

HD Macquarie Can Continue to Reinvent Itself, Morningstar Says -- Market Talk

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2253 GMT - The evolution in Macquarie's (MQG.AU) business model to one increasingly driven by annuity-style income from one largely capital markets facing is proof the investment bank can continue to reinvent itself, Morningstar analyst David Ellis says. "Macquarie's global business model has successfully navigated the operational and capital market headwinds affecting other larger investment banks." While Macquarie now expects its FY15 profit to be slightly up on FY14, where it previously anticipated it would be broadly in line, Ellis says he continues to forecast a 12% rise. Macquarie has a hold recommendation and A\$60/share fair value estimate. MQG rose 0.2% to A\$58.67 on Tuesday. (robb.stewart@wsj.com; Twitter: @RobbMStewart)

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10:49 GMT [Dow Jones] Producers from Australia and South Africa that sell high-ash coal are most at risk from **China's** clamp-down on coal import quality, but may be able to upgrade their material through washing or blending with lower ash products, says Sydney-based UBS analyst Daniel Morgan. "Large coal groups with multiple mines and scale may be better placed" to deal with the restrictions, he says. Coal that doesn't meet the requirements could be diverted to markets like India, or elsewhere in Asia, he says. "For this policy to be effective it needs a massive compliance regime with widespread sampling," Morgan says, adding that for the moment, "price and volume impacts are unclear." (rhiannon.hoyle@wsj.com; Twitter: @RhiannonHoyle)

18:13 EDT - Wells Fargo (WFC) announced two new executives today to lead its consumer credit and auto lending businesses. Dawn Martin Harp will lead an expanded Dealer Services division that includes **Commercial** Auto and Strategic Auto Investments in addition to the Indirect Auto business she led since 2011, the bank said. Shelley Freeman will lead the Consumer Credit Solutions **group**. These moves are in light of the upcoming retirement of Tom Wolfe, who led all the consumer credit and auto lending businesses. Harp and Freeman will report to Avid Modjtabei, who leads WFC's consumer lending unit. (emily.glazer@wsj.com)

18:10 EDT - United Technologies (UTX) has a problem with where it generates its cash. Half of its \$6.5B of free cash flow is overseas. "So bringing the cash back is difficult," CFO Greg Hayes said at an investor conference. "We find ways to do it to a certain extent, but I've got a lot of trapped foreign cash." To bring the \$5B of cash that's held by foreign subsidiaries to the parent **company** would incur a US tax hit. "It's expensive," says Hayes. UTX uses its cash to **buy** back stock and pay dividends. It expects to **buy** back about \$1.35B of stock this year and \$2B next year. (kate.linebaugh@wsj.com)

17:54 EDT - Sears Holdings (SHLD) shares had their worst one day percentage loss since Jan. 10, after the **company** disclosed yesterday that it borrowed \$400M from Chairman and CEO Edward Lampert to ensure it has adequate funding through the holidays. SHLD closed at \$30.37, down 9.4%. That compares with a decline of 13.8% on Jan. 10. Today's close is the lowest since Feb. 10, when the shares closed at \$28.94. (suzanne.kapner@wsj.com)

17:47 EDT - Starwood (HOT) said in Quito that it's continuing an aggressive growth strategy in Latin America, with seven new Four Points hotels slated to open in the region in the next three years. In Mexico, the **company** opened Four Points Queretaro in September, and will open three more hotels, including Four Points Saltillo in October, Four Points Cancun in December and Four Points Puebla in 2017. In Colombia, hotels in Bogota and Barranquilla will also open by the end of the year. The **company** will open a **hotel** in Cuenca, Ecuador by September 2017. (mercedes.alvaro@wsj.com)

17:44 EDT - If there's a bundle buster out there among major television companies, it should be Viacom (VIA VIAB). That's the gist of a report from Guggenheim, which argues that VIA should offer an online streaming package of its channels directly to consumers, in addition to its current offerings inside the pay-TV bundle, because it's getting a raw deal out of the current ecosystem. While other media companies have been wary of rocking the pay-TV boat, VIA has the greatest incentive to do so, Guggenheim argues, because it's a "net subsidizer" of the current ecosystem, getting less money in affiliate fees per viewer than almost any other channel **group**. And as Janis Joplin put it, freedom is just another word for nothing left to lose. (keach.hagey@wsj.com)

17:40 EDT - Global **hotel company** Wyndham (WYN) has signed a franchise agreement to open a **hotel** at Quito, Ecuador's new international airport. The 146-room **property**, to be owned by the Ecuador's **Group** Pronobis, will be the only **hotel** at Quito's Mariscal Sucre international airport. The **property** is part of an existing deal to develop and franchise eight hotels under Wyndham **Hotel Group** brands over the next 10 years. The new **hotel**, which will be open in late 2015, will be the fifth Wyndham **property** operating in Ecuador under Pronobis' ownership. (mercedes.alvaro@wsj.com)

17:34 EDT - Nomura economist Tony Volpon thinks chances are high for opposition candidate Marina Silva to become Brazil's next president, even though her campaign has less money and structure than that of incumbent Dilma Rousseff. Volpon says that the president is unlikely to get 50% of the vote and avoid a second round, when Silva may get support from large opposition groups. He compares the situation with a boxing match where one of the fighters, Silva, has one hand tied to her back. But even with two hands free, Rousseff is unable to eliminate her opponent. In the next round, Volpon says Silva will come "with her two hands free," increasing her chances of winning. (paulo.trevisani@wsj.com; @ptrevisani)

17:32 EDT - United Technologies (UTX) CFO Greg Hayes said he continues to scout for large-scale M&A, but the pipeline is "not terribly robust." To move the needle, Hayes said the **company** would have to do something big, and it would likely be in the **company's** two core markets -- **commercial** aerospace or **commercial** buildings. Of the two, aerospace is probably harder to do deals, he said, so there are more opportunities on the **commercial** building side. UTX would like to find another deal like Goodrich, but there's not much in the pipeline "of that ilk," he added. (kate.linebaugh@wsj.com)

17:31 EDT - Angel investors are looking to tap into the entrepreneurial spirit at colleges and universities with venture-capital funds such as the Green D Founders Fund, aimed at startups with Dartmouth College ties. The fund, being raised with the help of Boston-based Launch Angels, seeks a total of \$1M to \$2M from up to 40 Dartmouth alumni. Launch Angels plans similar funds for other schools. It's the latest effort aimed at capitalizing on the innovation arising from university campuses and research centers. The University of California announced plans this week for a \$250M venture fund. (russell.garland@wsj.com)

17:28 EDT - Evercore Partners (EVR) increased its expertise in technology and defense industries by hiring Denis A. Bovin, a highly experienced former senior managing director at Bear Stearns. Mr. Bovin has joined EVR's investment banking department and will continue to work with aerospace defense and global technology firms as a senior adviser, he said. Mr. Bovin has served on or consulted with numerous boards that advise the Pentagon and White House on defense and intelligence policy, and he serves on the **board** of the Massachusetts Institute of Technology. (james.sterngold@wsj.com)

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