

HD Western Areas Cash Pile Starting to Build Up, Says Macquarie -- Market Talk

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[Dow Jones] Western Areas' (WSA.AU) 1Q production result was solid, says Macquarie Wealth Management, adding that with costs coming in ahead of guidance, the potential for the **company** to exceed its FY15 targets on both production and costs remain high. Notes WSA reported net cash at the end of September of A\$44.7 **million**, which was 2% higher than the broker had forecast, and the miner now has only a A\$125 **million** convertible bond due to be repaid in July 2015. "We note that WSA already has sufficient cash available to repay the bond, and we would not rule out an early repayment if the bond starts trading at a discount to face value." (rebecca.thurlow@wsj.com; @beckthurlow)

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2351 GMT [Dow Jones]--Nymex crude is likely to consolidate near-term as long as it stays below \$84.45 (Friday's high), Dow Jones technical analysis shows. The daily continuation chart is mixed as the five- and 15-day moving averages are declining, the MACD indicator is bearish; but the slow stochastic measure is bullish at oversold levels, while an inside-day-range pattern was completed Friday. A rise above the \$84.45 resistance would turn the near-term view positive, targeting \$84.83 (Thursday's high, near the 10-day exponential moving average), then \$85.60 (Tuesday's high), \$85.87 (Oct. 13 high), \$86.29 (Oct. 10 high), \$87.95 (Oct. 9 high), middle 20-day Bollinger Band (now at \$88.20) and \$88.63 (Oct. 8 high). But a drop below \$82.44 (Friday's low) would tilt the near-term view negative, exposing the downside to \$79.78 (Thursday's more-than-two-year low), then to \$77.28 (June 28, 2012 swing low) and \$74.95 (Oct. 4, 2011 swing low). November crude is up 71 cents at \$83.46/bbl on Globex. (jerry.tan@wsj.com)

2349 GMT [Dow Jones]--Risks around Santos's (STO.AU) Gladstone Liquefied Natural Gas development continue to ease, with continued upstream ramp up, the arrival of modules on the island and the pipeline receiving gas, says Macquarie Research. "GLNG continues to close in on first gas without issue suggesting it may not turn into the development disaster many expect," the broker says. The **company's** 3Q production report was a "reasonable result" overall with strong production supported by better LNG and Cooper gas performances which all but offset unanticipated downtime, adds Macquarie. Keeps Outperform rating and A\$15.50 share price target, above A\$12.92 recent trade. (rebecca.thurlow@wsj.com; @beckthurlow)

2344 GMT [Dow Jones] Sellers appear intent on keeping the Australian dollar capped below US\$0.8900, leaving the risk focused on the US\$0.8660 key support barrier this week, says David de Ferranti, Market Analyst at FXCM. If broken on a daily close basis it could open the next leg lower to the July 2010 low near 0.8320, he added. (james.glynn@wsj.com; Twitter @JamesGlynnWSJ)

2340 GMT [Dow Jones]--The Australian dollar is under some downward pressure due to slowing global growth concerns, says Joe Capurso, strategist at CBA. But he sees scope for some recovery on the basis the Australian economy is improving; foreign purchases of Australian-dollar denominated **bonds** have picked-up; economic conditions in non-Japan Asia remain encouraging; **Chinese** policymakers are aiming to support growth. (james.glynn@wsj.com; Twitter @JamesGlynnWSJ)

2339 GMT [Dow Jones] Australia's 3Q inflation data Wednesday might hold the key to market volatility this week, but it will take a big deviation from expectations to significantly affect current pricing of interest rate forecasts, says David de Ferranti, market analyst at FXCM. Economists currently expect inflation to rise by around just 2.2% over the year in the third quarter, compared with a rise of 3.0% over the year in the second quarter. The recent warnings about slowing world growth have seen markets pricing in some

chance of an interest rates cut in the second half of next year. (james.glynn@wsj.com; Twitter @JamesGlynnWSJ)

2337 GMT [Dow Jones] EUR/GBP is likely to trade in a lower range Monday, weighed by a soft EUR/USD. Daily chart is mixed as MACD indicator bullish, but slow stochastic measure falling from overbought levels. Support is at 0.7897 (Tuesday's low); a breach would target 0.7846 (Oct. 13 low). Resistance is at 0.7981 (Friday's high), then at 0.8027 (Thursday's high). Spot EUR/GBP is at 0.7920. (jerry.tan@wsj.com)

2330 GMT [Dow Jones] EUR/JPY is likely to trade with a buoyant tone Monday, supported by a broadly weaker yen amid positive risk sentiment. Daily chart is mixed as MACD indicator is bearish; but slow stochastic measure rising from oversold, while a bullish parabolic stop-and-reverse signal was hit Friday. Resistance is at 137.06 (Oct. 10 high); a breach would expose the upside to 137.86-137.95 band (Oct. 9 high-Oct. 8 high). Support is at 135.75 (Friday's low), then at 134.15-134.09 band (Thursday's low-Nov. 20 low). Spot EUR/JPY is at 136.55. (jerry.tan@wsj.com)

2330 GMT [Dow Jones] Chris Kent, assistant governor for economics at Australia's central bank, delivered a forward-looking speech on the aging of Australia's population Monday, staying well away from current policy matters, other than to say that inflation is expected to remain within the desired target band of 2% to 3%, while adding that monetary policy is currently configured to support demand growth. The comments are consistent with the current forecasts of the bank and so shouldn't generate much reaction by markets. (james.glynn@wsj.com; Twitter @JamesGlynnWSJ)

2326 GMT [Dow Jones] J.P. Morgan remains cautious about the prospects of Grange Resources relative to other mid-cap miners, despite strong 3Q **iron-ore** sales driven by a reduction in stockpiles of the steelmaking ingredient. Among the broker's concerns are the high-cost structure of Grange Resources's business and an operationally challenging Savage River mine in Tasmania, which was highlighted by a recent pit wall failure. **Iron-ore** sales totaled 870,699 tons in the July-September period, versus J.P. Morgan's expectation for 700,000 tons, after eating into its stockpiles. "Given stockpiles now stand at a more 'normal' level of 200,000 tons, a similar quantum of destocking is unlikely in the near term," J.P. Morgan says. The broker rates Grange Resources at underweight, with a A\$0.10/share price target. GRR last traded at A\$0.13. (david.winning@wsj.com; @dwinningWSJ)

2324 GMT [Dow Jones] USD/CAD is likely to trade in higher range Monday, supported by positive dollar sentiment. But USD/CAD gains are tempered by loonie demand on rebounding CAD/JPY cross amid positive risk sentiment; buoyant **oil** prices (Nymex crude is last up 61 cents at \$83.36/bbl on Globex). Daily chart is mixed as MACD indicator bullish, five- & 15-day moving averages advancing; but slow stochastic measure in bearish mode. Resistance is at 1.1360 (Thursday's high); a breach would target 1.1385 (Wednesday's five-year high). Support is at 1.1212 (Friday's low), then at 1.1193 (Tuesday's low). Spot USD/CAD is at 1.1287. (jerry.tan@wsj.com)

2321 GMT [Dow Jones] USD/CHF is likely to trade in a higher range Monday, supported by positive dollar sentiment. But USD/CHF gains are tempered by franc demand on buoyant CHF/JPY cross. Daily chart is mixed as MACD indicator in bearish mode, but slow stochastic measure turning bullish near oversold levels. Resistance is at 0.9491 (Thursday's high); a breach would expose the upside to 0.9562-0.9572 band (Wednesday's high-Oct. 13 high). Support is at 0.9405-0.9396 band (Friday's low-Thursday's low), then at 0.9358-0.9351 band (Wednesday's low-Sept. 23 low). Spot USD/CHF is at 0.9474. (jerry.tan@wsj.com)

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(END) Dow Jones Newswires

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