

**HD Santos Should Sell Its PNG LNG Stake, Says CS -- Market Talk**

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2255 GMT [DOW JONES] Credit Suisse has a bold idea to create value for Santos (STO.AU) investors: the Australian **company** should sell its **stake** in the US\$19 **billion** PNG LNG project in Papua New Guinea. "We would strongly applaud any move to sell PNG LNG, but worry that focus may sit more on scale than value within Santos," says the broker, which rates the stock at underperform with a A\$12.90 price target. It thinks Total (TOT) could be a willing buyer, noting the French **company** bid with a lower weighted average cost of capital and synergies to secure an interest in the PRL 15 license area in Papua New Guinea, which contains two large gas discoveries. "We believe a price of more than A\$8/share could be achieved and unlock value for both," Credit Suisse says. More likely, however, is that Santos and its partners are able to produce more LNG from existing processing facilities. At PNG LNG, de-bottlenecking by 1 **million** tons a year would add A\$0.96/share to Santos's NPV, Credit Suisse says.

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STO last traded at A\$14.72. (david.winning@wsj.com; @dwinningWSJ)

22:56 GMT [Dow Jones] Australian auto sales have been stuck in low gear for some months, and there seems little prospect that they revved up in May, says Carl Weinberg, chief economist at High Frequency Economics. Consumers have been delaying big-ticket purchases in the wake of the federal government's tough-love budget, which included a mix of spending cuts and tax increases. Weinberg expects Tuesday's data from the Australian Bureau of Statistics to show vehicle sales in May fell 0.6% compared with April, and down 2.5% from a year earlier. "The trend in auto sales is decaying," he says, noting April sales were also flat on-month and 1.9% lower than a year earlier. (david.winning@wsj.com; @dwinningWSJ)

2255 GMT [Dow Jones]--J.P. Morgan upgrades Transurban (TCL.AU) to Overweight from Neutral and lifts its target price 23% to A\$8.26, as it backs CEO Scott Charlton's aggressive growth strategy. "We have comprehensively reviewed our forecast cash flows to take into account Transurban's new projects and investments," the broker says. "The concession extensions and truck toll multipliers we now factor in result in a material step change in both the cash flows and valuation of Transurban. TCL last A\$7.62. (david.rogers@wsj.com; Twitter : @DavidRogersWSJ)

18:16 EDT - Russia still dominates natural gas production and growth, BP CEO Bob Dudley told an audience at the World Petroleum Congress in Moscow on Monday. Russian gas production rose 2.4% in 2013, spurred by a near 20% increase in EU demand for the fuel, according to BP data. Europe's dependence on Russian gas has made a lot of western politicians worried, but Mr. Dudley said Russia and the EU need each other. "I think that the interdependence of suppliers and consumers is a force for stability in a very turbulent world," he said. "The fact that Europe depends on Russian gas and Russia depends on European revenues creates an important link." (lynn.cook@wsj.com)

18:08 EDT - In the past five years, global production of **oil** rose to 86.81M barrels a day, from 82.96M barrels, according to BP's Statistical Review of World **Energy** 2014. Remarkably, the US was responsible for 84% of that increase -- or 3.22M barrels. BP counts natural gas liquids, such as ethane, in its tally of **oil** production. The US increase matches the next four countries with the largest increases -- Saudi Arabia, Russia, Canada and Iraq -- combined. The largest decreases were recorded in Iran, Libya, the United Kingdom and Norway. (russell.gold@wsj.com; @russellgold)

17:48 EDT - Fusion-io's (FIO) shares closed at \$11.36 today, above SanDisk's (SNDK) \$11.25 per share offer, indicating that some investors are betting a higher price will emerge from another suitor. If

that happens, SNDK would still see some benefit. The **company** disclosed in a filing that FIO would pay a \$42M termination if the deal isn't completed. (don.clark@wsj.com)

17:15 EDT - The Supreme Court may force Argentina to do something it has fought against for more than a decade: negotiate a settlement with holdout bond creditors. Buenos Aires "will likely want to avoid a prolonged default which could be politically costly and put the strategy of improving ties with foreign investors at risk," says Daniel Kerner, head of Eurasia Group's Latin America department, in a client note. "As a result...a settlement is the most likely outcome." That doesn't mean a deal would be reached quickly, even with a \$288M payment is due June 30th. Lower courts may yet buy Argentina additional time to figure out a negotiating strategy. (ian.talley@wsj.com; @Ian Talley)

17:09 EDT - International **oil** prices would be nearly \$165/barrel, instead of less than \$115/barrel currently, if not for three unexpected events, economist Phil Verleger said at the International Association for **Energy** Economics conference in New York. The new **oil** supplies from the US shale boom have brought prices down \$40/barrel below where they would be, and the US renewable fuel standard has cut another \$30/barrel from the price. However, commercial stockpiling after the 2011 Arab Spring has pushed prices \$20/barrel above where they would otherwise be, Verleger says, making the net effect of the three events a \$50/barrel discount. (nicole.friedman@wsj.com; @NicoleFriedman)

16:43 EDT - Baird initiates Tetrphase Pharmaceuticals (TPPH) at outperform saying it offers an attractive, undervalued Phase 3 antibiotic candidates. Baird says its drug eravacycline has shown potential to treat several other infection types and likes the "compound's versatility, especially in difficult-to-treat multidrug-resistant bacteria." Over the next 12 months, possible catalysts include data releases from the "pivotal" Phase 3 eravacycline studies currently scheduled for 1H 2015 and this year the **lead**-in portion of the results and an IND submission should provide enough good news to get the stock trending upward ahead, says Baird. **Firm** puts a \$21 price target on the shares which rose 7.2% to \$12.27 on the day, extending the gain over the last year to 55%. (patrick.sullivan@wsj.com)

16:37 EDT - Williams (WMB) says it'll sell \$3B worth of stock to finance its **acquisition** of an increased **stake** in natural-gas services provider Access Midstream Partners (ACMP). It's another case of the recent **M&A** cycle begetting stock-offering activity. (Until recently, **acquisition** financings were the missing piece of an otherwise active environment for big stock sales.) Last week, Exelon (EXC) sold \$2B in stock and \$1.2B in converts to finance its **purchase** of fellow utilities Pepco Holdings (POM). The WMB deal would be the largest follow-on stock offering in the US since Facebook's (FB) \$3.9B **equity sale** in December. WMB closed up almost 19% at \$56.02. (matthew.jarzemsky@wsj.com)

16:12 EDT - Pattern of narrow-range, light-volume trading in US stock markets holds for another day, with equities grinding out minimal gains. Action today featured three sharp reversals -- one upside following an opening slide, then another downside reversal followed by another rally that waned in the afternoon. Investors playing it close to the vest ahead of the FOMC meeting that gets underway tomorrow. **Energy** stocks outperform, even though Nymex crude **oil** prices stabilize, for now. Utilities were also strong, while financial sector was a weak link. DJIA edges up 5.27 to 16781.01, and Nasdaq Comp rises 10.45 to 4321.11. S&P 500 ends 1.62 higher at 1937.78. (john.shipman@wsj.com)

16:10 EDT - ArcelorMittal (MT) investors and analysts are closely watching the **company's** new joint venture VAMA, an \$832M automotive steel plant in Southeastern **China** built by ArcelorMittal and local partner Hunan **Iron & Steel Co.** ArcelorMittal's first major steelmaking investment in **China**, it opened Sunday and will be able to produce 1.5 **million** tons of automotive steel per year for the **Chinese** car industry, which grew 16% to 18 **million** units produced last year. ArcelorMittal fell 0.7% to \$14.92. (john.miller@wsj.com)

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