

**HD NIB Holdings Looks More Risky Going Forward - Credit Suisse -- Market Talk**
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23:38 [Dow Jones] NIB Holdings cops a downgrade to Underweight from Neutral from Credit Suisse after its strategy briefing. "The low hanging fruit has largely been picked by NHF and while they remain a quality **company** in an attractive industry, they will be required to take more risk going forward in order to achieve growth," the broker says. "This increases the earnings downside risk, as is the case in FY14 with NHF impacted by a miss-priced product, leading to a spike in lapses and a decline in the net margin." Target price rises to A\$3.00 from A\$2.95. NHF last A\$3.05. (david.rogers@wsj.com; Twitter: @DavidRogersWSJ)

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1935 EDT - A recent Fitch Ratings report said the Northeastern casino market "is reaching a saturation point." Twenty-six casinos have opened since 2004. A study by the University of Nevada, Las Vegas, said total annual gambling revenue in the mid-Atlantic and New England has increased 39%. Within 100 miles of Philadelphia, there now are 24 casinos, a big shift from the early 1990s, when Atlantic City, N.J., enjoyed an East Coast monopoly. At least a dozen more gambling spots are in the pipeline from Massachusetts to Maryland, raising fears in states such as Rhode **Island** that their casino tax windfall is at risk. (Scott.Calvert@wsj.com, Jon.Kamp@wsj.com)

19:34 EDT - Pennsylvania has seen its casino fortunes wane, in part because of competition from Maryland and Ohio. Slots revenues at Pennsylvania's 12 casinos are down more than 4% in the first 11 months of the fiscal year ending in June, after dropping last year as well, according to the Pennsylvania Gaming Control **Board**. The state had roared out of nowhere since 2006 to become the state with the second-most gambling revenue, after Nevada. (scott.calvert@wsj.com, jon.kamp@wsj.com)

1934 EDT - Little Rhode **Island** made one of the biggest bets on legalized gambling and reaped about 9.5% of state revenue from its two casinos in the last fiscal year, one of the highest levels in the country. But that windfall is at serious risk because of nearby Massachusetts' building plans: the first casino there could open next year, just 12 miles from Rhode **Island**'s largest casino. Rhode **Island** has projected casino money flowing to its general fund will decline by about \$422 **million** over the next five years due to rising competition. (Scott.Calvert@wsj.com, Jon.Kamp@wsj.com)

19:34 EDT - Mitchell Etes, chief executive of the Mohegan Tribal Gaming Authority in Connecticut, said Massachusetts "kind of was the last frontier of market without **commercial** gaming" in the region. Boston is the last big Northeastern city without a nearby casino, and Mohegan is competing for rights to build a \$1.3 **billion** casino near Boston's Logan Airport. The first Massachusetts casino, a Penn National Gaming Inc. slots parlor about 12 miles from Rhode **Island**'s biggest casino, is expected to open next year. A 2011 Massachusetts law also allows three resort-style casinos, and a Native American casino may be in the works. (scott.calvert@wsj.com, jon.kamp@wsj.com)

19:33 EDT - Foxwoods Resort Casino Chief Executive Scott Butera said "there is dramatic oversupply in the industry right now." Connecticut has forecast a 5% decline in state revenue from casinos in fiscal 2016 and a 20% drop the following year, said Thomas Fiore, fiscal and program policy director at Connecticut's Office of Policy and Management. Competition from racetrack casinos on the outskirts of New York City--and soon from Massachusetts--is partly to blame. (scott.calvert@wsj.com, jon.kamp@wsj.com)

2311 GMT [Dow Jones] The USD/JPY will likely move in a tight 101.70-102.50 range in Asia trade, due to "a lack of momentum" in the market, says Osao Iizuka, head of spot FX trading at Sumitomo Mitsui

Trust and Bank. Mr. Iizuka expects dollar buying likely later today related to regular business settlement for **commercial transactions**. But he says market participants are now seeing "a vicious cycle," in which a lack of momentum prevents the pair from entering a new trading range, keeping many players away from the market. The pair is at 101.93 against 101.94 in New York late Thursday. Mr. Iizuka also tips the EUR/USD in a 1.3550-1.3650 range. It is now at 1.3609. (hiroyuki.kachi@wsj.com)

2257 GMT [DOW JONES] Analysts and investors later this month will tour Rio Tinto's (RIO) North American **operations**, and J.P. Morgan says it will be keen to gain some insight into the strategy of the **mining company's** new aluminum boss, Alfredo Barrios. The market also is keen for an update on production cuts and the **sale** of non-core assets, given optimism in the aluminum sector is improving and Rio Tinto's strategy is to lift the profitability of the division, J.P. Morgan's analysts say. At the same time, they say they hope to get a better handle on the grade profile at the Kennecott **copper** operation following a landslide more than a year ago at the Bingham Canyon open-pit mine. J.P. Morgan recommends RIO at overweight with a A\$81/share target. The shares ended Thursday at A\$59.24. (robb.stewart@wsj.com; Twitter: @RobbMStewart)

22:58 GMT [Dow Jones] The S&P 500 has 10%-17% upside potential amid low volatility in the coming months according to Citi. "We will likely see a 'pop' (in volatility) in the months ahead, if as we expect, data improves, inflation continues to rise and yields start to go higher again," Citi Technical Analyst Tom Fitzpatrick says. "However overall volatility does not look likely to see a breakout surge like we saw in 2008 but rather a 'normalization' within a range of around 9%-17% (maybe a little higher). We believe this will be coming from better news overall and therefore the reaction will not be a big 'risk off' dynamic. Ahead of that a move higher in the S&P 500 above 2,000 (2,150-2,300) is likely in the coming months." S&P 500 rose 0.1% to 1959.48 overnight, hitting a record high of 1959.87. (david.rogers@wsj.com; Twitter: @DavidRogersWSJ)

2250 GMT [Dow Jones] New Zealand lamb prices continue its gradual ascent, with the ASB Lamb Price index up 4.1% over the last four weeks and now sits 20.1% higher than a year ago, says ASB in a note. ASB adds that the increases are due to U.K. and European appetite for lamb returning, **Chinese** demand continuing to grow at a rapid pace, New Zealand supply remaining subdued and the Australian sheep sector further downsizing; "All up, we see these factors continuing to play out over the new season, resulting in further lamb price increases. Moreover, in the case of growing **Chinese** demand and the downsizing of the Australian sheep sector, these factors will help to underpin prices this season and beyond." (lucy.craymer@wsj.com; Twitter: @lucy\_craymer)

22:51 GMT [Dow Jones] TV revenue guidance from Ten Network (TEN.AU) highlights the risk to consensus expectations for the broadcaster's FY15 Ebitda, says J.P. Morgan, which is roughly 70% below the consensus forecast. It remains underweight TEN due to a lag between the **company's** investment in content and any revenue recovery, its lack of premium sports rights and lack of evidence of a material recovery in ratings. TEN has guided for a 3.5%-4.5% decline in TV revenue in FY14. J.P. Morgan says it prefers Seven West Media (SWM.AU). TEN shares last traded at A\$0.27. (robb.stewart@wsj.com; Twitter: @RobbMStewart)

22:46 GMT [Dow Jones] Credit Suisse upgrades McMillan Shakespeare (MMS.AU) to Outperform from Neutral on valuation grounds, but cuts its target price 12% to A\$10.75 after increasing its discount for regulatory risk. "MMS stock has fallen about 17% in the last month, reflecting a combination of concern over the CEO resignation, uncertainty over earnings and regulatory risk," the broker says. "Despite this, we believe regulatory risk is relatively 'low-cycle', due to better informed stakeholders, low likelihood of removing demand-side vehicle industry stimulus and numerous other, larger budgetary challenges." MMS last A\$9.42. (david.rogers@wsj.com; Twitter: @DavidRogersWSJ)

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