

**HD JENNY PRABHU'S HOT & SPICY CURRY SHOP**

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the day's menu

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The S&P/ASX 200 as at 2:22pm: up 64.9 to 5489.5

Gas deal a win/win for Russia and **China**, gives **China** bargaining tool ..

Nomura in ex Japan research today said the Russia/**China** 30 year gas deal is a win/win deal with Russia diversifying its markets for gas exports and **China** reducing its reliance on expensive imported LNG and obtaining a stronger bargaining position vs the US/Asian LNG suppliers. "The overall annual volume of 38bcm is roughly equal to nearly a quarter of **China**'s current gas consumption and roughly 10% of estimated demand by 2020" Nomura says.

\* \* \*

ABC remains an "overweight"/a "hold"/an "accumulate"/a "neutral" ..

A leading broker retained an "overweight" on Adelaide Brighton while lowering its price target from \$4.23 to \$4.02, seeing ABC's accounting of restructuring as unusual. The broker said the headline guidance doesn't tell the full story. Taking benefits above the line would see a \$5/6 **million** uplift to full year 2014 earnings. Taking this below the line however offsets some impact from loss of major customer in full year 2015. In the absence of acquisitions, special dividends likely sees 2014 estimated yield of 6.4%.

\*Another leading broker with a "hold" recommendation lowered its price target to \$3.51 from \$3.68. The broker said it sees ABC at fair value but believes difficult construction markets, a softer outlook for lime demand and the prospect of further adjustments from new MD Brydon may prompt caution. "The yield of more than 5% is again a positive and is likely to provide some share price support in our view" the broker said in the report.

\*A leading broker with an "accumulate" on ABC lowered its price target to \$3.80 from \$4.05 cutting its earnings forecast on lower lime volumes, the challenges for the Birkenhead operation and further corporate overhead cuts. The broker adds ABC has a strong management team and sound business strategy while low gearing offers the possibility of a special dividend for full year 2014.

\*Another leading broker with a "neutral" lowered its price target from \$3.96 to \$3.78. The broker said costs have been lowered but volume remains the key. The broker also noted that the Baro Grop's 33% **stake** may limit the downside.

ABC up 3c to \$3.56.

\* \* \*

Vocation is a "buy" ..

A leading broker retained a "buy" on Vocation after it announced the **purchase** of Real Institute, while lifting the price target from \$3.05 to \$3.35.

The broker said it reiterates a "buy". VET has an entrenched market leading position which will become an increasingly important point of differentiation as students seek quality.

VET up 21c to \$2.81.

Diggers & Drillers

**Alumina** is an "add", target price increased, material div expected in 2015 ..

A leading broker retained an "add" on **Alumina** while increasing the target price from \$1.75 to \$1.95.

The broker said following its April 10 report entitled "Alcoa's **alumina** margins expand" it has explored **Alumina's** EBITDA margins in greater detail and believes it will expand considerably over the next two years, leading to a greater ability for the **company** to pay dividends.

The broker forecasts **Alumina's** EBITDA/t margin will expand from \$US45/t in 2013 to \$US80/t by the end of 2015 and expects the **company** to pay a material dividend in 2015, reflecting a yield of about 6%.

AWC up 10.5c to \$1.43.5.

\* \* \*

WPL remains an "accumulate"/a "neutral" .. sp div possibility rises ..

A leading broker retained an "accumulate" on Woodside after the pull out from Leviathan, saying this paves the way for a special dividend that the broker calculates would be \$1.58 a share. "their discussion around capital returns and reinvestment criteria will assume extra importance at Thursday's investor's day".

\*Another leading broker retained a "neutral" on Woodside with an unchanged price target of \$42. The broker said it expects a capital return with a special dividend possibly seeing \$1.30 per share handed back. But the **company** may also look at an offmarket buyback to soak up some of its \$2.5 **billion** in franking credits.

(At the Investors Day meeting today Woodside has said it will consider how to deploy the \$2.7 bln money set aside for Leviathan).

WPL up 76c to \$41.99.

\* \* \*

BC **Iron** is a "buy" ..

A leading broker retained a "buy" on BC **Iron** with a target price of \$4.58.

The broker said it calculates that a 10% change in received LOM prices impacts BCI's target price by 25%. The broker said at BCI's \$3.53 price the market seems to be factoring in a \$US95/tonne **iron ore** constant price. The broker said it forecasts an **iron ore** price of \$US100 per tonne which it sees as conservative.

"BCI is a relatively low risk (cost, **operations**, management) pure play Pilbara **iron ore** (DSO) producer which is ex capex, is rapidly reducing its debt level and in the absence of any obvious **acquisition** targets is in a position to return significant capital back to shareholders (the broker forecasts a dividend yield of 9%).

BCI up 13c to \$3.66.

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