

HD Wesfarmers Down 1.6% as Sales Growth Slows -- Market Talk

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0158 GMT [Dow Jones] Wesfarmers (WES.AU) shares are down 1.6% at A\$43.20 after comparable-store sales growth in its Coles food & liquor business slowed to 3.0% in 3Q14 vs 3.6% in 1H14. However, after adjusting for the timing of New Year's Eve and Easter, comparable-store sales growth was relatively steady at 3.5%. Macquarie analysts point to accelerating sales growth in Bunnings and Officeworks, saying those were encouraging signs for the conglomerate, and they expect capital management to lend support. "The stock is trading above our valuation range but returns can be enhanced through capital deployment following the recently announced insurance business sales," they say. (david.rogers@wsj.com; Twitter: @DRWSJ)

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0151 GMT [Dow Jones] The greenback struggled to regain upside momentum Monday despite positive data surprises--the April Dallas Fed manufacturing index and March U.S. pending home sales both beat expectations--as U.S. front-end yields remained heavy (two-year U.S. Treasury yield was at 0.430% late Monday compared with 0.434% late Friday), failing to recover from Friday's retreat even as equities reversed their initial losses on less-harsh-than-expected U.S. sanctions on Russia, BNP Paribas notes. However, the bank continues to see upside risks to U.S. front-end yields and the dollar from current levels, heading into what it expects to be a strong U.S. jobs report on Friday. BNP Paribas says it remains long USD/CHF and short NZD/USD in its recommendations portfolio. The Intercontinental Exchange Dollar Index touched a two-week low of 79.548 overnight and was recently at 79.669 compared with 79.683 in late New York trade Monday. (jerry.tan@wsj.com)

0141 GMT [Dow Jones] South Korea's current account surplus rose to a five-month high of \$7.35 **billion** in March, up from the previous month's revised \$4.5 **billion**. The brisk exports of cell phones, vehicles and semiconductor chips on growing demand from the U.S., E.U. and Southeast Asian markets largely helped push the current surplus to the highest since October 2013, the BOK said. "Overall the outcomes point to a healthy external position and are supportive of the KRW," said Credit Agricole economist Frances Cheung. The current account has been in the black since in March 2012. On a seasonally adjusted basis, the surplus narrowed to \$6.65 **billion** in March from a revised \$7.54 **billion** in February on growing imports. The export-dependent economy is widely seen benefiting from stronger demand much from the West and gradually picking up this year. (kwanwoo.jun@wsj.com)

0129 GMT [Dow Jones] Australia's S&P/ASX 200 is fading from a fresh six-year high of 5553.5. CBA (CBA.AU) is up 0.4% and Woolworths (WOW.AU) is down 0.3%. Both set all-time highs in early trading. Westpac (WBC.AU) and NAB (NAB.AU) have succumbed to profit taking after Citi downgraded both banks because of recent outperformance in the sector and concerns about NAB's results. Views are mixed on the banks, with Macquarie expecting NAB to generate the strongest interim earnings growth. But dividend yields near 5% may not be strong enough to sustain outperformance in the face of rising interest rates. BHP (BHP.AU), Rio Tinto (RIO.AU) and Fortescue (FMG.AU) are down 0.5%-1.7% after spot **iron ore** fell 2.2%. High PE stocks are starting to struggle after high-flying U.S. internet and social-media stocks fell. Seek (SEK.AU), Domino's Pizza (DMP.AU) and Xero (XRO.AU) down 0.2%-1.3% after early gains. Index last up 0.1% at 5542.2. (david.rogers@wsj.com; Twitter: @DRWSJ)

0111 GMT [Dow Jones] Taiwan first quarter GDP data, due Wednesday, is expected to show the economy grew around 3% on year, almost the same as in the fourth quarter. ING says it sees growth in 2014 slowing to 2.6%, below the official forecast of 2.82%. The bank points out that global demand for exports remains weak and that's hurting Taiwan's electronics makers and other export-focused industries. ING notes Taiwan's economy is unlikely to return to the plus-5% growth that it regularly clocked before the U.S. financial crisis. (tom.wright@wsj.com)

0044 GMT [Dow Jones] Premiums on **gold** in India have doubled in recent days ahead of the Akshaya Tritiya festival, one of the key times for **gold** buying, BMO Capital Markets says in a report. **Gold** buying is considered auspicious during festivals. Akshaya Tritiya is on May 2. "While there have been articles suggesting a potential easing of **gold** import restrictions, BMO Research expects these are unlikely to materialize as India's trade deficit increased in March to \$10.5 **billion** from \$8.1 **billion** in February," it says. BMO expects **gold** prices to average \$1,270/oz during 2Q and \$1,263/oz in 2014. Spot **gold** is at \$1,296.01/oz, down 29 cents from its previous close. (arpan.mukherjee@wsj.com)

0016 GMT [Dow Jones] "Could sentiment (in **copper**) finally be turning?" BMO Capital Markets asks in a report. Premiums on **copper** imports into **China**--the biggest consumer of the metal--are ticking higher, which suggests **firm** demand there, it says. Also, **copper** stocks on the London Metal Exchange and Shanghai Futures Exchange are declining. **Copper** stockpile estimates in **Chinese** bonded warehouses have fallen to 710,000 tons from a high of 820,000 tons at the end of March, BMO says, quoting consultancy CRU. BMO expects **copper** to average \$3.15/pound (\$6,944.55/ton) in 2Q and \$3.20/pound (\$7,054.78/ton) in 2014. LME 3-month **copper** is up \$19 at \$6,764/ton in early trade. (arpan.mukherjee@wsj.com)

0014 GMT [Dow Jones] The EUR/USD is sitting in the upper reaches of a 2-year range supported by comments from ECB President Draghi overnight that any QE by the ECB is relatively unlikely, says ASB Head of FX Institutional Sales Tim Kelleher. However, he says the risk now for the pair is a strengthening USD as investors look to buy the currency ahead of the Fed meeting, U.S. non farm payrolls data and some weakness in **equity** markets. The pair is at 1.3840. Kelleher says the pair is likely to trade between 1.3800 to 1.3900. (lucy.craymer@wsj.com; Twitter: @lucy_craymer)

2301 GMT [Dow Jones] Aussie growth stocks--those with sustainable and above-market earnings growth, along with a relatively high return on invested capital--aren't broadly overvalued, according to UBS. "In spite of a strong outperformance trend in recent years we do not find evidence of a broad based overvaluation of 'growth' stocks," UBS strategists David Cassidy and Dean Dusanic say in a report. On a growth-at-a-reasonable-price basis, the strategists favor Resmed (RMD.AU), Crown Resorts (CWN.AU) and CSL (CSL.AU). On a price-to-growth basis, they also find Aristocrat (ALL.AU), SAI Global (SAI.AU), Super Retail Group (SUL.AU), Henderson Group (HHG.AU) and FlexiGroup (FXL.AU) attractive. (david.rogers@wsj.com; Twitter: @DRWSJ)

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2238 GMT [Dow Jones] **Iron-ore** prices have dipped to their lowest level in seven weeks after reports **China** would tighten controls on the use of the steelmaking ingredient in financing deals. Analysts fear raw material currently sitting in huge stockpiles at **China**'s ports will be released into the market as owners look to avoid investigation, creating an oversupply and driving prices even lower. "A directive like this will spook the market for several days [or] weeks," says UBS analyst Tom Price. Stockpiles held at **Chinese** ports currently stand at around 104 **million** tons, up from 62 **million** tons mid-2013, UBS estimates. Inventories have climbed as companies used **iron ore** as collateral to obtain financing. UBS's Price tips the market could fall further from current levels, although he says the depth of the decline will ultimately depend on the scale of the review into such loans. According to The Steel Index, 62% Fe fines at **China**'s Tianjin port were Monday selling for US\$108.60 a ton, down 2.2% on Friday's benchmark price. (rhiannon.hoyle@wsj.com)

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2233 GMT - Credit Suisse has raised its price target on Woodside (WPL.AU) by 6% to A\$38 after price renegotiations for Woodside's Pluto project exceeded the broker's expectations. "Supported by a yield that stays above a market yield until 2017, and a lack of potential negative shocks, Woodside's days of underperformance look over for now," Credit Suisse analysts say. However, they don't see quite enough upside potential to warrant upgrading their current underperform rating. Longer term challenges remain as Woodside seeks to add value from a small organic pool of projects or **M&A**, they add. WPL last A\$41.08. (david.rogers@wsj.com; @DRWSJ)

2153 GMT - There will be no clear **lead** for Asian markets Tuesday after a volatile day in trading ended with U.S. stock markets higher, says Macquarie Equities broker Brad Gordon in Auckland New Zealand. He adds that stocks with high price to earnings ratios seemed to be getting hit hard. He says locally there was what looked like portfolio selling at the end of day Monday and it will be interesting to see whether those stocks that have been hit such as F&P Healthcare (FPH.NZ), Metlifecare (MET.NZ) and Tower (TWR.NZ) continue to see a sell down. NZX-50 closed down 0.7% Monday at 5115.80.
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(END) Dow Jones Newswires

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