

HD **Dip in QBE Shares Offers a Buying Opportunity, Says UBS -- Market Talk**

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2327 GMT [Dow Jones] With QBE Insurance (QBE.AU) shares dipping below A\$11 this week, UBS suggests another buying opportunity has emerged. It leaves its price target at A\$13.50/share, although it has trimmed its earnings-per-share forecasts for FY14 by 1.7% to US\$0.93 and FY15 by 2.9% to US\$1.07. "QBE still has many bumps to navigate around in 2014, but we feel a sufficient valuation and expectations buffer is now factored in to absorb possible further disappointments," says UBS, which has a **buy** call on the stock. QBE shares ended Wednesday at A\$11.37. (robb.stewart@wsj.com; Twitter: @RobbMStewart)

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2306 [Dow Jones] J.P. Morgan upgrades Qantas (QAN.AU) to Overweight from Underweight, and lifts its target price 20% to A\$1.47 after reviewing earnings forecasts following the airline's recent update on cost savings and fleet simplification. "In addition, we think the announcement that QAN will not add new seat capacity into the domestic market in 1Q15 is encouraging and hopefully will lead to a more rational duopoly and yield and load improvement," the broker says. QAN last A\$1.22. (david.rogers@wsj.com; Twitter: @DRWSJ)

2302 GMT [Dow Jones] Credit Suisse lowers its FY14, FY15 and FY16 earnings forecasts for Pumpkin Patch (PPL.NZ) due to "what we see as deteriorating conditions in PPL's key Australian market." While it is "wary of knee-jerk reactions to 'events' such as the Federal Budget" it notes that retail conditions were already "reasonably fragile" leading into the budget. Moreover, PPL is "directly exposed to that (family) demographic which will be impacted directly by the budget, whether it be via fuel excises, doctors' levies, or increased co-payments for pharmacy medicines." As a result, consumer confidence is likely to be "impacted more adversely than we had originally anticipated," it says. It lowers its 12-month target to NZ\$0.42 from NZ\$0.46 and retains its underperform rating. Pumpkin Patch is currently unchanged at NZ\$0.51. (rebecca.howard@wsj.com; Twitter: @FarroHoward)

2259 [Dow Jones] Bell Potter trims its Adelaide Brighton (ABC.AU) target price 9% to A\$4.05, but keeps its **Buy** rating after the **company** forecast FY14 net profit versus a 9% rise expected by the broker. "Since unveiling its FY13 result ABC has unveiled the loss of a material cement supply contract in South Australia and unveiled what appears a 6% downgrade to consensus FY15 earnings forecasts," Bell Potter analyst Jonathan Snape says. "Despite this ABC provides reasonable leverage to both a recovery in **residential** spending as well as a recovery in infrastructure investment." ABC last A\$3.53. (david.rogers@wsj.com; Twitter: @DRWSJ)

17:30 EDT - Global manufacturing activity updates from **China**, Europe and the US will be the main catalysts for direction for NZD/USD, says ANZ Bank. "Signs of improvement in the **China** PMI is required for NZD to sustain strength," it says. Domestically New Zealand jobs and consumer confidence data and 2-year inflation expectations are likely to be supportive. NZD/USD is at 0.8576. ANZ Bank tips support at 0.8530 and resistance at 0.8590. (rebecca.howard@wsj.com; @FarroHoward)

17:26 EDT - Toronto-Dominion Bank (TD) names Mohammad Ali head of European FX Spot Trading for TD Securities. Prior to this role, Ali worked as TD's director of short-term interest rates trading in London. He will continue to be based there. Ali's promotion comes as TD aims to streamline its FX business, eliminating three other positions in New York and London as part of the effort. FX desks haven't been the happiest of places at big banks across Europe this year, with the industry facing thinning trading activity and a wave of senior executives leaving amid regulatory probes. (rita.trichur@wsj.com, @RitaTrichur)

16:47 EDT - BMO Capital Markets says that after a spirited run since late last year, the Australian dollar has taken a step back. "At the same time, the Canadian dollar, while a tad softer this week, has managed to pull it together in the past month," BMO says. The AUD/CAD cross has therefore shifted back in Canada's favor in the past few weeks, with parity in sight. AUD/CAD trades at 1.0097, from 1.0162 when May began. "The loonie has found some support in still-strong oil prices--WTI is now close to \$104-- and firmer domestic inflation...while the Aussie has been clipped by the RBA's more dovish tone," BMO says. (don.curren@wsj.com; @dbcurren)

16:25 EDT - The FOMC's discussions on unresolved issues pertaining to the normalization of monetary policy suggest "the Fed remains in the planning stages and should not be viewed as signaling the onset of a rate tightening cycle," says Barclays Research following the release of the minutes from the FOMC's April meeting. Barclays, which saw little new information in the minutes, still expects the FOMC to finish tapering in October and to start raising the fed funds rate in June 2015. (stephen.wisnefski@wsj.com, @wisnefski)

16:14 EDT - Samson Capital CIO Jonathan Lewis walks away from the Fed minutes convinced that the first rate hike is still a ways off. Not only is economic growth, particularly housing, still uncertain, he says, but logistics behind tightening are still very much a work in progress. "Considering that figuring out the right tools to reverse QE...is probably a pretty important question to answer correctly, staff will likely be careful with their research," he says. So them saying the Fed will continue reviewing the topic in "upcoming meetings" could easily take up the remaining five meetings in 2014, he says. Which means more struggles for the dollar. (cynthia.lin@wsj.com; @cynthialin_dj)

2012 GMT [Dow Jones] The NZD/GBP is at 0.5069 early in New Zealand after taking a tumble when the Bank of England's minutes overnight showed rate hikes are very gradually coming onto the horizon, says BNZ FX Strategist Kymberly Martin. The pair was at 0.5130 prior to the minutes. Martin says the pair is currently hovering around crucial support levels and a break below would open up the way for a return to the 0.5000 level. (rebecca.howard@wsj.com; Twitter: @FarroHoward)

15:39 EDT - Three weeks after downgrading New Jersey, Fitch blasts Christie's proposal to slash the proposed coming-year payment to the state's public-employee pension system, potentially setting up the state for another ratings cut. "This reversion to prior practices--cutting pension contributions as a way to balance the state's budget--as a form of deficit financing...is of particular credit concern at a time of economic recovery." Fitch says proposing to slash the planned pension payment "again displays an inability to deliver a recurring solution to the state's budgetary imbalance and further delays action to align the state's revenues and expenditures." New Jersey is already one of the country's lowest-rated states, and Fitch's comments sound like the ratings **firm** could be preparing for another one. (kevin.kingsbury@wsj.com; @kevinkingsbury)

15:10 EDT - Federal Reserve Chairwoman Janet Yellen recently expressed worry about a "flattening out" of U.S. housing activity. Minutes to the Fed's April meeting expand further on those concerns. "Most participants commented on the continuing weakness in housing activity," the minutes said, prompting Ian Shepherdson, chief economist at Pantheon Macroeconomics, to write that "housing is clearly on the Fed's watch-list." Still, the softness in real **estate** has not yet reached the point of affecting the Fed's economic outlook -- and therefore is unlikely to shift investors' interest rate expectations. (pedro.dacosta@wsj.com)

(END) Dow Jones Newswires

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