

**HD Macquarie's Guidance Remains Conservative, Says Bell Potter -- Market Talk**
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2302 GMT [Dow Jones] After Macquarie Group's (MQG.AU) 35% 1H profit rise exceeded the **company's** own guidance, Bell Potter says Macquarie's guidance for full-year earnings remains conservative. Announcing the interim result Friday, Macquarie stuck to its previous guidance that FY15 net profit would be slightly up on the A\$1.27 **billion** profit recorded in FY14. After analyzing Macquarie's outlook statement for each operating group, Bell Potter says the **company's** guidance for the annuity-style businesses are "ultra-conservative given their respective strong underlying fundamentals" including assets under management growth, improving global **equity** markets and operating scale. The broker lifts its price target slightly to A\$67.00, from A\$66.40, citing stronger return-on-**equity** momentum in the annuity-style business, and maintains its buy rating on the stock. (rebecca.thurlow@wsj.com; @beckthurlow)

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2244 GMT [Dow Jones] Australian stocks are poised for a moderately positive open, with SFE Futures up 0.1%, after U.S. stocks rallied Friday on the Bank of Japan's decision to further stimulate its economy. The news was priced in to the Australian market in the final hour of trading Friday, meaning the bourse probably won't come close to the 1.1% jump recorded on the Dow Jones Industrial Average. Westpac also reported a strong full-year result on Monday morning, which should lend broader market support, says Chris Weston, a strategist at broker IG. Local investors will be taking cues from **Chinese** manufacturing data due later Monday. (Ross.Kelly@wsj.com)

2237 GMT [Dow Jones] Weakness in the **Chinese** official PMI report at the weekend has seen the Australian dollar open lower in Asia Monday, continuing the weakness from U.S. data strength on Friday, said ANZ in strategy note. It adds the U.S. ISM report should maintain strength keeping pressure on the Australian dollar and supporting the U.S. dollar. Locally, retail sales data Tuesday will provide the best directives for the Aussie dollar for direction. The expected range is US\$0.8630 to US\$0.8830. Now US\$0.8759. (james.glynn@wsj.com; Twitter @JamesGlynnWSJ)

2230 GMT [Dow Jones] Conditions in Australia's manufacturing sector improved in October partly in response to a sharp fall in the Australian dollar to its lowest levels seen in 2014 so far. The Australian Industry Group Australian Performance of Manufacturing Index increased by 2.9 points to 49.4 in October from September, indicating conditions were very close to stable across the sector. A reading below 50 indicates the sector contracted. The survey showed new orders, production and stock levels rose in October, with the food and beverages industry leading the increase. Still, the data suggests further recovery is needed before manufacturing becomes a strong source of job creation within the economy. AIG Chief Executive Innes Willox said "conditions remain patchy." (james.glynn@wsj.com; Twitter @JamesGlynnWSJ)

2216 GMT [Dow Jones] While the quality of Australia & New Zealand Banking Group's (ANZ.AU) earnings and lending book continues to improve, its stocks are still too expensive, says J.P. Morgan, which keeps an underweight recommendation, while lifting its price target to A\$36.39/share from A\$36.08. "We continue to expect overall revenue growth to remain subdued in the mid-single-digit range," the broker says. ANZ was last at A\$33.50. (Ross.Kelly@wsj.com)

2114 GMT [Dow Jones] Bell Potter cuts its price target for BC **Iron** (BCI.AU) by 38% to A\$1.80/share, saying investors need a healthy appetite for risk following a dreadful quarter featuring disruptions at its Western Australian mines. "With a market capitalization and enterprise value of A\$196 **million** and A\$118 **million**, respectively, BC **Iron** is trading at a similar value to other **iron ore** explorers/developers

listed on the Australian Securities Exchange," the broker says. "At these levels, BC **Iron** represents cheap **iron ore** leverage, with a 10% change in our price estimates, leading to a 40-50% change to our valuation." As BC **Iron** ramps up annual production back to 6 **million** tons, the miner should generate positive operating cash flow, Bell Potter says. Still, the broker says risks to its buy call include persistently weak **iron-ore** prices and widening of pricing discounts. BCI last traded at A\$1.075. (david.winning@wsj.com; @dwinningWSJ)

2204 GMT [Dow Jones] Regis Resources's (RRL.AU) strong start to FY15 is a big step toward rebuilding confidence shaken by problems including flooding at its Western Australian mines and a hefty writedown against projects including its McPhillamys **gold** deposit in New South Wales state. Still, J.P. Morgan says it prefers the risk-reward balance offered by rivals Alacer **Gold** (AQG.AU) and OceanaGold (OGC.AU). The broker retains a neutral call with A\$1.80/share price target. Regis produced 89,000 ounces of **gold** in the three months through September, up 35% on the previous quarter, to beat J.P. Morgan's forecast for 81,000 oz. "Nonetheless, we remain concerned about the history of operational issues at Garden Well and Rosemont that have challenged our confidence in the **company's** assets," J.P. Morgan says. RRL last traded at A\$1.38. (david.winning@wsj.com; @dwinningWSJ)

2139 GMT [Dow Jones] Forsyth Barr lauds Ebos Group's (EBO.NZ) strategic **acquisition** of BlackHawk Premium Pet Care -- which provides a direct investment into the growing premium pet food category in Australia. It also grows Ebos' exposure to the animal care sector, characterized by above GDP growth and attractive margins, it says. Forsyth Barr expects the **acquisition** to be EPS accretive from FY15. However, with Ebos trading at a small PE discount to the market, it retains a neutral rating and a 12-month target price of NZ\$10.40. The share is +0.3% at NZ\$9.60 early in New Zealand. (rebecca.howard@wsj.com; Twitter: @FarroHoward)

2136 GMT [Dow Jones] The NZD/JPY remains well supported after the BOJ stunned markets by announcing an increase in the pace of its assets purchases, says BNZ FX Strategist Raiko Shareef. The pair is at 87.6475 and Shareef says BNZ is currently forecasting it will be at 0.85 by the end of the year, however, given that BNZ will have to adjust its USD/JPY forecast as a result of Friday's news, NZD/JPY will also be marked higher. (rebecca.howard@wsj.com; Twitter: @FarroHoward)

2134 GMT [Dow Jones] OceanaGold (OGC.AU) is in a solid position to beat its FY14 production target, says J.P. Morgan, which also finds a lot to like in the **company's** revised **mining** plan for its Didipio **copper-gold** deposit in the Philippines. OceanaGold's strong 3Q output means it only needs to produce 24,000 troy ounces of **gold** in the final quarter of its fiscal year to meet the top end of its full-year guidance of 85,000-95,000 oz. The broker also says the revised plan for Didipio means underground **mining** will now start in 2017, meaning it can access **ore** with better grades of **gold** earlier. "With the stock price well below our discounted cashflow-based valuation, and given the potential for the development of Blackwater (which is not in our valuation), strong balance sheet and leverage to **copper** prices, we remain overweight," J.P. Morgan says. OGC last traded at A\$2.00, offering 53% upside to the broker's revised A\$3.05/share price target. (david.winning@wsj.com; @dwinningWSJ)

2122 GMT [Dow Jones] J.P. Morgan retains an overweight call on Harvey Norman (HVN.AU), ups its price target by 10% to A\$4.21/share, after the Australian homewares and electricals retailer beats its forecast for 1Q sales. Harvey Norman reported same-store sales growth of 3.4% across its **operations** from Australia to the Republic of Ireland in the three months through September, above J.P. Morgan's expectations for a 2.3% increase. A 23.5% rise in quarterly pre-tax profits was also ahead of the broker's expectations. J.P. Morgan says its overweight call is underpinned by the prospect of increased sales on the back of a robust housing market, opportunity for franchisee margin expansion and the potential for capital management. HVN last traded at A\$3.80. (david.winning@wsj.com; @dwinningWSJ)

1945 GMT [Dow Jones] Recent good U.S. news and not-so-good **China** news likely to weigh on NZD/USD and "we expect to see it heading lower towards 0.7709 during the next few days," says Westpac Bank Senior Strategist Imre Speizer. He says the October rebound appears complete at 0.8034. A break below the key 0.7709 level then targets the mid-0.70's. "The U.S. dollar remains strong as data remains strong and Fed tightening looms. In contrast, the RBNZ will remain on hold during the year ahead while inflation remains weak," says Speizer. The pair is at 0.7760 early in New Zealand. (rebecca.howard@wsj.com; @FarroHoward)

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