DOW JONES NEWSWIRES

HD **Buy Telstra for Dividends, Says BAML -- Market Talk**

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2340 GMT [Dow Jones]--Bank of America Merrill Lynch is more bullish than some other brokers on Telstra's (TLS.AU) dividend payout prospects, keeping a buy call on the stock despite its 12-year highs that have prompted others to take a more neutral stance. Telstra is facing flatter earnings growth because it can't keep winning new mobile customers at phenomenal rates, no matter how much more it invests in its 4G network. Its rich capital position, however, means more cash returns and Merrill Lynch reckons dividends will grow to A$0.32 in FY15, A$0.34 in FY16 and A$0.37 in FY17. (Ross.Kelly@wsj.com)

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2328 GMT [Dow Jones]--Citi backs its Buy rating on Coca-Cola Amatil (CCL.AU) despite strategic risks. "Australia has seen a sharp decline in EBIT, but this division could turn out to be the least of management's worries going forward," the broker says. It sees downside risk to consensus expectations of earnings recovery in Indonesia, weak Jim Beam & Cola sales, and a disappointing FY14 earnings outlook. "Despite the short-term risks, the stock represents attractive fundamental value," the broker says. "Structural concerns are over-done and concerns around pricing are overdone. Strategic certainty and more upbeat commentary by management will signal the inflection point for investors to gain comfort in the stock." CCL last A$9.54. (david.rogers@wsj.com; Twitter: @DavidRogersWSJ)

2324 GMT [Dow Jones] The USD/JPY will likely trade in a 102.30-102.70 range in Asia, with risk-sentiment improving amid fading concerns over geopolitical risks, says Shinji Kureda, head of FX trading group at Sumitomo Mitsui Banking Corp. "People are mindful of the 200-day moving average, which is now around 102.30," Mr. Kureda says. The pair is at 102.48 vs 102.45 in late New York trade Thursday. Daily commercial transaction is also somewhat in favor of dollar buying, he adds. Meanwhile, the upside will be limited amid a lack of fresh cues due to the traditional summer holiday. The EUR/USD is tipped in a 1.3330-1.3380 range, with bias on the downside. It is steady at 1.3362. (tatsuo.ito@wsj.com)

23:23 GMT [Dow Jones] Thermal coal futures prices are falling back below $70 a ton despite a step up in Chinese power-plant burn rates amid recent high temperatures: The first 10 days of August, Chinese thermal coal consummation rose 4% on year to 3.6 million tons a day, says Australia New Zealand Banking Group. The data are in line with Australian government's report released yesterday that bulk commodity's soft prices are due to increased supply and demand from China has been stable. (Mari.iwata@wsj.com)

2322 GMT [Dow Jones] InterOil (IOC), the U.S. company planning to build an LNG plant in Papua New Guinea, could be a takeover target, with Exxon (XOM), Woodside (WPL.AU), Total (TOT) and Oil Search (OSH.AU) all possible bidders, says Bernstein Research. "Exxon have the most to gain given synergies with PNG LNG, with Oil Search being another possibility, although funding would be an issue," its analysts say. "If Total believe in the upside reserves case, a buy-out of InterOil would make financial sense," it adds. "Woodside who are actively looking for LNG companies in the US$3 billion-to-US$5 billion range, would also likely be interested in this asset." It has an outperform call and US$90/share target on InterOil vs its last trade of US$57.12. (Ross.Kelly@wsj.com)

23:16 GMT [Dow Jones] Australia & New Zealand Banking's (ANZ.AU) nine-month trading update was on the whole weaker than expected on a cash earnings basis, says Omkar Joshi, investment analyst at Watermarket Funds Management. The quality of the bank's performance in the period was relatively low given the strong lift it received from a materially lower bad-debt charge, he adds. The bank now forecasts full-year bad debts being 12% lower than in fiscal 2013 against previous guidance of a 10% decline. Joshi says this implies a bad-debt charge of A$279 million for the fourth quarter. ANZ's net interest margin has also come under pressure. ANZ last traded at A$32.74. (robb.stewart@wsj.com; Twitter: @RobbMStewart)

2311 GMT [Dow Jones] Direct marketing company Salmat (SLM.AU) has cut its FY14 Ebitda guidance three times since November, as it continues a strategic overhaul that Credit Suisse thinks has further to go. "We continue to see a downside risk to near-term earnings expectations from increased investment and higher operating costs," says the broker, which has cut its price target by 9.7% to A$1.85/share. While Salmat has long-term opportunities, Credit Suisse retains a neutral call given uncertainty around the structural growth in online advertising and catalog volumes, and continued competitive pressures. The broker also thinks it's too early to draw a conclusion on Salmat's ability to execute on its digital strategy that sees the business more aligned to an IT services and integration company. SLM last traded at A$1.76. (david.winning@wsj.com; @dwinningWSJ)

18:19 EDT - Activist investor William Ackman, of Pershing Square Capital Management LP, isn't known for being shy. But he's been relatively quiet on his big bet on the common stock of Fannie Mae (FNMA) and Freddie Mac (FMCC), an attempt to benefit from the U.S. housing recovery. That changed today when Pershing sued the U.S. government over the changes it made in 2012 to its bailout terms of FNMA and FMCC. So why break the silence? One possible reason: a three-year statute of limitations that applies to FMCC. The suit, which three individual investors have joined, makes sure common shareholders have a seat at the table. (juliet.chung@wsj.com)

18:07 EDT - Bill Ackman's Pershing Square Capital files a lawsuit against the U.S. government and Fannie Mae (FNMA) and Freddie Mac (FMCC), joining other big investors in challenging revised bailout terms for Fannie and Freddie. But where the other suits focus on the rights of preferred shareholders, Pershing's suit focuses on the treatment of common shareholders. At issue are the 2012 bailout terms that force the firms to send all of their profits to the U.S. Treasury. While suits against the government can be expensive, time-consuming propositions, they can result in victories (think of the holdout creditors in Argentina). (juliet.chung@wsj.com)

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New York hedge fund

18:05 EDT - A representative of Skolkovo, the technology hub outside Moscow sponsored by the Russian government, said he hopes that despite the recent tensions between Western and Russian governments, international projects would continue strong. "We should be very active in international collaboration projects, including engagement of international researchers, entrepreneurs, investors," said Vasily Belov, senior vice president, innovations development at Skolkovo Foundation. The political tensions just highlight the necessity of increased "cultural exchange and cooperation," he said. Several major US firms and institutions, including Cisco (CSCO), Intel (INTC) and the Massachusetts Institute of Technology, have partnered with Skolkovo-related projects over the years. (yuliya.chernova@wsj.com)

18:01 EDT - In May, when the FCC says it was reserving a smaller slice of airwaves than previously planned for companies like Sprint and T-Mobile in a 2015 spectrum auction, the carriers were secretly giddy. At the time, they were working on plans to merge, and a smaller reserve appeared to help their case. Now that Sprint has abandoned plans to buy its smaller rival, however, those rules are a problem. T-Mobile this week asked the FCC to increase the amount of spectrum reserved for smaller carriers. If the rules aren't changed, AT&T and Verizon will only increase their industry dominance, T-Mobile says. (ryan.knutson@wsj.com; @ryan_knutson)

17:57 EDT - Southeast US residential real estate brokers and homebuilders reported home sales cooled off slightly in July vs June, according to a survey released by the Atlanta Fed. About 57% of brokers surveyed said sales were up in July vs a year earlier, down from 60% of those surveyed in June who said sales were up from 12 months earlier. Fifty-one percent of builders reported that sales were up in July from the same month in 2013, down from 63% in June. The survey of 40 residential brokers and 19 homebuilders was conducted from July 7 through July 16. (cameron.mcwhirter@wsj.com)

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