

HD Fonterra's N.Z. Milk Collection Up 4.5% on Year in June-September -- Market Talk

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2322 GMT [Dow Jones] New Zealand's **milk** season is off to a strong start despite lower prices. In the June to September period, **milk** collection was up 4.5% on the year, **dairy** giant Fonterra says. **Milk** collection was up 3.9% in September versus the same month a year earlier. "Despite some unsettled weather, favourable pasture growth in the North Island has helped maintain early season volumes above last year's levels," Fonterra says. Volumes are approaching peak collection for the season, which is forecast for mid-October 2014. (rebecca.howard@wsj.com; Twitter: @FarroHoward)

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2322 GMT [Dow Jones]--Sentiment in the iron-ore market is vastly more bullish after strong **Chinese** import data and robust demand from the world's No. 2 economy post-Golden Week holidays. But analysts caution the jump could be little more than a dead-cat bounce without more strong indicators to back it up. "Further supportive **Chinese** data will be needed to sustain the overnight rally in iron ore as yesterday's support from import figures is unlikely to linger," analysts at ANZ write in a note. Iron-ore prices rose 4% Monday, to US\$83.10/ton. (rhiannon.hoyle@wsj.com; Twitter: @RhiannonHoyle)

2320 GMT [Dow Jones] The spot price for iron ore may well have bottomed for the year and could edge back up to \$95/ton, which make it opportune to **buy** or short-cover leveraged Australian iron-ore equities, suggests Bell Potter Securities executive director Charlie Aitken. "Don't worry about analyst valuations or any of that. They meant nothing on the way down and will mean nothing on the way back up," he says. "This is about spot iron ore bottoming and iron-ore equities following the spot price as leveraged derivatives of that spot price." Still, if investors are looking for stocks to sell, Aitken says they should consider the energy sector as oil prices continue to fall sharply. Overall, he shifts his tactically bearish stance on Australian equities to neutral. (robb.stewart@wsj.com; Twitter: @RobbMStewart)

2320 GMT [Dow Jones]--Morningstar remains upbeat about James Hardie's (JHX.AU) medium-term earnings outlook and an improving operating environment, particularly as the U.S. housing market improves. A key driver for the **company** is its cost advantage, which is underpinned by a commitment to research and development that has delivered a number of patents on its leading products. The investment-research **firm** expects the building materials **company** will file patent applications in the next few years, extending its market leadership. "Competitors will be forced to spend more money on manufacturing and material to compete effectively, which we do not envisage," analyst Tim Mann says. Morningstar has a reduce recommendation and A\$12/share fair-value estimate. JHX last traded at A\$11.28. (robb.stewart@wsj.com; Twitter: @RobbMStewart)

2319 GMT [Dow Jones] UBS lifts James Hardie Industries PLC (JHX.AU) from Sell to Neutral, citing recent Australian dollar weakness and a positive outlook for the U.S. housing industry. The broker estimates that every 1 cent move in the currency has added 0.8% to the **company's** Australian dollar earnings, and says further falls are possible. UBS says U.S. housing starts are expected to grow by 15% in the next two years. "Longer term, the millennials should boost starts as this age **group** moves out of home." Lifts target price to A\$12.25 (\$10.63) from A\$11.85. The stock last traded at A\$11.28. (rebecca.thurlow@wsj.com; @beckthurlow)

2318 GMT [Dow Jones]--Growthpoint Properties Australia (GOZ.AU) has limited headroom for acquisitions, says UBS, which rates the stock at neutral. "We estimate Growthpoint Properties has capacity to **acquire** around A\$150 **million** additional assets before exceeding the maximum target gearing of 45%," UBS says. If Growthpoint Properties spends A\$100 **million** on acquisitions, UBS thinks earnings would increase by around 1.3% in FY15 and 2.5% in FY16. That assumes a 7.4% yield and

4.5% incremental debt cost. UBS lifts Growthpoint Properties's price target by 4.9% to A\$2.59/share. GOZ last traded at A\$2.65. (david.winning@wsj.com; @dwinningWSJ)

2235 GMT [Dow Jones] -- Australia's central bank said Tuesday a sharp decline in the Australian dollar since early September will do some good for the economy, but the currency remains fundamentally overvalued and needs to go lower. Guy Debelle, assistant governor (financial markets) at the Reserve Bank of Australia, said a lower currency was needed to help the economy rebalance as a decadelong mining investment boom fades and commodity prices tumble. "Australia's terms of trade has continued to decline and some key commodity prices for Australia, most notably the iron ore price, have declined considerably. On that basis, the Australian dollar is still higher than most conventional estimates of fundamentals would indicate," Mr. Debelle said. (james.glynn@wsj.com; Twitter @JamesGlynnWSJ)

2233 GMT [Dow Jones] UBS downgrades SAI Global (SAI.AU) to neutral after the compliance-services provider ends discussions with potential acquires for all or parts of the **company**. "In our opinion the process over the past four months has highlighted a number of issues, none of which are positive for the stock in our view," the broker says. These include the long absence of a CEO and slow progress appointing a new one, earnings risk from the renegotiation of a major contract, and the removal of a historical takeover premium priced into the stock. UBS slashes its price target on SAI to A\$3.87 from A\$5.35. The stock was last at A\$3.66. (Ross.Kelly@wsj.com)

18:16 EDT - Boeing (BA) is feeling the sting of whistleblowers. The **company** is paying a \$23M to settle allegations that it overcharged on its maintenance work for the U.S. Air Force. The four former employees who brought a false claims suit against the government will reap a \$3.9M reward. For two of the whistleblowers, the settlement marks the second time they are cashing in on Boeing allegations. In 2009, two of the whistleblowers were awarded \$2.6M for a separate suit against Boeing. (joel.schectman@wsj.com; @joel_schectman)

18:10 EDT - Mark the date now, says Fiat Chrysler Automobiles CEO Sergio Marchionne. On June 24, 2015, the **company** will unveil an all-new Alfa Romeo sedan, its first mass-market car to lead the **brand's** revival in the U.S. and globally. Mr. Marchionne says the **company** has been working "quietly" on the midsize car for last two years and its debut will kick off a barrage of new Alfa Romeo models set to arrive in the next three years. Fiat Chrysler hopes to boost Alfa's global sales five-fold to over 500,000 by 2018. But as of now, it only sell a small, two-seater roadster with production limited to a couple thousand a year. (christina.rogers@wsj.com)

18:01 EDT - Even as the California Public Employees' Retirement System retreats from hedge funds, its staff is contemplating a push into another aggressive set of investments. Fixed income executives for the nation's largest public pension fund told their investment **board** committee Monday they want to **buy** riskier versions of "collateralized loan obligations," which are securities backed by corporate loans. The plan already invests in triple-A rated slices of these securities. The move still needs to be approved by an investment strategy **group** comprised of the fund's top investment officers. (dan.fitzpatrick@wsj.com)

17:54 EDT - Barclays Capital analyst Stephen Kim, a relative optimist earlier this year on the U.S. home-building market, has reined in his forecasts for home construction and anticipates a sluggish recovery through 2017. Mr. Kim says that persistent factors including high prices for newly built homes, tight mortgage-lending standards and rising student debt are crimping demand. Meanwhile, he sees new-home prices, after posting double-digit percentage gains in recent years, having peaked this year. Going forward, Mr. Kim sees new-home prices as flat in 2015 in comparison with this year, down 3% in 2016 and down 5% in 2017. That, in turn, will squeeze home builders' profit margins. He foresees sales volumes of new homes next year growing by no more than 10% to an estimated 1.1 **million** units. (kris.hudson@wsj.com; @KrisHudsonWSJ)

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