

HD No EPS Growth From ASX in Three Years, Bell Potter Says -- Market Talk

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2346 GMT [Dow Jones] ASX (ASX.AU) delivered a largely in-line fiscal 2014 result but it highlights the bourse has shown no EPS growth in three years despite a much healthier market environment, Bell Potter says. In the last year earnings were impacted by a dilutive equity raising as well as a higher cost base and some revenue weakness in certain divisions, Bell Potter notes. It adds ASX is still facing issues with the slow emergence of competition, including cash-market volume decline, little growth from derivatives volumes and the recent move to lower interest rate futures clearing fees. The listings and capital raisings division is the highlight. Bell Potter retains a sell recommendation and raises its target to A\$32/share from A\$31.40. ASX last traded at A\$37.19. (robb.stewart@wsj.com; Twitter: @RobbMStewart)

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2334 GMT [Dow Jones] The federal health law's marketplaces often didn't provide consumers a clear picture of which doctors were included in health plans, according to a new Urban Institute analysis. Researchers examined nine states and the federal **site**. Most didn't clearly tell consumers the type of plan--such as HMO or PPO--and few included physician directories. Few of the insurers' own directories allowed users to single out the network for the particular plan they wanted. That could be "exceptionally misleading," since these plans might not include all the doctors in the insurers' full networks, the report said. (Anna.Mathews@wsj.com)

2334 GMT [Dow Jones] With the U.S. dollar printing multimonth highs against many major currencies this week, it is fair to ask how much longer the Australian dollar can outperform, Westpac said in a note to clients. Multiyear lows on a basket of Australia's key commodity prices and softer **Chinese** growth momentum flag a warning of a downside break, it adds. However, with the RBA still confident growth will pick up in 2015, support remains in place, it adds. So long as US\$0.9200 holds, Westpac says it will remain neutral on the currency but lean toward selling any rallies to 0.9330/40 rather than buying dips. (james.glynn@wsj.com; Twitter @JamesGlynnWSJ)

2328 GMT [Dow Jones] Consumers are set to receive \$7 billion in relief from Bank of America Corp. (BAC) as part of the lender's record settlement with government agencies. That is more than the combined relief awarded in similar settlements reached by J.P. Morgan Chase & Co. (JPM) and Citigroup Inc. (C). The relief to be provided by Bank of America includes reductions in mortgage principal and monthly payments for consumers struggling to hold onto their homes, funds to take over and tear down derelict housing and assistance for building or refurbishing affordable rental properties. The more focused approach to consumer relief came after critics had said homeowner assistance in past settlements wasn't targeted enough towards those hardest hit by the housing crisis. (JoelSchechtman@wsj.com)

2327 GMT [Dow Jones] Credit Suisse is skeptical that Origin Energy's (ORG.AU) A\$24.7 billion Australia Pacific LNG joint venture with ConocoPhillips (COP) will come in on time and budget, noting that of the seven LNG projects to start construction since 2005, five were late, with an average 12-month delay. The project also appears to be burning cash quickly compared to BG **Group's** (BG.LN) neighboring QCLNG project. "We are alarmed that with 18 months left, 75% complete, APLNG only has 15% of budget left," the broker says. "QCLNG, when 15 months out, had 32% left." That said, if Origin's project bucks the trend, the share price should go higher. "We remain on the fence for now, retaining our A\$14.55/share target price and neutral recommendation." Origin was last at A\$14.78. (ross.kelly@wsj.com)

2322 GMT [Dow Jones] Bell Potter analyst Fred Truong expects BC Iron (BCI.AU) to miss its FY15 sales goal after finding more lay than expected in some ore dug from its Nullagine iron-ore joint venture with Fortescue Metals (FMG.AU). Truong has pencilled in annual shipments of 5.7 million tons of iron ore, below the 5.8 million-6.2 million ton range targeted by Perth-based BC Iron. The broker also increased its forecast FY15 unit costs to A\$52/ton, which is at the upper end of BC Iron's guidance range of A\$49-A\$53/ton. "This has led to a A\$3 million, or 7%, downgrade to FY15 earnings," Truong says. Bell Potter rates BC Iron a **buy**, with a A\$3.80 price target. BC Iron, which is trying to acquire rival Iron Ore Holdings (IOH.AU), last traded at A\$3.00. (david.winning@wsj.com; @dwinningWSJ)

2310 GMT [Dow Jones] With insufficient upside expected for AMP (AMP.AU) shares despite a solid first-half result, Citi lowers its stance to neutral from **buy** even as its price target rises to A\$6.10/share from A\$5.90. It notes AMP's wealth protection division appears to be stabilizing, with division profit margins set to rise in the second half and the full-year outlook considerably better than expected. Citi lifts its EPS estimate for AMP by 1.7% to A\$0.355 for 2014. AMP last traded at A\$5.75. (robb.stewart@wsj.com; Twitter: @RobbMStewart)

2307 GMT [Dow Jones] Recent strength in Aussie iron ore miners is out of step with the lack of significant recovery in spot iron ore prices, notes marketmatters.com.au principal Shawn Hickman. "Since April 2014, the big Australian miners have rallied, under the weight of 'free money,' as spot iron ore has fallen over 20%," Mr. Hickman says. "History tells us either the iron ore price needs to rally, or the sector is due for a decent correction. A continued deterioration in (China's) **property** (market) can only be detrimental to the iron ore price." Spot iron ore fell 0.4% to US\$91.90 on Thursday. (david.rogers@wsj.com; Twitter: @DavidRogersWSJ)

2304 GMT [Dow Jones] Kitchen-appliances maker Breville (BRG.AU) jolted investors with the resignation of its CEO and a decline in the juicer category in North America, but J.P. Morgan analyst Armina Soemino thinks a 18.6% fall in its share price on Thursday is overdone. "We still see global growth potential particularly in the U.K., which contributed A\$15 million of revenues from a standing start, but also in North America as well as from global distribution relationships," Soemino says. North America revenue fell 18% in 2H 2014, but the broker forecasts a recovery in 2H 2015 due partly to the introduction of new products. J.P. Morgan rates Breville at overweight, but cuts its price target by 11% to A\$8.20. BRG last traded at A\$7.10. (david.winning@wsj.com; @dwinningWSJ)

2300 GMT [Dow Jones] -- With low levels of market volatility likely to persist and headwinds to revenue growth from recent derivatives fee cuts, J.P. Morgan has cut ASX Ltd. (ASX.AU) to neutral from overweight. Its target price falls to 38.79 Australian dollars/share from A\$39.48. "ASX continues its shift in business model to new service offerings as historically recurring revenues become arguably less defensible." J.P. Morgan says the exchange operator's FY14 results were in line, yet it trims its net profit forecast for FY15 by 4.5% and for FY16 by 6.6%. ASX shares last traded at A\$37.19. (robb.stewart@wsj.com; Twitter: @RobbMStewart)

18:44 ET [Dow Jones] FedEx Corp., DHL Express and United Parcel Service Inc. said they were keeping an eye, Thursday, on Iceland's Bardarbunga volcano for signs that they would need to enact contingency plans. In the spring of 2010, the eruption of Iceland's Eyjafjallajokull volcano and its voluminous ash caused the cancellation of thousands of cargo flights carrying components. Some auto makers including Nissan and BMW were not able to get sensors and other parts causing a delay in production. Since electronics such as semiconductors and sensors comprise about half the weight of air cargo, any disruption could cause problems for companies that rely on such components. (rachael.king@wsj.com)

2245 GMT [Dow Jones] AMP's (AMP.AU) first-half profit was below Credit Suisse's and the consensus forecast, although primarily due to an accounting mismatch loss. But on an underlying basis, the brokerage says earnings were 3% above its expectation and driven by a lack of claims in life insurance. Credit Suisse notes that after underperforming the market in 2013, AMP has recovered in 2014 and is trading at an about 5% premium to the market, which is below its historical roughly 15% premium. It maintains a neutral stance but lifts its target price to A\$6.10/share from A\$5.60. AMP last traded at A\$5.75. (robb.stewart@wsj.com; Twitter: @RobbMStewart)

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