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HD **Stars align for Macquarie's Moore**

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Expect a rather ebullient Nicholas Moore , Macquarie Group 's chief executive, when he gives an operational briefing on February 11, which is expected to include a third quarter trading statement and guidance on the **company**'s full year earnings.

For Moore, it's been a tumultuous period since he became CEO in May 2008.

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He steered the bank through the global financial crisis and then controversially drove it into a bigger investment banking and funds management position in North America, reducing the bank's focus on Asia.

But now the stars are aligning for Moore, with his push largely into funds management paying off and, more broadly, with the recovery in **equity** markets and economies boosting other divisions of the group.

Macquarie's earnings, which are largely in US dollars, are also benefiting from the weaker domestic currency. A 10 per cent decline in the Australian dollar equates to a 6 per cent gain in Macquarie's earnings.

The improving outlook for Macquarie has been reflected in its share price, which is trading back at 2009 levels around $56.

In the last year the stock has risen by more than 30 per cent.

Analysts expect Macquarie will report full year net earnings of $1.2 **billion**, which it will announce in May, when Moore marks six years as CEO.

The forecast 2014 earnings imply a return on **equity** of 10.4 per cent and a dividend yield of 6.6 per cent.

While Macquarie's full year profit will be a big improvement on the $851 **million** it reported last year, it's still well shy of its pre-GFC earnings.

Macquarie's 2008 full year earnings were $1.8 **billion** and ROE was 23.7 per cent.

Credit Suisse analyst James Ellis in a note earlier this month upgraded his 2014 earnings forecast for Macquarie by 3 per cent to $1.257 **billion** and reset his share price target from $56 to $63.

Brian Johnson of CLSA, however, has kept his target on the stock at $54.41 for the next 12 months.

Ellis said the reason for his upgrade primarily reflected Macquarie's higher merger, **acquisition** and advisory and underwriting income.

Pre-GFC Macquarie's investment banking division had earned a reputation of no longer being client driven. Instead there was the so-called 'Macquarie model', where the bank was seen as acting in its own interests rather than clients.

It would buy an asset, gear it up, revalue it, sell it into a listed satellite fund and sit back and enjoy the returning flow of cash in the form of management, performance and transaction fees.

With the GFC killing off that business model, Moore has spent the best part of three years returning the group's investment banking arm to its roots of client first.

And the results are apparent as Ellis has noted.

The Macquarie name was across many of last year's initial public offerings, such as PACT, Cover-More, Dick Smith, OzForex and Nine Entertainment Co .

Ellis says if Macquarie's **equity**-related income in 2015 rebounds to the average level of income earned in 2009-2011 then there could be a 9 per cent – or $115 **million** upside – to his current full year forecast of $1.248 **billion**.

Before Moore gets to update the market, however, news on whether Macquarie will buy JPMorgan 's physical and financial commodities business, which ranges from **oil** storage in Canada to a metal warehouse in the United Kingdom, is imminent. A price tag of up to $US3 **billion** has been discussed.

Have you ever wondered if anyone aside from Google actually makes money out of Big Data?

I have and then I learnt about Climate Corporation that made $US1 **billion** out of collating data that was publicly available.

San Francisco-based Climate Corporation pulled together more than 30 years of weather data, 60 years of data on crop yields and truckloads of information on soil types.

This data was all in the public domain and then with that information, as well as real-time data flows, Climate Corporation offered advice to farmers, for a fee, and customised crop-and-weather insurance products based on sophisticated algorithms.

Clever. The world's biggest seed **company**, Monsanto , thought so too and paid $US1 **billion** for Climate Corporation .

This example is an exception to the rule as many companies still struggle with what should be done with Big Data, even government agencies such as America's National Security Agency , have that quandary and it snoops to get its information.

Some companies admitted in a Gartner survey last year that they aren't even sure what the Big Data phrase means to start with beyond collecting, storing and eventually analysing mountains of information but plenty are doing it anyway.

Gartner found that 64 per cent of companies surveyed were planning or had started Big Data projects in 2013.

The purpose of companies collecting the Orwellian-named Big Data is a hope that the information gathered can be used to sell as a product and service as Climate Corporation did; or used to improve **company** efficiency, or to sell or improve customer experiences.

In Australia, there's evidence of Big Data at work around you. As a society we produce huge trails of information about our preferences and choices in any given week.

Take retailers Woolworths and Coles who are using loyalty cards, which customers use to earn points, to keep track of everything a shopper buys at their supermarkets.

That information is mined, analysed and then packaged up in a tailored weekly email to each shopper with discounts on products they buy regularly.

A mind-bending fact about Big Data is that by 2020 – or in six years time – there will be 5,200 gigabytes of data for every human on the planet, by some estimates.

If companies are going to push ahead with storage of such data then there information technology budgets will require big spends on cloud computing and more powerful and new computing systems – labelled cognitive systems – to not only store but crunch the numbers and analyse the data.

Big Data as a phrase has been around for six years now but it may be 2014 when companies start to truly tailor themselves more to employees, customers and clients.

Asia-Pacific broker CLSA has released its annual tongue-in-cheek Feng Shui Index of forecasts for the coming Year of the Horse.

Chinese New Year begins on January 31.

Its predictions are for bull **equity** markets, especially for **Hong Kong**'s Hang Seng index.

CLSA predicts the Hang Seng will hit 28,105 this year; a 20 per cent gain from current levels.

The Feng Shui Index studies incoming Federal Reserve chairman Janet Yellen's prospects and say her charts inspire confidence and that she will deliver a 'just right' balance of safe, sensible, sure and steady, for the year ahead, with enough off-kilter to keep it real.

Yellen will apparently be stress-tested in September and then finish the year exhausted.

The CLSA Index predicts that the biggest danger to Japan's Prime Minister Shinzo 'Three Arrows' Abe may be himself.

And as for the Beautiful Game that kicks off with the World Cup in Brazil mid-year, CLSA's feng shui predictions are what you'd expect.

The World Cup preparations are too chaotic for comfort as some of Brazil's stadiums may not be ready by mid-year.

But CLSA says its feng shui charts indicate certain disaster will be averted with external support. Hand of God, perhaps?

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