed to center around external economic developments (particularly the prospects for the Australian economy), although the political uncertainty surrounding the upcoming general election was also of some concern, he says. (rebecca.howard@wsj.com; Twitter: @FarroHoward)

2229 GMT [Dow Jones] BHP's (BHP.AU) demerger won't generate a material re-rating for the parent **company** according to Credit Suisse. "At BHP's de-merged theoretical ex-rights price, we see BHP's FY16 dividend yield increasing from 3.6% to 4.1%," the broker says. "With peers already at 3.8% to 4% this suggests limited capacity for a re-rating." Credit Suisse analysts incorporate higher **iron ore** volumes in their model, adding US\$5 **billion** to their **iron ore** valuation. But higher assumed costs in other **business** see outer year EPS reduced by about 2%-4% for FY16-17, offsetting their higher **iron ore** valuation of US\$84 **billion**. Rating remains underperform with a A\$38.00 target price. BHP last A\$36.67. (david.rogers@wsj.com; Twitter: @DavidRogersWSJ)

2227 GMT [Dow Jones] New Zealand Prime Minister John Key's National Party continues to slip slightly ahead of the September general election, according to the latest ONE News Colmar Brunton Poll. If elections were held now, Key's National Party would win 48% of the vote, down two percentage points compared with the prior poll, while Labour would win 28%, up two percentage points. The Green Party would win 12%, up 1 percentage point. Among minority parties, the Internet-Mana alliance--an alliance made up of a party registered by Megaupload founder Kim Dotcom and another that represents indigenous people--would win 2%, down two percentage points. The poll was taken Aug 23-27. (rebecca.howard@wsj.com; Twitter: @FarroHoward)

2154 GMT [Dow Jones] Asian markets including the local NZX-50 likely to open a tad higher following strength in the U.S. late Friday, says Forsyth Barr broker Dave Schaper in Nelson New Zealand. He says while there are growing tensions in Ukraine he expects little impact of this on **equity** markets until investors can see where things are actually headed. He adds that S&P lowering its long-term rating on Fonterra is likely to have little impact on the stock although investors continue to make decisions on whether they see Fonterra's tie-up with a large **Chinese company** as positive. (lucy.craymer@wsj.com;Twitter: @lucy_craymer)

2128 GMT [Dow Jones] Demand remains strong for the USD as concerns grow about the situation in Ukraine and rhetoric from Russia, says ASB Bank Head of Institutional Sales Tim Kelleher. The EUR/USD is at 1.3129 vs. 1.3140 late Friday in New York. He says the euro is really struggling on fundamentals at the moment and people are moving out of the common currency. Kelleher puts support for the pair at 1.3100 with resistance coming in at 1.3150. (lucy.craymer@wsj.com;Twitter: @lucy_craymer)

2056 GMT [Dow Jones] The AUD/USD is likely to continue lower to 0.9300 given the positive USD backdrop, says Westpac currency strategist Imre Speizer in a note: "The U.S. dollar ended the quarter with a flourish (Friday). UK PM Cameron raised the terror threat to the country to severe, helping the U.S. dollar surge to a 14-month high." The AUD/USD is at 0.9320 vs. 0.9348 late Friday in Sydney. He says Australia has 2Q inventories data and **company** profits releases but traders are likely to focus on **China's** manufacturing PMI reports. (lucy.craymer@wsj.com;Twitter: @lucy_craymer)

2030 GMT [Dow Jones] The NZD/USD slipped due to broad USD strength and the pair is smack in the middle of the 0.8300 to 0.8420 it largely remained in through late August, says BNZ currency strategist Raiko Shareef. He says commodity prices will take center stage locally: "Today, we expect that NZ's official terms of trade will finally begin to account for **dairy** price decline seen earlier in the year. We pick the 2Q reading to fall by 5.1% q/q." The market is expecting a fall of 2.5%. He says later this week the ANZ commodity price index is due while the fortnightly **dairy** auction Wednesday will be closely watched. The pair is at 0.8359 vs. 0.8369 late Friday in New Zealand. (lucy.craymer@wsj.com;Twitter: @lucy_craymer)

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