

HD No Big Shift in Global Exposure Seen for Simon -- Market Talk**WC** 1,581 words**PD** 23 October 2014**ET** 05:42**SN** Dow Jones Institutional News**SC** DJDN**LA** English**CY** Copyright © 2014, Dow Jones & Company, Inc.**LP**

14:42 EDT - Simon Properties (SPG) is happy with its size globally, CEO David Simon said during the **company's** 3Q conference call. International represents about 10% of SPG's activities, and when asked if that could ultimately grow to 30% or 40%, he said not likely. The retail-real-estate world has been abuzz about SPG since July, when French retailer Klepierre (LI.FR)--in which SPG owns a large **stake**--expanded in Europe by agreeing to buy Dutch rival Corio (CORE.AE). Talk got even hotter last month when an Australian newspaper reported SPG was in talks to buy retail landlord CFS (CFX.AU) for \$6B. Simon rejected those rumors at a conference later that month, saying his **company**--America's largest mall operator--had "no deal" in Australia, and he didn't respond to a question mentioning Australia today. (robbie.whelan@wsj.com; @RWhelanWSJ)

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14:37 EDT - Railroad stocks dip after a series of CEO comments dimmed hope for imminent **M&A** deals. Norfolk Southern (NSC) CEO Wick Moorman said on an earnings call that railroad mergers would be "highly problematic," citing regulatory scrutiny and few cost savings to be found. His remarks follow comments from Canadian Pacific (CP) CEO Hunter Harrison, who said yesterday he saw merit in consolidation, but CP was unlikely to go hostile after failing to engage CSX in merger talks earlier this month. Some analysts had speculated CP might turn its sights to NSC or Kansas City Southern (KSU), whose eastern US networks complement CP's **oil**-bearing rails in the West. NSC down 2.4%; KSU down 2%; CSX off 0.6%. (liz.hoffman@wsj.com)

14:35 EDT - Subprime lender World Acceptance (WRLD) is at a 2-year low following its F2Q report, in which EPS rose less than analysts anticipated amid what Jefferies calls "lower-than-forecast loan volumes/growth." In the US it dropped 10% as existing-customer volume slid 17% while for new clients lending volume was just 1.6% lower. The results come as the CFPB earlier this year requested WRLD documents related to the "marketing, offering or extension of credit." Shares are down 25% this year, including today's 3.2% drop to \$65.44. (kevin.kingsbury@wsj.com; @kevinkingsbury)

14:29 EDT - India's Sesa Sterlite Ltd. (500295.BY) said today that it's paid \$82.75M to Asarco stemming from its failed attempt to acquire a US-based **copper** miner. Sesa, a unit of natural resources giant Vedanta Resources (VED.LN), had sought to delay making the payment while it was appealing the \$132.75M bankruptcy judgment. Sterlite, before its merger with Sesa Goa, had offered to buy Asarco out of bankruptcy in 2008, but the deal wasn't completed. Instead, Asarco exited bankruptcy under the control of Mexican **mining company** Grupo Mexico. Asarco claimed damages from the failed Sterlite deal, spawning years of litigation. The **company** had already collected \$50M from Sesa Sterlite. (patrick.fitzgerald@wsj.com; @patfitzgerald23)

14:09 EDT - **Chinese** private-**equity firm** CDH Investments will return capital to its investors after entering into a share-backed financing in the form of a loan based on some shares it owns in **Chinese** pork producer WH Group. The structured transaction involves CDH "mortgaging" a portion of its WH Group **stake** in exchange for loans; it won't involve the **sale** of any shares. Roughly \$500M in cash will be returned to investors, and is part of CDH's drive to distribute about \$1B a year to investors, says CDH Executive Director Niklas Schelander. **Chinese** P-E firms have come under scrutiny for being slow to return capital to investors, so CDH's effort to give investors back some cash will likely be well received. (sonja.cheung@wsj.com; @SonjaCheung)

14:07 EDT - Tekmira (TKMR) rebounds some today after disclosing it has started limited production of a drug targeting a specific variant of the Ebola virus known as Ebola-Guinea, which is responsible for the

current outbreak in West Africa. TKMR expects supply availability in early December "for potential use by various collaborators." The drug could be used in clinical trials in West Africa, but the plan hasn't been finalized. Meanwhile, TKMR will continue to make its original experimental Ebola drug, TKM-Ebola, available for emergency use to people with confirmed or suspected Ebola infection. TKMR has a limited supply of the drug. Shares are up 6.8% to \$19.20, cutting the week's pullback to 12%. (peter.loftus@wsj.com; @Loftus)

14:04 EDT - Recent FTC actions reflect a crackdown on companies which prey on customers using mobile technology, and the agency today announces a group of defendants has agreed to pay \$10M to settle charges they sent **millions** of texts to lure consumers into handing over personal information or signing up for unwanted services. The agency has accused a number of companies and 2 of the 4 national wireless carriers of cramming, or imposing unwanted charges for third-party charges on their cellphone bills. AT&T (T) earlier this month agreed to pay \$105M to settle allegations. Wednesday's announcement involves 3 groups of defendants, with 1 having to pay \$7.8M to resolve allegations it sent **millions** of texts and facilitated the sending of illegal robocalls. (gautham.nagesh@wsj.com)

14:02 EDT - Lower stocks so far this session have failed to give a boost to haven **bonds**. The reason: the bond market is under pressure as banks and investors sell Treasuries to make room for new supply from Verizon's \$6.5B new bond supply, traders say. Typically a **company** sells Treasuries to hedge unwanted volatility in rates when issuing new debt. When the new **bonds** are priced later today, the hedge will get reversed with the **firm** coming back to buy Treasuries. Ten-year notes last down 8/32, yielding 2.236%. (min.zeng@wsj.com; @minzengwsj)

14:02 EDT - Trinity Industries (TRN) could face liquidity pressures following federal jury's ruling that the guardrail maker defrauded the U.S. government, according to Fitch. On Monday a jury said TRN should pay \$175M for lying to federal regulators when the Dallas-based **company** changed a guardrail's design system. Damages are tripled---in Trinity's case, the amount would grow to \$525M---under the federal rules designed to create steep fines for companies that lie to the government. Fitch says a reasonable worst case scenario is \$1B penalty. If TRN faces a penalty of more than \$500M, Fitch believes the **company's** credit profile would deteriorate below investment grade. Trinity, which has denied wrongdoing, is expected to appeal. (patrick.fitzgerald@wsj.com; @patfitzgerald23)

14:01 EDT - Goldman Sachs economists are the latest to add to a recent slew of research suggesting the US economic recovery should be fairly insulated from weaker global growth. Goldman estimates that a 0.5 percentage point reduction in foreign GDP should shave about 0.13 point off US GDP growth. That means the **firm's** 0.3 point cut to global GDP forecasts since July should translate into a less than 0.1 point reduction in US growth in 2015 through the end of 2016. While a stronger US dollar will add to the drag, that should be offset by lower **oil** prices and bond yields, GS says. (cynthia.lin@wsj.com; @cynthialin_dj)

13:54 EDT - Boeing (BA) is taking the 747 under its own wing, just as many airlines drop the jumbo in favor of two-engine alternatives. The **company's** customer finance exposure to 747 jets it owns and rents to airlines jumped to \$461M at the end of 3Q, compared with \$172M in the prior quarter and \$286M at the start of the year, according to a regulatory filing. These are all discontinued models, not the revamped 747-8 whose sluggish sales have fueled speculation BA may cut or even cease production. It's exposure to other aircraft types fell during the quarter, except for a small increase in the MD-90 portfolio. BA off 4.2% at \$121.81. (doug.cameron@wsj.com; @dougcameron)

13:52 EDT - Janney says investors continue to be best served "waiting for evidence of a recovery as opposed to trying to anticipate improvement" at Lumber Liquidators (LL), which posted weaker-than-feared 3Q results. "It remains unclear how much of LL's problems are macro vs. self-inflicted" and "when either issue will be resolved--hence a continued risk to estimates--while valuation remains elevated." The closeout-flooring retailer "surprised us" with the magnitude of its soft 4Q view, says Janney. But Wedbush, which entered the LL bull camp last month while admitting the move might be early, says today that "our favorable view on 2015 remains as LL puts operational issues behind and the growth story gets back on track." LL falls 11% to \$51.36, hitting a 22-month low. (kevin.kingsbury@wsj.com; @kevinkingsbury)

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(END) Dow Jones Newswires

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