DOW JONES NEWSWIRES

HD	**Sims Metal Alleviates Some Concerns, But JP Morgan Sees Little Upside -- Market Talk**
WC	1,614 words
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11:40 GMT [Dow Jones] Sims Metal Management Ltd. (SGM.AU) may have missed expectations with its FY14 profit, but "management provided enough clarity on the result briefing call to alleviate some of our concerns around the 13% volume decline in the U.S., and deterioration of Australasian earnings between 1H-2H14," J.P. Morgan analyst Keith Chau says. He tips a substantial increase in earnings this year, estimating a 31% lift in EBITDA. This is reliant, though, on a considerable improvement in underlying market conditions in North America, Chau says. He also thinks positive catalysts for the stock are largely priced in, so downgrades to neutral from overweight with a A$12.35 target. SGM last traded at A$12.08. (rhiannon.hoyle@wsj.com; Twitter: @RhiannonHoyle)

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2338 GMT [Dow Jones] Aluminum distributor Capral (CAA.AU) finally looks to be in the right place at the right time, says Bell Potter analyst Jonathan Snape. For the past four years, Capral has been burdened by weak residential construction markets, a high Australian dollar, falling aluminum prices and rising aluminum premiums. "There are now signs that the majority of the negative drivers of reversing and this combined with the integration benefits of the recent OSA acquisition are what drive our buy rating and A$0.19/share target price," Snape says. Last week, Capral said its 1H net loss narrowed to A$2.1 million in FY14. Bell Potter also noted that trading ebitda of A$2.6 million was ahead of past guidance of up to A$2.3 million and its own forecast of A$1.5 million. CAA last traded at A$0.14. (david.winning@wsj.com; @dwinningWSJ)

2325 GMT [Dow Jones] Australian equities may dip in early trading after the S&P 500 backed away from an all-time high Friday. IG predicts S&P/ASX 200 will open down a couple points at 5636 and notes the fall in the iron-ore price is likely to play on investors' minds. The benchmark still couldn't break above 5650 Friday, although it did manage a fresh six-year closing high of 5645.6. "It looks like bears are defending positions above 5650 vigorously," IG market strategist Evan Lucas says. Lucas adds many stocks will be trading ex-dividend over the coming 10 trading days, which could prove a drag on the overall market. Market heavyweight BHP Billiton's (BHP.AU) U.S. ADR fell 0.9%, setting the tone for trading in Australia. (robb.stewart@wsj.com; Twitter: @RobbMStewart)

2316 GMT [Dow Jones] What's Bega Cheese (BGA.AU) to do with its cash? Bell Potter notes the company's balance sheet is in a healthy position and can adequately fund investment in supply expansion and new capacity, with surplus cash still remaining. Consolidation remains a desire but there's also the scope to release surplus franking credits that now total A$23.6 million and could support special dividends, Bell Potter says. It retains a hold recommendation and A$5.43/share target after BGA's FY14 underlying profit was broadly in line with expectations. BGA last traded at A$5.25. (robb.stewart@wsj.com; Twitter: @RobbMStewart)

2313 GMT [Dow Jones] The USD/JPY may trade in a 103.50-104.50 range with bias on the upside after Fed Chairwoman Janet Yellen said that should consumer prices and wages rise, the Fed could increase rates sooner than the mid-2015 timeline the market expects, says Junichi Ishikawa, market analyst at IG Securities in Tokyo. "Her comments at Jackson Hole were balanced, and took into consideration the positions of the more hawkish members of the Fed," he said. Mr. Ishikawa says the pair's next resistance is at 104.50, where thick selling offers are seen. "Stop-loss orders will be triggered once this level is breached," he says. He tips the EUR/USD at 1.3150-1.3250. The USD/JPY is at 104.19 and the EUR/USD is at 1.3197. (alexander.martin@wsj.com)

2309 GMT [Dow Jones] J.P. Morgan holds a neutral rating on Spark (SPK.NZ), formerly known as Telecom Corp. of New Zealand, as the company is trading above its 12-month target price of NZ$2.65. The company is currently trading up 0.7% at NZ$2.88. It adds that scepticism about the turn-around strategy seems to have evaporated judging by the share price strength removing a catalyst for re-rating. It adds that it still sees risks in the fixed line business but "in a sector which is trading at full valuations in our view, Spark yield support and balance sheet flexibility limit the downside." (lucy.craymer@wsj.com;Twitter: @lucy_craymer)

2258 GMT [Dow Jones] RBC Capital Markets says Santos's (STO.AU) latest gas-condensate discovery in the Browse Basin offshore Western Australia state is good news, but development is likely to be slow. On Friday, Santos said its Lasseter-1 exploration well had struck a 405-meter net gas-condensate column and that testing had indicated 78 meters of net pay. "With uncertainties on the Woodside Petroleum (WPL.AU) Browse project, the entry of Origin (ORG.AU) into the Poseidon project, the collapse of Bonaparte FLNG and the strong potential for that project to be used as Darwin-LNG backfill gas, the Western Australia development opportunity may be long-dated and highly competitive," RBC says. The broker rates Santos at sector perform, with a A$16.00 price target. STO last traded at A$15.16. (david.winning@wsj.com; @dwinningWSJ)

10:49 GMT [Dow Jones] AMP's (AMP.AU) valuation is again moving back toward the relative premium it used to hold as a relatively safe, stable stock, says J.P. Morgan which nevertheless retains a neutral recommendation. The brokerage says there remains the likelihood of continued volatility in financial protection trends, and on top of the AMP isn't paying full-franked dividends. Its price target rises to A$5.47/share from A$5.19 after what it says was a good first-half result from the **company**. AMP last traded at A$5.77. (robb.stewart@wsj.com; Twitter: @RobbMStewart)

2247 GMT [Dow Jones] The overall global recovery remains on track, but its gradual and it is not an environment where central banks will be in a hurry to take away the punch bowl, says AMP chief economist Shane Oliver. "It's important to note that the Fed is gradually becoming less dovish," he added. Federal Reserve Chairwoman Janet Yellen's opening address to the annual central bankers get together in Jackson Hole effectively reiterated her assessment that considerable labor market slack remains but acknowledged uncertainty in assessing the degree of slack. "Yellen's somewhat less dovish comments are consistent with the Fed edging closer to starting to raise interest rates but remain consistent with the first move on rates not coming till around mid next year," Mr. Oliver said. http://online.wsj.com/articles/wsjs-hilsenrath-fed-can-remain-patient-on-rate-hike-debate-after-data-1406901937?KEYWORDS=Hilsenrath(james.glynn@wsj.com; Twitter @JamesGlynnWSJ)

2240 GMT [Dow Jones] IOOF Holdings' (IFL.AU) near-term prospects are likely to be helped by **acquisition**-led EPS growth and a dividend payout ratio at the top end of the **company**'s guidance range, says J.P. Morgan. It maintains an overweight recommendation in anticipation of strong earnings growth into fiscal 2016 and a healthy fully-franked dividend yield. IOOF's FY14 underlying profit came in slightly ahead of J.P. Morgan's forecast. Its price target rises to A$9.83/share from A$9.44. IFL last traded at A$8.95. (robb.stewart@wsj.com; Twitter: @RobbMStewart)

2236 GMT [Dow Jones] While the Indonesian export ban on bauxite is likely to add pressure to prices of the commodity over the medium term, J.P. Morgan notes the impact on **China** has yet to be felt materially. "Further, lower electricity prices in some regions are helping to offset higher bauxite input costs," the broker says. Input costs for **alumina** are typically more weighted to **energy** than bauxite. "On this basis we believe there is a risk the 'cost push' theory to support higher **alumina** prices could be less dramatic and take longer to play out," J.P. Morgan says. (david.winning@wsj.com; @dwinningWSJ)

2234 GMT [Dow Jones] Bell Potter lifts QBE Insurance (QBE.AU) to **buy** from hold as its price target rises toA$12/share from A$11.60, in line with its sum-of-the-parts valuation. "There is a growing probability that macro, micro, technical and stock supply/demand are about to collide--in a good way--for QBE," says director Charlie Aitken, adding it is the cheapest stock on a forward price/earnings-to-growth ratio in the ASX 20. Aitken says QBE's underlying **business** is very sound, and the stock could again trade at A$16 over the next few years. QBE last traded at A$11.27. (robb.stewart@wsj.com; Twitter: @RobbMStewart)

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(END) Dow Jones Newswires

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