

HD Coca Cola Amatil Target Cut by JPM, Indonesia Pricing a Worry -- Market Talk
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1957 GMT [Dow Jones] J.P. Morgan cuts Coca Cola Amatil (CCL.AU) target to A\$9.75/share from A\$10.10. Says 1H headline numbers were in line with broker's forecasts but the near term earnings outlook remains uncertain, with no specific full-year guidance provided. Indonesian volumes grew strongly but pricing was weak. "We are concerned that in an attempt to improve its relationship with The Coca Cola **Company**, CCL is sacrificing sustainable margin and pursuing a volume based strategy in Indonesia." Keeps Neutral rating. "Despite the stock price in our view presenting reasonable value on a long-term basis, uncertainty around near-term earnings and the potential for a multiple de-rating make it difficult for us to have an Overweight recommendation on the stock until we can have greater faith in the sustainability of CCL's earnings base, management's strategy and the **company's** competitive position in cold drinks."(rebecca.thurlow@wsj.com; @beckthurlow)

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2355 GMT [Dow Jones] Offshore accounts at 5 foreign brokerages place net sell orders for 1.5 **million** Japanese shares overnight, according to traders. The first day of premarket selling after 6 days of buying may be negative for the market at the open, although the yen value basis of the figures is unknown. Sell orders total 8.8 **million** shares, with **buy** orders amounting to 7.3 **million** shares. (bradford.frischkorn@wsj.com)

2353 GMT [Dow Jones]--Japan stocks are likely to gain ground Thursday, extending their current year-long eight-session winning streak, as the dollar continues to ratchet higher against the yen (USD/JPY now 102.68)--a strong **buy** signal for exporters. The currency market reacted to hints from U.S. Federal Reserve officials that a surprisingly strong jobs market recovery could **lead** it to raise interest rates earlier than it had been anticipating. "A strong dollar remains the single most powerful Japan stock-buying catalyst--as clearly illustrated in 2013," says Rakuten Securities senior market analyst Masayuki Doshida. There isn't a great deal of short-term room for more yen weakness, but there is enough to keep the current rally going." He puts the Nikkei's range for the session at 15450 to 15600. Nikkei 225 September futures ended yesterday's Chicago trading up 60 points at 15560 vs. their close at 15420 earlier in Osaka. In the cash market, the Nikkei closed up fractionally at 15,454.45 on Wednesday. (bradford.frischkorn@wsj.com)

2350 GMT [Dow Jones] The **M**&A drums are beating louder for Woodside Petroleum (WPL.AU), which is cash rich due to strong revenues from its Australian gas-export projects and the recent rejection by minority shareholders of a US\$2.68 **billion** buyback of most of Royal Dutch Shell's (RDSB) **stake** in the **company**. Macquarie notes Woodside is now speaking of less competition for assets and more reasonable prices. At the same time, Woodside's targeted deal size appears to be drifting higher to US\$5 **billion**, from previous guidance of US\$1 **billion** to US\$5 **billion**. "All of which seemingly points to nearer-term newsflow on the **acquisition** front," Macquarie says. It figures Woodside could fund a US\$8.5 **billion** cash **acquisition** while keeping gearing under the 30% ceiling. "What's more, depending on the asset's subsequent capex requirements, the payout ratio could potentially also remain at 80%," Woodside says. WPL last traded at A\$43.38. (david.winning@wsj.com; @dwinningWSJ)

2327 GMT [Dow Jones]--Treasury **Wine** (TWE.AU) just scrapes over the line to hit the bottom end of its FY guidance, potentially taking pressure off the private-**equity** firms bidding for the vintner to raise their evenly-matched 3.38-**billion**-Australian dollar (US\$3.14 **billion**) offers. Operating earnings of A\$184.6 **million** missed the **company's** own A\$190 **million**-A\$210 **million** guidance range, but would have been A\$193 **million** had FX rates remained steady as assumed by the **company**. One of the suitors is a venture between KKR & Co. and Rhone **Group** LLC, while a person familiar with the matter has named

TPG as behind the second offer. Both approaches are indicative and subject to completion of due diligence. For now, it's uncertain whether either bidder will raise their initial A\$5.20-per-share offer, or walk away. TWE was last at A\$5.33. (Ross.Kelly@wsj.com)

2326 GMT [Dow Jones] Comments by Woodside (WPL.AU) CEO Peter Coleman poured cold water on the prospect of large-scale capital management, says J.P. Morgan, noting he highlighted Woodside's growth bent by talking up the prospect of **M&A worth US\$5 billion**. The CEO said more assets are coming on the market as Woodside's peer **group** refocuses toward America and some of the sector majors look to improve their balance sheet. Meanwhile, prices are improving as the appetite of national **oil** companies for deals fades. J.P. Morgan forecasts Woodside will be in a net cash position by year end and a US\$5 **billion acquisition** would see net gearing at a very manageable 22%. Lifts price target to A\$41.17 from A\$40.69, keeps Neutral rating. (rebecca.thurlow@wsj.com; @beckthurlow)

2325 GMT [Dow Jones] Bank of America Merrill Lynch keeps its underperform rating and A\$37.50 target price on Wesfarmers (WES.AU) as it trades at 22 times expected FY15 earnings, yet earnings are expected to fall next year. "In fiscal 2014, four Wesfarmers businesses went backwards in earnings--and in fiscal 2015 (combined with the elimination of Insurance earnings), three businesses are forecast to go backwards," the broker says. "For a conglomerate to deliver above market growth in earnings, to justify a premium valuation, we believe none of its businesses should post negative growth." WES last A\$45.66. (david.rogers@wsj.com; Twitter: @DavidRogersWSJ)

2310 GMT [Dow Jones]--USD/JPY may trade in a 103.50-104.00 range during Asian trading after it climbed higher following the release of minutes from the most recent FOMC meeting. The minutes showed the U.S. central bank was gradually shifting its stance in a more hawkish direction. "Eyes will now be on Fed Chairwoman Janet Yellen's speech Friday at Jackson Hole," says Junichi Ishikawa, market analyst at IG Securities. He said the pair could test the Y104 level and key resistance at Y104.13 if Yellen sticks to a hawkish tone. "Until then, I think we will be seeing the pair moving in a narrow range," he says. He tips EUR/USD in a 1.3230-1.3300 range. USD/JPY is at 103.73, and EUR/USD is at 1.3258. (alexander.martin@wsj.com)

2302 GMT [Dow Jones] The latest move by Brazil's central bank to spur greater lending may not do the trick according to Fitch Ratings. The reasons: Brazil's banks are nervous about deteriorating borrower credit quality as the country's economy slows. The central bank on Wednesday eased reserve requirements on certain deposits, the second time in a month that it has done so in an effort to jumpstart growth. But Fitch says Brazil's bankers are growing more conservative. The country's largest private banks, for example, are targeting higher-quality borrowers and looking to make shorter-term loans. Most analysts expect Brazil's economy to grow less than 1% this year; some are predicting recession. (marla.dickerson@wsj.com)

2300 GMT [Dow Jones]--Westpac Banking's (WBC.AU) third-quarter capital update indicates its asset-quality metrics continue to improve and domestic housing-credit growth has returned to the levels of the wider financial system, says J.P. Morgan. On the back of that, the brokerage is nudging up its fiscal 2014 earnings forecast by slightly less than 1% to just under A\$7.6 **billion**--which still leaves it modestly below consensus. It remains overweight and raised its price target to A\$35.38/share from A\$34.99. WBC last traded at A\$34.88. (robb.stewart@wsj.com; Twitter: @RobbMStewart)

2249 GMT [Dow Jones] Bell Potter executive director Charlie Aitken upgrades Fortescue (FMG.AU) to a High Conviction **Buy** from **Buy**. "Fortescue now meets all my criteria of being value, having underperformed, being heavily shorted (15.8% of free float), dividend growth, earnings upgrades, a U.S. dollar earner, **China** facing yet with clear catalysts for re-rating," Mr. Aitken says. Target price is A\$5.77. FMG last A\$4.55. (david.rogers@wsj.com; Twitter: @DavidRogersWSJ)

10:42 GMT [Dow Jones] Total job advertising fell a seasonally adjusted 2.7% in July, "unwinding much of June's lift. Momentum has cooled in recent months," according to the ANZ monthly job ads survey. Nationwide Internet job advertising fell 1.9% in July while newspaper job advertising fell 8.0% in July. The "level of job advertising is consistent with continuing but more modest employment growth. We expect the unemployment rate to edge under 5.5% by year's end," says ANZ Economist Sharon Zollner. (rebecca.howard@wsj.com; Twitter: @FarroHoward)

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(END) Dow Jones Newswires

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