

**HD**     **Margin Improvement May be Tough for QBE Insurance -- Market Talk**

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2352 GMT [Dow Jones]--The task of delivering an improved margin appears to be getting tougher for QBE Insurance (QBE.AU), argues Credit Suisse, which is penciling in some improvement on the back of a lower expense ratio but cautions against expecting a significant rise from the current one of about 10%. It maintains a neutral recommendation, A\$12.20/share target. "Following a number of years of margin improvement potential, QBE is now facing a global softening of premium rates." The brokerage lifts its EPS forecast by 1.9% for FY15 but trims its by 2.9% for FY16. QBE is trading down 0.2% at A\$11.30. (robb.stewart@wsj.com; Twitter: @RobbMStewart)

**TD**

23:50 [Dow Jones] Credit Suisse lifts its price target on CSL (CSL.AU) to A\$88.00 from A\$78.50 after the **company** agreed to buy Novartis's global influenza vaccine business. "Strategically, the **acquisition** gives CSL scale in a business division that was lacking Northern Hemisphere presence," the broker says. "It also provides CSL with differentiated products in a market that is competitive and now includes quadrivalent vaccines, intradermally administered products and inhaled live attenuated vaccine." Keeps Outperform rating. (rebecca.thurlow@wsj.com; @beckthurlow)

2350 GMT [Dow Jones]--Nymex crude is likely to consolidate with risks skewed to the downside near-term after hitting a more-than-two-year low of \$79.44/bbl Monday, as long as it stays below Monday's high of \$81.29, Dow Jones technical analysis shows. The daily continuation chart is still negative-biased as the MACD and slow stochastic indicators are bearish, while the five and 15-day moving averages are declining. A drop below the \$79.44 support would expose the downside to \$77.28 (June 28, 2012 swing low), then to \$74.95 (Oct. 4, 2011 swing low). But a rise above the \$81.29 resistance would temper the negative near-term view, targeting \$81.95 (Friday's high), then the 10-day exponential moving average (now at \$82.14), \$82.37 (Thursday's high), \$83.15-\$83.26 band (Wednesday's high-Oct. 21 high), \$83.48 (Oct. 20 high) and \$84.45 (Oct. 17 high). December crude is down 33 cents at \$80.67/bbl on Globex. (jerry.tan@wsj.com)

2346 GMT [Dow Jones]--Vocus Communications (VOC.AU) isn't likely to be the only suitor for Amcom Telecommunications (AMM.AU), says CIMB. On Monday, Vocus said it had bought a 10% **stake** in Amcom and approached its board about an all-share deal to create a A\$1 **billion-plus company** providing services including high-speed broadband. CIMB notes TPG Telecom (TPG.AU) holds a long-standing **stake** of around 4% **stake** in Amcom, and would be a good fit. "So too would iiNet, NextGen and possibly Optus, although it is an unlikely bidder, in our view," the broker says. But CIMB doesn't think M2 Group (MTU.AU) would be interested because its business model is too different to that of Amcom. CIMB rates Amcom at add, with a A\$2.37/share price target. AMM last traded at A\$2.20. (david.winning@wsj.com; @dwinningWSJ)

2340 GMT [Dow Jones]--Australian terms of trade data for 3Q on Thursday are expected to reflect further weakness in export prices led by **iron ore** and **coal**, the country's two biggest exports, says the Commonwealth Bank. The recent fall in the Australian dollar will help offset some of the weakness in commodity prices, but it won't be reflected until 4Q, it adds. The downtrend in commodity prices in 2014 is being keenly watched by the central bank as it represents a loss of income for the economy. The data will also support the view of policy makers that the Australian dollar remains overvalued and needs to fall to help support growth. (james.glynn@wsj.com; Twitter @JamesGlynnWSJ)

2336 GMT [Dow Jones]--Southern-hemisphere thermal-**coal** prices are stable, but the outlook in **China's** domestic market is looking more promising, says ANZ in a strategy note. **Chinese** power plants have

increased purchases on cooler weather in northern **China** and the risk is that domestic producers will raise prices, it adds. Policies to curb **China's** domestic **coal** supply may **lead** to shortages ahead of year end, with some expecting November prices to rise by as much as US\$4.90/tonne it said. (james.glynn@wsj.com; Twitter @JamesGlynnWSJ)

2333 GMT [Dow Jones]--Macquarie remains underwhelmed by the recent A\$0.70/share bid for Orbis **Gold** (OBS.AU) by West Africa-focused **gold** producer Semafo (SMF.T). That's because the broker values Orbis's Natougou **gold** project in Burkina Faso at A\$503 **million** or A\$0.77/share. "We believe that to be successful a bid will need to be in the realms of the project's net present value," Macquarie says. The broker says Natougou is clearly a quality **ore** body, although developing it could present some challenges. "The deposit and the surrounding area would appear to be prospective for extensions and satellite deposits," says Macquarie, which rates Orbis at outperform. "However, whether this translates to a premium remains to be seen." OBS last traded at A\$0.685. (david.winning@wsj.com; @dwinningWSJ)

2328 GMT [Dow Jones]--CSL (CSL.AU) has a strong track record for buying low and outperforming with its acquisitions, but the planned US\$275 **million** deal for Novartis's (NVS) flu business appears to have a long-term growth profile, UBS says. The move promises to take CSL from being a sub-scale flu-vaccine **company** to the No. 2 player in a US\$4 **billion** global market. With the promise of longer-term growth, UBS lifts its price target on CSL to A\$87/share from A\$84 and retains a buy recommendation. But it trims its EPS estimates by 3.5% for FY16 and by 0.9% for FY17. CSL is trading up 1.3% at A\$77.28. (robb.stewart@wsj.com; Twitter: @RobbMStewart)

2324 GMT [Dow Jones]--Deutsche Bank's Cameron McDonald says Aurizon Holdings (AZJ.AU) looks to be ahead of target for hauling **coal** in Australia, but uncertainty around the impact of the upcoming wet season and weakness in commodity markets is holding him back from changing his earnings forecasts for now. Another key message from Aurizon's investor day is an apparent softening in its stance toward the West Pilbara **Iron Ore** project, which Aurizon recently purchased in partnership with **China's** Baosteel. Aurizon stated the project is an option not a commitment, saying any decision to invest won't be based upon "trying to defy gravity." For McDonald, this indicates "that the required returns that Aurizon will need out of the project may not be achievable in the current **iron-ore** price environment." Deutsche rates Aurizon a buy, with a A\$5.45/share price target. AZJ last traded at A\$4.57. (david.winning@wsj.com; @dwinningWSJ)

23:25 GMT [Dow Jones] Australian consumer confidence rebounded 2.7% in the week ending 26 October to the highest level in twelve weeks, according to a survey by the ANZ Bank. The improvement was likely supported by the rally in stockmarkets and reduced volatility generally in global financial markets, it said. Households' view of economic conditions over the next year jumped almost 10% to the highest level since mid-April, it added. "The lift in consumer confidence is encouraging but consumer confidence clearly remains fragile and we will continue to monitor confidence closely for an early-read on consumption into 4Q," said Warren Hogan, chief economist at ANZ. (james.glynn@wsj.com; Twitter @JamesGlynnWSJ)

2320 GMT [Dow Jones]--The Australian dollar remains very quiet, ranging sideways, said Sean Callow, currency strategist. It has traded between US\$0.8795 and US\$0.8811 so far in Asia. Resistance remains around US\$0.8850/60 but the calendar doesn't inspire optimism that ranges will be broken any time soon, he adds. The currency is currently hovering at US\$0.8799 with nothing scheduled in terms of data or speeches. (james.glynn@wsj.com; Twitter @JamesGlynnWSJ)

2317 GMT [Dow Jones]--Senex **Energy** (SXY.AU) is now a potential takeover target, says Macquarie Wealth Management, citing recent share price weakness and the recent asset swap with BG Group which endowed SXY with a larger **coal** seam gas footprint in the Western Surat. "While SXY offers attractive value on a standalone basis, we see Santos (STO.AU) as a logical suitor given its control of Cooper Basin crude export infrastructure, the South Australian Cooper Basin JV's deteriorating **oil** portfolio, Gladstone Liquefied Natural Gas's resource shortfall and STO's growing free-cash flow generation over the next 12-18 months," the broker says. (rebecca.thurlow@wsj.com; @beckthurlow)

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