

HD Shocking Qantas Loss has Silver Lining -- Market Talk
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2337 GMT [Dow Jones] The shocking size of Qantas's (QAN.AU) FY loss, which came in at A\$2.84 **billion** (\$2.66 **billion**), has a shiny silver lining, says J.P. Morgan, which kept an outperform recommendation on the airline's shares and raised its price target to A\$1.64 vs A\$1.47. Qantas's bottom line was hammered by a massive write-down on the value of its international aircraft fleet, but the upside is that the **company's** depreciation charge will fall by around A\$200 **million** a year. "The net result has seen Qantas provide guidance of a return to profit in underlying net profit before tax in 1H15, clearly a nice turnaround on the 1H14 underlying loss of A\$252 **million**," the broker says. (Ross.Kelly@wsj.com)

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23:37 GMT [Dow Jones] Offshore accounts at five foreign brokerages place net buy orders for 2 **million** Japanese shares overnight, according to traders. The premarket buying may be positive for the market at the open, although the yen value basis of the figures is unknown. Buy orders total 9.0 **million** shares, with sell orders amounting to 7.0 **million** shares. (bradford.frischkorn@wsj.com)

23:34 GMT [Dow Jones] Japan stocks are likely to weaken Friday for the second consecutive session as overnight U.S. bourses declined on concerns about Russia-Ukraine tensions, which outweighed revised U.S. 2Q GDP figures showing the economy rising at a 4.2% annualized pace, up from an earlier 4.0% estimate. The dollar also continued to pull back against the yen (USD/JPY now 103.68). "The Nikkei's steady rally for most of the last three weeks still leaves room for profit-taking on the back of the weaker dollar, but hopes for more government pension fund (GPIF) buying of domestic stocks should keep prices from falling too far," says Tsuyoshi Nomaguchi, **equity** strategist at Daiwa Securities. He puts the GPIF's likely new domestic stock allocation--due to be announced in a few weeks--at around 20%--up from the current 16.5%. Nomaguchi puts the Nikkei's range for the session at 15350 to 15500. Nikkei 225 September futures ended yesterday's Chicago trading down 75 points at 15405 vs their close earlier yesterday in Osaka at 15470. In the cash market, the Nikkei closed down 0.5% at 15459.86 Thursday. (bradford.frischkorn@wsj.com)

2327 GMT [Dow Jones]--J.P. Morgan thinks Atlas **Iron** Ltd.'s (AGO.AU) decision to pay a A\$0.02 dividend was "a conservative and prudent decision reflecting the subdued **iron-ore** price." The payout was lower than J.P. Morgan's A\$0.03 forecast. "AGO's board are supportive of dividends going forward, although our take is that it is by no means sacrosanct," analyst Luke Nelson says. Still, others were surprised by the size of the dividend given just how steep the fall in **iron ore** has been. UBS analyst Glyn Lawcock asks whether AGO could regret it given its rising debts and expectations **iron-ore** prices won't rebound sharply. AGO last traded at A\$0.57. (rhiannon.hoyle@wsj.com; Twitter: @RhiannonHoyle)

2320 GMT [Dow Jones]--The USD/JPY will likely remain top heavy in a 103.20-104.00 range in Asia trade due to flows related to commercial trade ahead of regular end-of-month settlement, says Osao Iizuka, head of FX trading at Sumitomo Mitsui Trust Bank. Despite escalating tension in Ukraine, "the USD is in upward bias, but needs adjustment" after rapid gain recently, says Mr. Iizuka. Like usual pattern at the end of month, Japanese importers will likely buy the USD and then exporters sell the greenback. If the USD/JPY breaks below 103.50, stop loss selling could bring the greenback lower, he says. The pair is at 103.68 against 103.72 in New York late Thursday. With investors reluctant to take strong positions ahead of closely-watched euro-zone inflation data later today, the EUR/USD is tipped in a 1.3150-1.3200 range. It is now at 1.3184. (hiroyuki.kachi@wsj.com)

2305 GMT [Dow Jones]--J.P. Morgan is upgrading Macquarie Atlas Roads (MQA.AU) to overweight from neutral because of recent share-price weakness and its expectation of further dividend growth. "The

result itself was largely in line, if not a little stronger, and confirms our view that Macquarie Atlas Roads provides exposure to both a slowly recovering euro zone as well as lower interest expenses as APRR/Eiffage refinances debt at lower rates," the broker says. It raised the target price to A\$3.44 from A\$3.22. MQA last at A\$3.22. (david.rogers@wsj.com; Twitter: @DavidRogersWSJ)

2258 GMT [Dow Jones]--Activity in the New Zealand region of Canterbury in August rose to a fresh high with the labor market driving the growth, an index by ASB Bank shows. "Employment demand in the region has been boosted by the earthquake rebuild, and we are seeing signs of this demand flowing through to wage pressures," ASB Chief Economist Nick Tuffley. He adds that continued construction growth remains a key support of Canterbury economic activity. The ASB Cantometer index rose to an all time high of 1.8--a reading above 0 indicates activity is above that seen prior to the first earthquake in September 2010. (lucy.craymer@wsj.com; Twitter: @lucy_craymer)

[Dow Jones] J.P.Morgan stays Neutral on Ramsay Health Care (RHC.AU), but lifts its target price 5.6% to A\$52.52 after the private hospitals operator said underlying core net profit after tax would grow 12%-14%, slightly stronger than the broker expected. "Leveraging Ramsay Health Care's global scale to make improvements in procurement is likely to drive strong margin improvement in both France and Australia," analysts Steven Wheen and Cheryl Ng say. "It remains difficult to forecast given the ownership percentage of GdS remains uncertain as minorities retain 17% and management contemplate introducing a health insurer as a third shareholder to French **operations**." RHC last A\$52.06. (david.rogers@wsj.com; Twitter: @DavidRogersWSJ)

2250 GMT [Dow Jones] -- New Zealand's NZX-50 has opened 0.2% lower at 5227.801 and Asian markets are likely to follow suit, says Forsyth Barr investment adviser Dave Schaper. "The U.S. was off overnight and that's flowing through," he says. Fletcher Building (FBU.NZ) is down 0.4% at NZ\$9.25 while Spark (SPK.NZ) is down 0.2% at NZ\$2.94. He says the New Zealand and Australian markets are digesting **company** reports. In New Zealand results have been largely positive with "more meeting and exceeding expectations rather than missing them," he says. He notes, however, the guidance has been fairly thin "so the question is where do we go from here." (rebecca.howard@wsj.com; Twitter: @FarroHoward)

2251 GMT [DOW JONES] Brazil's auto sector is in the ditch, but global car makers continue to invest, betting on an eventual recovery in the world's fourth-largest car market. **Chinese** manufacturer Chery on Thursday inaugurated a \$536 **million** plant about 50 miles outside Sao Paulo, capable of producing 150,000 vehicles a year. Earlier this month, General Motors said it would invest nearly \$3 **billion** in its Brazilian **operations**. Brazil vehicle sales are down 8.6% through the first seven months of the year as the economy has stalled; production has slid 17.4%. Still, automakers know most of their future growth is in the developing world. "Chery's investment shows the confidence of **Chinese** businessman in Brazil's future," said Michel Temer, the **company's** vice president in Brazil. (marla.dickerson@wsj.com)

18:29 EDT - Financial Services Information Sharing Analysis Center members can communicate via email distribution from the center or log into portals that share information and is more secure than emails, says Bill Nelson, chief executive of the center. The Center has more than 5,000 members who pay anywhere from \$250 to \$50,000 annually depending on the size of the organization, which include banks, insurance companies, third parties that work with financial institutions and payment processors, among others, Nelson says. Membership ballooned after a regulator webinar in early May that stressed the importance of cyber attacks and understanding how to defend the institution, he says. (emily.glazer@wsj.com)

18:24 EDT - Burger King (BKW) could take some quality cues from Tim Hortons (THI), the Canadian coffee and doughnut chain it agreed to acquire this week, according to a survey from research **firm** Sandelman & Associates. In a study involving more than 1,600 THI customers in the US and nearly 47,000 BKW customers who were interviewed between Q3 2013 and Q2 2014, THI got higher ratings than BKW on 10 out of 16 customer service attributes, ranging from speed of service and restaurant cleanliness to ingredient quality. (julie.jargon@wsj.com)

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