

HD Deutsche Sees U.S. Green Shoots Flourishing for Sonic -- Market Talk**WC** 1,863 words**PD** 30 October 2014**ET** 10:53**SN** Dow Jones Institutional News**SC** DJDN**LA** English**CY** Copyright © 2014, Dow Jones & Company, Inc.**LP**

2352 GMT [Dow Jones]--Deutsche Bank sees some upside potential to its forecasts for Sonic Healthcare's (SHL.AU) revenue growth in the U.S. following results for the September quarter from its two biggest rivals. Those results, particularly from Laboratory Corp. of America (LH), suggest demand for lab services is picking up. "In part this was attributed to the lift in the number of patients with insurance following the introduction of the Affordable Care Act," says Deutsche analyst David Low. Sonic's U.S. competitors also reported pricing pressures are moderating, despite the expected price erosion arising from the Affordable Care Act. "Overall this feedback indicates there has been further uplift in U.S. demand, presumably beyond the 'green shoots' Sonic reported at its full-year result briefing in August," Low says. Deutsche currently expects Sonic's U.S. revenues to rise 2.5% in FY15 and 3.0% in FY16. It retains a buy call, and A\$20.50/share price target. SHL last traded at A\$18.60.

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2352 GMT [Dow Jones] South Korea's weaker-than-expected rebound in industrial output for September casts doubt on economic recovery, says Yuanta Securities economist Lee Chul-hee. "The data show the manufacturing sector was hardly picking up," Lee notes. "Businesses may have focused on using up goods in stocks to meet the solid September rebound in exports overseas." He, however, expects the Bank of Korea to stand pat on interest rates for a while because its policy rate was cut to a record low of 2% in October. The statistical office said Thursday Korea's industrial output in September grew a seasonally adjusted 0.1% from a month earlier versus a revised 3.9% fall in August. On a year-on-year basis, it expanded 1.9% in September versus a 2.8% contraction in August. The latest data are well below market expectations for 1.0% on-month growth and a 2.7% on-year expansion. (kwanwoo.jun@wsj.com)

2337 GMT [Dow Jones]--Macquarie estimates Sirius Resources (SIR.AU) needs to secure more than A\$350 million in debt to build its Nova nickel project in Western Australia state and get into full production. On Thursday, Sirius said it has mandated four banks--BNP Paribas, ANZ Banking Group, HSBC and Westpac--to arrange the debt financing after the company raised A\$189 million in new equity in July. Locking in the debt, along with offtake agreements for Nova's nickel output, would be a positive catalyst for the stock. Macquarie, which has an outperform call on Sirius, says a more than 30% fall in the company's shares over the past month looks overdone. "We believe the stock is now ascribing no value to the regional exploration potential at Nova and Taipan and the stock is trading below our base case valuation for Nova," Macquarie says. SIR last traded at A\$3.00. (david.winning@wsj.com; @dwinningWSJ)

2328 GMT [Dow Jones]--The only stock in Australia's ASX 20 index vulnerable to a takeover is wealth manager AMP (AMP.AU), says Bell Potter Executive Director Charlie Aitken, reiterating a case he's made before. Aitken says he views Wesfarmers (WES.AU) as a potential suitor. AMP, with a market cap of about A\$16.7 billion (\$14.7 billion), is a classic Wesfarmers business in terms of its attributes, he says. The domestic wealth management sector is supported by legislated growth in compulsory pension contributions--a high free-cash generating, high return on equity business with a consumer-facing branded product, he notes. Aitken says AMP remains a high-conviction buy with a A\$7/share price target. "Any change of control price target would have to be higher." (robb.stewart@wsj.com; Twitter: @RobbMStewart)

2325 GMT [Dow Jones]--Thursday's statement from New Zealand's central bank is very brief and "designed to largely hold ground ahead of the more comprehensive and explicit analysis of the economic and policy outlook that will be required in the December MPS," which will include a full set of forecasts, says Deutsche Bank Chief Economist Darren Gibbs. While Gibbs says he reads the statement as dovish--as there is no strong push back to re-pricing that has occurred in markets over the past month--but underscores that the bank's "tightening bias has been maintained, albeit less explicitly than previously, with the Bank noting that 'inflation is expected to increase as the expansion continues. A period of assessment remains appropriate before considering further policy adjustment.'" (rebecca.howard@wsj.com; Twitter: @FarroHoward)

2325 GMT [Dow Jones] PanAust Ltd.'s (PNA.AU) shares fell 4.8% to 1.70 Australian dollars (\$1.50) in early trading in Australia as disappointment at the lack of progress in takeover talks involving the **company's** largest shareholder, Guangdong Rising Assets Management, overshadows an upbeat production outlook. PanAust says GRAM has yet to improve its offer of A\$2.30/share, adding that "the matter has not materially progressed" in the three months through September. As a result, PanAust says it's focusing on its existing **operations** in Laos and plans for the \$1.7 **billion** Frieda River **copper** and **gold** mine in Papua New Guinea. PanAust says it's on schedule to meet the upper end of an annual output target for 65,000 to 70,000 tons of **copper** and 160,000 to 165,000 ounces of **gold**. It's forecasting higher grades and recovery rates for its major metals in the final three months of its fiscal year. (david.winning@wsj.com; @dwinningWSJ)

23:03 [Dow Jones] Morgan Stanley recommends in a strategy note that investors add currency exposure to portfolios, specifically long U.S. dollar/Australian dollar. Markets "finally seem to have entered the start of a period of U.S. dollar strength and Australian dollar weakness," it said. U.S. dollar strength could persist for several years owing to accelerating U.S. growth, rising relative U.S. rates and unsynchronised global monetary policy, it added in a strategy note. "At the same time the Australian dollar is likely to face downward pressure from lower commodity prices and a sluggish domestic economy which will result in lower-for-longer rates and potentially additional rate cuts," it added. Morgan Stanley's currency model, driven by commodity prices, short term interest differentials and the cash rate estimates a fair value of US\$0.8260 for the Aussie. Morgan Stanley's FX Strategists recently downgraded their Aussie dollar forecasts to US\$0.8400 by end-2014 and US\$0.7600 by end-2015. (james.glynn@wsj.com; Twitter @JamesGlynnWSJ)

2304 GMT [Dow Jones] Mexico's Supreme Court rejected a proposal from a conservative opposition party to hold a referendum on raising the country's minimum wage to cover a government-set definition of basic needs. The subject of the proposal affects state revenue and spending, which is among issues that can't be submitted to a referendum, justices held in a 6-4 vote. The Supreme Court is also considering a proposal by the left-wing opposition to submit recent changes in **energy** laws to a referendum in an attempt to turn back the opening of the **oil** sector to private investment. A potential impact on state finances is expected to be a factor in that decision. (anthony.harrup@wsj.com)

2303 GMT [Dow Jones] Probably the most important statement to come out of National Australia Bank Ltd.'s (NAB.AU) full-year results is the CEO's call for greater urgency in dealing with the bank's remaining low returning assets, Morningstar analyst David Ellis says. The cash earnings for the year were in line with guidance recently given by the **company**, he adds. Ellis says it was slightly disappointing there were no specifics or time frame for exiting the U.K., but he expects the banking business there will be sold via an IPO. On the results, Ellis says bad debts were lower than anticipated while net interest margin for the full-year was weak but did stabilize in the second half of the year. The CET1 capital ratio was a little stronger than expected, he says. (robb.stewart@wsj.com; Twitter: @RobbMStewart)

10:36 GMT [Dow Jones] The Australian dollar slumped by more than 1.2% after the FOMC statement, said Richard Grace, the head of currency strategy at CBA. The weakness can also be attributed to weaker global **equity** markets, higher volatility and the contraction in the Australia-U.S. two year swap spread from 210 basis points to 203 basis points, Mr. Grace added. "The currency is likely to remain heavy for the remainder of the week with no important Australian or **Chinese** economic data scheduled for release. The 20-day moving average of US\$0.8776 is likely to be a source of support for the Australian dollar. Pair now trades at US\$0.8798. (james.glynn@wsj.com; Twitter @JamesGlynnWSJ)

2235 GMT [DOW JONES] J.P. Morgan downgrades Ardent Leisure (AAD.AU) to neutral from overweight after the owner of theme parks, bowling alleys and health clubs missed the broker's forecasts for 13% revenue growth and 17% earnings growth in the first quarter of its fiscal year. Ardent said its revenue rose 10% and ebitda increased by 5%, respectively, in the three months through September. "We think there is strong growth in Main Event and Health Clubs, and an opportunity with the Hypoxi business, but our valuation is A\$3.39 and hence this is priced in," J.P. Morgan says. AAD last traded at A\$3.44.

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18:28 EDT - The failed launch of an unmanned Antares rocket has revived discussions about how the Federal Aviation Administration and the National Transportation Safety Board will work together -- or perhaps vie for jurisdiction -- when it comes to investigating commercial-space accidents. Shortly after Tuesday's fiery explosion, NASA and Orbital Sciences (ORB), which builds and operates the 133-foot tall rocket, moved to safeguard the wreckage partly in anticipation of the NTSB taking command of the government's part of the probe. But by the following morning, **company** officials said they were getting assistance from the FAA, which has long-standing authority to license rocket launches as well as budding space-tourism ventures. The NTSB, for its part, says it sent some of its own experts to act as "observers" of the way Antares debris was being collected. (andy.pasztor@wsj.com)

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October 29, 2014 19:53 ET (23:53 GMT)

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