

HD Investors Should Dig Deep for Resolute Stock: Citi -- Market Talk
WC 1,665 words

PD 10 November 2014

ET 11:26

SN Dow Jones Institutional News

SC DJDN

LA English

CY Copyright © 2014, Dow Jones & Company, Inc.

LP

0026 GMT [Dow Jones] West Africa-focused **gold** producer Resolute **Mining** (RSG.AU) is trading at a 20-year low, at 2 times FY16 earnings, prompting Citi to ask: "If a quality stock like this one isn't value now -- when?" The broker thinks investors should look past the FY15 lull in Resolute's output and instead anticipate rising earnings in the following fiscal year. Citi also thinks Resolute has acted prudently by raising up to A\$25 **million** through an issue of convertible notes. If spot **gold** prices around US\$1,140/oz remain through FY15 then Resolute could swing to a A\$2 **million** net loss and have cash of A\$13 **million**, which would be too small for comfort, Citi says. RSG last traded at A\$0.25, well below Citi's revised A\$0.86/share price target. (david.winning@wsj.com; @dwinningWSJ)

TD

0016 GMT [Dow Jones] Natural-gas prices for Australian domestic customers will surge by the end of 2015, but shouldn't take long to settle, says Citigroup. Three giant LNG projects in Queensland are due for completion by the end of next year, by which time six LNG processing units will be functioning to process exports to Asia. That probably will send domestic gas prices to A\$10-A\$12/gigajoule, well above the historical average of A\$3-A\$4. But by the end of 2016, with gas markets more balanced, Citigroup expects prices to settle at around A\$7.50. "With longer term supply/demand balanced, we see little requirement for new supply sources to be developed," it says, citing Santos's (STO.AU) Narrabri, AGL **Energy**'s (AGK.AU) Gloucester, and Santos and Beach **Energy**'s (BPT.AU) Cooper unconventional projects among examples. (ross.kelly@wsj.com)

0019 GMT [Dow Jones] GBP/USD is likely to trade in a higher range Monday after hitting a one-year low 1.5788 on Friday. Pair is underpinned by weaker dollar sentiment after fewer-than-expected 214,000 increase in U.S. October non-farm payrolls (versus forecast +233,000). However, the daily chart is still negative-biased as the MACD and slow stochastic indicators are bearish, while the five- and 15-day moving averages are declining. Resistance is at 1.5927 (hourly chart); a breach would target 1.6001 (Thursday's high), then 1.6021 (Wednesday's high). Support is at 1.5826 (hourly chart), then at 1.5788 (Friday's low); a breach would turn the near-term view negative, exposing downside to 1.5720 (61.8% Fibonacci retracement of 1.4812-1.7191 July 9, 2013-July 15, 2014 advance). Spot GBP/USD is at 1.5880. (jerry.tan@wsj.com)

0002 GMT [Dow Jones] NZD/USD is likely to trade in a higher range Monday after hitting a two-year low 0.7658 on Friday. Pair is underpinned by weaker dollar sentiment after disappointing U.S. October non-farm payrolls data, and improved risk appetite after stronger-than-expected **China** October exports data. Daily chart is mixed as MACD indicator is bearish; but slow stochastic measure is turning bullish at oversold levels, while a bullish outside-day-range pattern was completed Friday. Resistance is at 0.7842 (Wednesday's high); a breach would target 0.7880 (Oct. 31 high). Support is at 0.7675 (hourly chart), then at 0.7658 (Friday's low). Spot NZD/USD is at 0.7758. (jerry.tan@wsj.com)

2359 GMT [Dow Jones] NZD/USD is "stuck at a crossroads" after failing to sustain fresh 17-month lows on Friday and "a quiet data week for NZ should leave the NZD largely in the hands of offshore developments," says Nick Tvedt, Senior FX Dealer at NZForex. He says the main domestic event will be a speech by RBNZ Governor Graeme Wheeler Wednesday at the presentation of the central bank's report on financial stability. The pair is at 0.7767 and Tvedt says 0.7700 is the first real hurdle on the downside if the prevailing down trend is to continue but "we see increased chance of a material correction prior to any move back below this point." (rebecca.howard@wsj.com; Twitter: @FarroHoward)

2358 GMT [Dow Jones] Offshore accounts at six foreign brokerages place net buy orders for eight **million** Japanese shares overnight, according to traders. The net buying may be positive for the market at the open, although the yen value basis of the figures is unknown. Buy orders total 17.1 **million** shares, with sell orders amounting to 9.1 **million** shares. (bradford.frischkorn@wsj.com)

2355 [Dow Jones] Citi says Crown Resort (CWN.AU) shares haven't fallen for enough yet for it to change its neutral call. "We prefer to sit on the sidelines due to the near-term earnings volatility in Macau, mature Australian earnings and an increasingly stretched balance sheet," the broker says. Deutsche cuts its price target for Crown by 7.7% to A\$15.60/share, following an 11% and 5% cut to its forecasts for earnings in FY15 and FY16, respectively. The key driver of the earnings downgrade was Crown's Melco Crown Entertainment (MPEL) venture in Macau, where 3Q ebitda fell 12% on-year to US\$277 **million**, missing consensus forecasts. CWN last traded at A\$14.19. (david.winning@wsj.com; @dwinningWSJ)

2354 GMT [Dow Jones] AUD/USD is likely to trade in a higher range Monday after hitting four-year low 0.8538 on Friday. Pair is underpinned by weaker dollar sentiment after disappointing U.S. October non-farm payrolls data; rebounding commodity prices; better-than-expected **China** October export and trade surplus data. Daily chart is mixed as MACD indicator is bearish, five-day moving average is below 15-day moving average and declining; but slow stochastic measure is turning bullish at oversold levels, while a bullish outside-day-range pattern was completed Friday. Resistance is at 0.8762 (Wednesday's high); a breach would expose upside to 0.8850 (Oct. 31 high). Support is at 0.8565 (hourly chart), then at 0.8538 (Friday's low). Spot AUD/USD is at 0.8643. (jerry.tan@wsj.com)

2351 GMT [Dow Jones] EUR/USD is likely to trade in higher range Monday after hitting a two-year low 1.2358 on Friday. Pair is underpinned by weaker dollar sentiment after disappointing U.S. October non-farm payrolls data. Daily chart is mixed as MACD indicator is bearish, 5- and 15-day moving averages are declining; but slow stochastic measure has turned bullish at oversold levels, while a bullish-piercing candlestick pattern was completed Friday. Resistance is at 1.2534 (Thursday's high); a breach would target 1.2567-1.2577 band (Wednesday's high-Tuesday's high). Support is at 1.2410 (hourly chart), then at 1.2358 (Friday's low). Spot EUR/USD is at 1.2465. (jerry.tan@wsj.com)

2348 GMT [Dow Jones] A key myth overhanging Scentre Group (SCG.AU) has been a perception that deleveraging will act as an earnings growth killer, says Deutsche Bank. But the broker estimates that the recent **sale** of five New Zealand shopping malls to Singapore's GIC for NZ\$1.04 **billion** will result in funds from operation per share dilution of just 0.4% a year on average to FY18 for a 210 basis point reduction to gearing. "Allowing for disposal of the 'rump' of the NZ portfolio now 100% owned by SCG would take combined FFO per share dilution to 1.6% per annum on our estimates, for a cumulative 360 basis points leverage reduction - broadly in line with the asset **sale** dilution already allowed for in our estimates." Lifts price target to A\$3.77 from A\$3.65. Maintains Buy rating. (rebecca.thurlow@wsj.com; @beckthurlow)

2340 GMT [Dow Jones] It's looking increasingly like long-suffering Qantas (QAN.AU) boss Alan Joyce will get a break this Australian summer from delivering nasty financial results, with falling **oil** prices and easing competition setting the airline up for a return to profit when it reports 1H numbers in February. In one of the most bullish broker notes on Qantas issued in years, Deutsche Bank upgrades its recommendation on the stock to buy from hold, while jacking up its price target to A\$2.30 from A\$1.40--sending Qantas shares 2.1% higher to A\$1.72 in Sydney. Deutsche Bank says a 20% drop in jet fuel prices since the start of FY15 means Qantas could report an annual underlying pretax profit of A\$279.2 **million**. (ross.kelly@wsj.com)

2345 GMT [Dow Jones] USD/JPY is likely to trade in lower range Monday after hitting a seven-year high 115.60 on Friday. Pair is undermined by weaker dollar sentiment after fewer-than-expected 214,000 increase in U.S. October non-farm payrolls (versus forecast +233,000). Daily chart is mixed as MACD indicator is bullish, 5- and 15-day moving averages are advancing, but slow stochastic measure has turned bearish at overbought levels, while a bearish dark-cloud-cover candlestick pattern was completed Friday. Support is at 114.25 (Friday's low); a breach would target 114.06 (Thursday's low), then 113.42 (Wednesday's low) and 113.15 (Tuesday's low). Resistance is at 115.00 (hourly chart), then at 115.60 (Friday's high). Spot USD/JPY is at 114.46. (jerry.tan@wsj.com)

To contact the Market Talk Editors,
Kevin Kingsbury, 212 416-2354, kevin.kingsbury@wsj.com
Cynthia Lin, 212 416-4403, Cynthia.lin@wsj.com
John Shipman, 212 416-2181, john.shipman@wsj.com
Patrick Sullivan, 212 416-2326, Patrick.sullivan@wsj.com

(END) Dow Jones Newswires

November 09, 2014 19:26 ET (00:26 GMT)

CO ccred : Citigroup Inc.

IN i22472 : Precious Metals | i22 : Primary Metals | i224 : Non-ferrous Metals | ibasicm : Basic Materials/Resources | i814 : Banking | i81402 : Commercial Banking | ibnk : Banking/Credit | ifinal : Financial Services

NS c152 : Earnings Projections | mcat : Commodity/Financial Market News | namt : All Market Talk | ncmac : Commodities Asset Class News | ndjmt : Dow Jones Market Talk | neqac : Equities Asset Class News | c15 : Performance | ccat : Corporate/Industrial News | ncat : Content Types | nfact : Factiva Filters | nfce : C&E Exclusion Filter | nfcpin : C&E Industry News Filter

RE austr : Australia | apacz : Asia Pacific | ausnz : Australia/Oceania

PUB Dow Jones & Company, Inc.

AN Document DJDN000020141110eaba0000f