

HD Bell Potter Trims IAG Forecasts But Stays Positive -- Market Talk**WC** 1,337 words**PD** 25 September 2014**ET** 10:00**SN** Dow Jones Institutional News**SC** DJDN**LA** English**CY** Copyright © 2014, Dow Jones & Company, Inc.**LP**

0000 GMT - Bell Potter trims its forecasts for Insurance Australia **Group** (IAG.AU) to account for higher reinsurance costs and lower technical reserve returns given stable domestic interest rates. Its earnings outlook falls 8% for fiscal 2015, 4% for FY16 and 3% onward. But while its target price falls to A\$6.75/share from A\$6.90, it retains a **buy** recommendation and continues to view IAG as its top pick among pure-play insurers. It notes IAG has a better claims and commission track record than its peers, backed by strong margins and return on **equity**. IAG last traded at A\$6.15. (robb.stewart@wsj.com; Twitter: @RobbMStewart)

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2319 GMT [Dow Jones] Australia's central-bank Gov. Glenn Stevens will be involved in an economics forum at the University of Melbourne at 0245 GMT amid expectations he will flesh out comments Wednesday that new housing investor lending restrictions are being mulled. But markets may be disappointed. Stevens will come armed with some brief prepared comments but won't be participating in the ensuing panel discussion. The conference subject matter is, however, financial-system reform and stability. No question-and-answer session is planned. (james.glynn@wsj.com; Twitter @JamesGlynnWSJ)

2315 GMT [Dow Jones] Harley-Davidson Inc. (HOG) dealers in the U.S. were left with bigger-than-expected inventories of motorcycles after sluggish second-quarter sales. Sharon Zackfia, an analyst at William Blair & Co., says Harley recently began offering promotional financing terms to help move bikes. She sees "the potential for domestic retail sales trends to rebound as comparisons ease after this quarter and the **company** laps tough winter and spring weather." (bob.hagerty@wsj.com)

MTA Market Talk by Andrew Tangel

The Metropolitan Transportation Authority's approval Wednesday of a \$32 **billion** capital plan poses a big challenge: How to fill a \$15 **billion** funding gap? The MTA runs New York City's subway and bus systems, as well as two of the country's largest commuter lines: the Metro-North Railroad and Long **Island** Rail Road. MTA officials and political leaders left open the question of how to pay for the plan, either through fare increases beyond those planned, new subsidies or other revenue sources. The MTA currently carries a \$34 **billion** debt load. This year it is expected to spend 16% of its \$14 **billion** operating revenue and subsidies on debt service. (@AndrewTangel)

2251 GMT [Dow Jones]--The latest central bank data on high loan-to-value ratio **residential** mortgage lending showed that this proportion of mortgage lending remained steady at 6.5%--after exemptions--in August. Under RBNZ lending curbs, banks can only lend to 10% of house hunters who do not have a 20% deposit for the **property**. "Banks continue to adjust to this new environment of lending, and we expect this proportion of mortgage lending will edge slightly higher as competition amongst banks heats up," says ASB Bank. However, "house price inflation peaked late last year, and we expect further moderation in house price inflation over the coming year as new housing supply comes on **board** and higher interest rates take effect." ASB Bank is expecting the central bank to keep interest rates on hold until March 2015. (rebecca.howard@wsj.com; @FarroHoward)

18:32 EDT - Did Ross Perot just invest in Sears (SHLD)? According to a securities filing Wednesday, a **company** called PYOF 2014 Loans LLC will **buy** up to \$50M of the up to \$400M loan that CEO Eddie Lampert's hedge fund is making to the struggling retailer. The filings didn't identify PYOF, but its signatory is David Radunsky, who oversees investment functions for Perot Investments. Reached late

Wednesday, Radunsky wouldn't say whether Perot was associated with PYOF, saying he is "not at liberty to comment about who owns that **company**." (maxwell.murphy@wsj.com)

18:18 EDT - New Zealand's Pacific Edge (PEB.NZ) shares open 4.5% higher at NZ\$0.93 after news Japan has awarded it a patent for its colorectal cancer prognostic technology. Colorectal cancer is Japan's most prevalent cancer, according to Pacific Edge CEO David Darling. The technology is aimed at detecting aggressive cancer in patients already diagnosed with colorectal cancer, helping clinicians "predict progression and provide patients with a more specific treatment following surgery," according to Pacific Edge. (rebecca.howard@wsj.com; @FarroHoward)

18:14 EDT - Economists at BNP Paribas are bracing for "another shock...this time a negative one" in Thursday's durable goods report. They see total orders slumping 20% after a 22.6% jump seen in July. "We expect aircraft orders to have cratered in August, as demand for planes likely fell back to more normal levels. Motor vehicle orders are also projected to have dropped significantly in August, in line with the pullback in motor vehicle assemblies during the month." (pedro.dacosta@wsj.com; @pdacosta)

18:09 EDT - Morningstar cuts its fair-value estimate for New Hope (NHC.AU) to A\$2.90/share from A\$4 after dropping its long-term price assumption for thermal **coal** to US\$75/ton from US\$90 to reflect a diminished outlook for import demand from **China**. The investment-research **firm** says **China's** economic rebalancing should trigger a deceleration in electricity demand and in turn mean demand growth for thermal **coal** is likely to be zero. Morningstar adds the estimate cut for NHC comes despite the **company's** "admirable cost control." It has a hold recommendation. NHC last traded at A\$2.53. (robb.stewart@wsj.com; @RobbMStewart)

18:03 EDT - Andrew Levin, a Fed economist currently on leave and working at the IMF, downplays the idea that much of the weakness in the job market and the drop in labor force participation is due to longer-run demographic trends that are not amenable to policy solutions. "Rather than focusing on econometric models we should focus on the problems of real people," Levin says at a conference sponsored by the Peterson Institute for International Economics. "When we talk about people who are underemployed, we're talking about, say, a single mother who's maybe relying on food stamps and Medicaid. There's an urgency for those people." (pedro.dacosta@wsj.com; @pdacosta)

18:00 EDT - The price difference between light and heavy crude **oil** is poised to narrow, as valuable light crude becomes more plentiful, says **Energy** Aspects. Light **oil** is considered more valuable because it is easier to refine into fuels like gasoline. But as the US keeps producing light **oil** that cannot be exported, domestic refineries will be unable to absorb the supply, pressuring prices, **Energy** Aspects says. At the same time, new refining capacity is being added around the world to process more medium and heavy crude, increasing demand for those grades. Global light crude benchmark Brent settled today at \$96.95/barrel. (nicole.friedman@wsj.com; @NicoleFriedman)

17:57 EDT - NZD/USD is likely to remain under pressure in Asia trading as markets look to US durable goods and service PMI later in the global day, says Sam Tuck, an Auckland-based currency strategist at ANZ. The **firm** notes the housing sector has been the "Achilles heel of the US economic recovery" and the 18% gain in new home sales reported overnight "was welcomed by USD bulls." The pair is at 0.8077 early in New Zealand and Tuck says it has short-term support at 0.8030 and resistance at 0.8120. (rebecca.howard@wsj.com; @FarroHoward)

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