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NEWSWIRES

HD **Crown's Cash Flow Lift Should Help Assuage Concerns: Morningstar -- Market Talk**

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2358 GMT [Dow Jones] A strong lift in Crown Resort's (CWN.AU) free cash flow in the latest fiscal year helps assuage some concerns regarding its ability to fund a burgeoning project pipeline, says Morningstar. Crown benefited in the fiscal year from a near doubling of earnings from its Melco Crown joint venture and a higher win rate, which helped drive net profit, the investment-research **firm** says. It adds that at current levels, CWN is undervalued, likely because the market has been preoccupied with concerns over weakness in the Macau gambling market and the risk associated with Crown's ambition growth projects. It has an accumulate stance and A$19/share fair-value estimate. CWN last traded at A$15.66. (robb.stewart@wsj.com; Twitter: @RobbMStewart)

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2357 GMT [Dow Jones]--**Gold**-sector costs continue to fall, but miners need to be careful they're cutting fat, not muscle, Citi analysts say. "The cuts to costs and capex are helping margins near term. However, it is a double-edged sword," analysts Johann Steyn and Craig Irwin write in a note. "The reason being that **gold** companies have to spend an increasing amount of capex just to fight falling production trends and prevent a blowout in unit costs." They worry a slowdown in capex will **lead** to lower output, which will drive up costs again. Citi estimates unit costs fell 5.1% on-year in 1Q14, while all-in costs dropped 23%. It maintains a bearish view on the sector. (rhiannon.hoyle@wsj.com; Twitter: @RhiannonHoyle)

2357 GMT [Dow Jones]--Australia's S&P/ASX 200 may struggle to match a 0.4% overnight rise in the S&P 500 after a disappointing trading update from ANZ (ANZ.AU), and Telstra (TLS.AU) downgrade by Bell Potter. ANZ's A$5.2 **billion** 3Q cash profit was about 6% below consensus, and the result was propped up by lower bad debt provisions. "On the whole, the result was weaker than expected on a cash earnings basis and also of low quality given the contribution from a materially lower bad debt charge," Watermark Funds Management analyst Omkar Joshi says. Bell Potter's Charlie Aitken has cut Telstra to Hold from Buy as it nears his A$6 target, which equates to a 5% dividend yield. Geopolitical risk from Ukraine and Iraq eased overnight and higher-than-expected U.S. jobless claims fuelled "lower-for-longer interest rate" bets, with U.S. 10-year **bonds** down 2 basis points to 2.40%. Index last 5548.5. (david.rogers@wsj.com; Twitter: @DavidRogersWSJ)

2352 GMT [Dow Jones] Offshore accounts at five foreign brokerages place net buy orders for 100,000 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 5.6 **million** shares, with sell orders amounting to 5.5 **million** shares. (bradford.frischkorn@wsj.com)

2348 GMT [Dow Jones] Japan shares may remain somewhat bullish Friday after four straight days of gains (+3.6%), as overnight U.S. markets remained resilient along with the dollar (USD/JPY now 102.48). Trading activity is likely to stay subdued, however, as Japan enters the third and final day of the annual mid-summer 'Obon' holiday season, during which many domestic investors take time off. "With a stable dollar, good earnings reports, and a few geopolitical tribulations overseas, stocks could resume their upward trend," says Eiji Kinouchi, chief technical analyst at Daiwa Securities. "The risk of profit-taking gets higher as the Nikkei nears 15500, however, where stiff technical resistance awaits." He puts the index range for the session at 15300 to 15500. Nikkei 225 September futures ended yesterday's Chicago trading flat at 15340 vs their close at 15290 earlier yesterday in Osaka. In the cash market, the Nikkei closed up 0.7% at 15314.57 Thursday. (braadford.frischkorn@wsj.com)

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)

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)

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