

HD Atlas Iron Won't See Real Benefit From Cost Drive Until FY16 -- Market Talk

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2250 GMT [Dow Jones] Atlas **Iron** Ltd. (AGO.AU) may be making a real effort to improve its cost competitiveness, but the **company** is unlikely to report material benefits until FY16, says J.P. Morgan analyst Luke Nelson. "Costs are now the main priority," he says, adding that AGO thinks it can cut its breakeven point to the mid-US\$70/ton level from about US\$80/ton currently. For now, though, with **iron-ore** prices languishing near five-year lows, the miner is cashflow neutral. J.P. Morgan keeps a neutral rating on AGO, with an A\$0.65 target. "While the stock trades at a discount to our NPV, we believe there is too much uncertainty with the **company's** growth plans, capex and cost profile to be comfortable with a more positive view," he says. AGO last traded at A\$0.585. (rhiannon.hoyle@wsj.com; Twitter: @RhiannonHoyle)

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2249 GMT [Dow Jones] Private **equity** suitors Pacific **Equity** Partners and KKR & Co. have opted against pitching a final bid for SAI Global Ltd. (SAI.AU), yet a number of parties have shown interest in some of the businesses. That, says J.P. Morgan, is natural given the disparate assets that make up SAI aren't a neat fit for any one peer. Still, the brokerage notes an offer for the whole **company** was a much cleaner **transaction** and any break up or **sale** of individual assets needs to consider other factors such as tax implications and the return profile of the remaining business. As such, J.P. Morgan's price target on SAI reverts to A\$4.40/share (\$3.98) from A\$5.18. It retains a neutral recommendation. SAI last traded at A\$4.18. (robb.stewart@wsj.com; Twitter: @RobbMStewart)

2245 GMT [Dow Jones] A debt restructure looks imminent at Africa-focused mineral-sands miner Base Resources Ltd. (BSE.AU), which J.P. Morgan says could be a positive catalyst for the stock. The broker cites comments by Base Resources management that proposed terms for a restructure of the Kwale Project Finance Facility, which supports its mineral sands project in Kenya, have already been agreed with all lenders. Under the terms of the restructure, all principal repayments will be deferred by six months, J.P. Morgan says. The first principal repayment will be deferred to June 2015 and the current portion of borrowings will be reduced to A\$12 **million** (\$10.8 **million**) from A\$50 **million**. J.P. Morgan rates Base Resources at overweight, with a A\$0.50 (\$0.45) price target. BSE last traded at A\$0.28. (david.winning@wsj.com; @dwinningWSJ)

18:37 ET [DOW JONES} Expect imminent action from the U.S. Treasury Department on inversions. "I'm hopeful that we're going to be able to take action very, very soon," U.S. Treasury Secretary Jacob Lew said at an event hosted by the UCLA Anderson School of Management. Mr. Lew said he'd met with his inversion team Tuesday on the actions being prepared and would discuss the plans with them again while he's in Australia for the G20 finance ministers meeting this weekend. Unless Treasury plans to announce the actions while the secretary is on the other side of the world, that would put an official announcement into next week at the earliest. (ian.talley@wsj.com)

18:14 EDT - Nice timing on the temporary reauthorization of the US Export-Import Bank until next June. On the agenda for its **board** meeting Thursday is an application for a loan guarantee from a unit of Brazilian airline Gol for aircraft engine maintenance. Gol previously used just such a guarantee to **park** engine work at Delta Air Lines (DAL), an arch-critic of Exim's current practices. Colombia's Avianca, Air **China**, Ethiopian Airlines and Virgin Australia among the carriers that have lined up for Exim backing for jet deals in recent weeks. (doug.cameron@wsj.com; @douglcameron)

18:10 EDT - The world's most powerful finance minister waded--just barely--into the Scottish independence question on the eve of the vote, warning that secession could create economic problems.

"We think a strong, united UK is important," US Treasury Secretary Jacob Lew says in response to a question at an event hosted by the UCLA Anderson School of Management. "It's an internal debate within the UK right now, but obviously there are potentially significant economic ramifications and I think we're all watching with great interest what happens tomorrow." (ian.talley@wsj.com)

18:08 EDT - Avison Young, a fast growing Canadian **commercial** real **estate** services **company**, has made another **acquisition** in the New York City region: Kwartler Associates, a New Jersey-based **property** management **firm**. Mark Rose, Avison Young's chief executive, declined to reveal the price Avison paid for the family-owned **firm** that manages about 50 properties with more than 5.1M square feet of office and industrial space in the New York region. But he says more deals can be expected in the **acquisition** binge in which Avison Young has paid over \$100M for about 30 companies over the past five years. The Kwartler deal is expected to be announced Thursday. (peter.grant@wsj.com)

18:04 EDT - US Attorney General Eric Holder joins the chorus of public officials calling for individuals to be held responsible for white-collar crimes, an approach that has recently been scaring compliance officers. But he also concedes that such prosecutions currently face hurdles and called for potential changes in the law. "The buck needs to stop somewhere where corporate misconduct is concerned. We ought to consider this further and modify our laws where appropriate," he says. (rachel.ensign@wsj.com; @RachelEnsignWSJ)

18:01 EDT - Stability in the polls is bad for Brazilian President Dilma Rousseff's chances of re-election at this point, Eurasia **Group** says. Public support for Rousseff has seesawed in recent months, with the president currently trying to overcome a slight disadvantage in the polls to challenger and current frontrunner Marina Silva. But polls released this week have shown Rousseff's recovery stalling, which Eurasia **Group** says may be the result of her negative campaigning against Silva. "For Rousseff to remain the favorite, such tightening has to continue to at least a tie--or a slight Rousseff advantage--in the second round over the next two weeks," Eurasia adds. (paul.kiernan@wsj.com)

17:59 EDT - California's Department of Motor Vehicles issued the first permits this week for testing autonomous cars on the state's public roads and the process shows how far ahead Google (GOOGL) is in the race to turn this technology into a **commercial** product or service. The DMV issued 29 permits at first and 25 of those went to Google and its fleet of self-driving ToyotaLexus SUVs. The other four went to Mercedes-Benz, a unit of Daimler AG (DAI.XE), and Volkswagen AG (VOW3.XE), which got two permits each. (alistair.barr@wsj.com)

17:57 EDT - Asian markets may take a **lead** from the positive US shares after investors were reassured by the prospect of low interest rates for awhile longer. In New Zealand, however, "the election is running things at the moment," says Peter Young, investment advisor at Forsyth Barr. With a general election slated to take place Saturday in New Zealand "some investors are hedging their bets," he says. He notes the **energy** sector, which would be impacted by a change in government, has shed some ground in recent sessions. The governing National Party is ahead in the polls but will likely have to team up with a few of the smaller parties to garner enough seats to form a coalition. (rebecca.howard@wsj.com; @FarroHoward)

17:53 EDT - Alaskans will get a check from their government for \$1,884 as a dividend from **oil**-tax revenues the state puts into a special fund that invests in stocks, **bonds** and other assets. More than 640,000 state residents will receive an electronic payment or check starting October 2 for their dividend from the fund, which is worth more than \$51B. The annual dividend has ranged from \$331 in 1984 to \$2,069 in 2008, and was \$900 in 2013. (cassandra.sweet@wsj.com)

To contact the Market Talk Editors,
Kevin Kingsbury, 212 416-2354, kevin.kingsbury@wsj.com
Cynthia Lin, 212 416-4403, Cynthia.lin@wsj.com
John Shipman, 212 416-2181, john.shipman@wsj.com
Patrick Sullivan, 212 416-2326, Patrick.sullivan@wsj.com

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