

**Basic Materials Roundup: Market Talk**

779 words

7 May 2018

18:20

Dow Jones Institutional News

DJDN

English

Copyright © 2018, Dow Jones & Company, Inc.

The latest Market Talks covering Basic Materials. Published exclusively on Dow Jones Newswires at 4:20 ET, 12:20 ET and 16:50 ET.

0622 GMT - Bolstered by fresh gains in oil and metals prices, resources companies led another broad advance for Australian stocks. The benchmark S&P/ASX 200 settled 0.4% higher at 6084.5, reversing much of Friday's decline that snapped a 5-day winning streak. Energy and materials each rose 0.8% today, with heavily weighted BHP Billiton ahead by 1.5%. Meanwhile, a well-received F1H report from Westpac sent it up 0.8% also and Macquarie climbed a further 1.9% as analysts weighed in following Friday's FY beat. But Orica slumped 6.4% after its 1H numbers. (robb.stewart@wsj.com; @RobbMStewart)

0609 GMT - International Flavors & Fragrances has reached a \$6.3 billion cash-and-stock deal to acquire Israeli-listed peer Frutarom just 3 months after announcing a plan to cut 5% of its workforce amid a 2-year cost-cutting effort. IFF sees \$145 million of savings by the 3rd year after the deal closes as well as "substantial cross-selling opportunities to accelerate long-term profitable growth." IFF makes flavors and fragrances found in an array of products and does most of its business outside the US. Separately, the company reported bigger-than-expected 1Q growth and reiterated 2018 targets. IFF shares have fallen 6.9% this year. (kevin.kingsbury@wsj.com; @kevinkingsbury)

0321 GMT - Hartleys expects Aurelia Metals to be net cash by the end of June following an unexpectedly strong contribution from its new Peak Mines asset. Aurelia Mines said cash from Peak Mines totalled A\$36 million in the 3 months through March, confounding Hartleys which had expected a minimal boost in the quarter. The bull thinks Aurelia Metals currently has net debt of A\$8 million after factoring in remaining costs tied to the Peak Mines acquisition, having previously anticipated net debt of A\$30 million outcome. (david.winning@wsj.com; @dwinningWSJ)

0205 GMT - Kenanga turns bullish on Malaysian plastic-packaging maker SLP even while 1Q core-profit growth of 13% merely met expectations with shares having nearly halved this year on margin concerns amid higher resin costs. The broker believes most earnings risk has been priced into the stock, which it still has a MYR1.30 target on. Shares closed Friday at MYR1. (yantoultra.ngui@wsj.com; @yantoultra)

0202 GMT - As Chinese raw-coal output has been recovering, demand has been solid and is starting to eat into port inventories, says Argonaut Securities. That makes it upbeat about broad price improvements. The price of thermal coal at China's Qinhuangdao Port is up some 2% the past 10 days, Argonaut notes. That as Australian thermal coal jumped 7% last week. (rhiannon.hoyle@wsj.com; @RhiannonHoyle)

0109 GMT - Orica is shaping up to have its worst day in 6 months following the Aussie explosives firm's F1H report. Shares in November also slumped following downbeat earnings news, which also came with a downbeat outlook. Guidance, though, wasn't changed today. Shares are down 6% after having popped 12% in April, putting them at 2 1/2-week lows. (rhiannon.hoyle@wsj.com; @RhiannonHoyle)

0056 GMT - Although UOB Kay Hian remains bullish on Malaysia's building-materials sector after last month's drop in steel-rebar prices, it's become less optimistic on the steel segment, in part on looming supply growth in 2H. The investment bank also believes that impacts from industry consolidation in China is limited as planned 2018 production cuts are near their target. UOB's stock targets slide 20% on Ann Joo to MYR3.60 and 13% on Choo Bee to MYR2.70, but it remains bullish on both. Ann Joo is down 1/4 this year while Choo Bee is flat. (yantoultra.ngui@wsj.com; @yantoultra)

0008 GMT - Canaccord says it's time to up bets on battery-materials stocks following their recent pullback and despite Tesla's talk about tweaking technology to use less cobalt. The investment bank thinks the automaker was trying to distance itself from concerns about cobalt supplies, which mainly come from the politically unstable Democratic Republic of Congo. Canaccord also notes that Tesla only made up 8% of electric vehicles last year. "The supply-and-demand outlooks for both cobalt and lithium are very positive based on burgeoning demand for EVs and energy-storage systems." (rhiannon.hoyle@wsj.com; @RhiannonHoyle)

(END) Dow Jones Newswires

May 07, 2018 04:20 ET (08:20 GMT)

Document DJDN000020180507ee57000on