

HD BHP Demerger Won't Add Much Value, Credit Suisse Says -- Market Talk

WC 787 words

PD 1 September 2014

ET 08:29

SN Dow Jones Institutional News

SC DJDN

LA English

CY Copyright © 2014, Dow Jones & Company, Inc.

LP

2229 GMT [Dow Jones] BHP's (BHP.AU) demerger won't generate a material re-rating for the parent **company** according to Credit Suisse. "At BHP's de-merged theoretical ex-rights price, we see BHP's FY16 dividend yield increasing from 3.6% to 4.1%," the broker says. "With peers already at 3.8% to 4% this suggests limited capacity for a re-rating." Credit Suisse analysts incorporate higher **iron ore** volumes in their model, adding US\$5 **billion** to their **iron ore** valuation. But higher assumed costs in other **business** see outer year EPS reduced by about 2%-4% for FY16-17, offsetting their higher **iron ore** valuation of US\$84 **billion**. Rating remains underperform with a A\$38.00 target price. BHP last A\$36.67. (david.rogers@wsj.com; Twitter: @DavidRogersWSJ)

TD

2227 GMT [Dow Jones] New Zealand Prime Minister John Key's National Party continues to slip slightly ahead of the September general election, according to the latest ONE News Colmar Brunton Poll. If elections were held now, Key's National Party would win 48% of the vote, down two percentage points compared with the prior poll, while Labour would win 28%, up two percentage points. The Green Party would win 12%, up 1 percentage point. Among minority parties, the Internet-Mana alliance--an alliance made up of a party registered by Megaupload founder Kim Dotcom and another that represents indigenous people--would win 2%, down two percentage points. The poll was taken Aug 23-27. (rebecca.howard@wsj.com; Twitter: @FarroHoward)

2154 GMT [Dow Jones] Asian markets including the local NZX-50 likely to open a tad higher following strength in the U.S. late Friday, says Forsyth Barr broker Dave Schaper in Nelson New Zealand. He says while there are growing tensions in Ukraine he expects little impact of this on **equity** markets until investors can see where things are actually headed. He adds that S&P lowering its long-term rating on Fonterra is likely to have little impact on the stock although investors continue to make decisions on whether they see Fonterra's tie-up with a large **Chinese company** as positive. (lucy.craymer@wsj.com; Twitter: @lucy_craymer)

2128 GMT [Dow Jones] Demand remains strong for the USD as concerns grow about the situation in Ukraine and rhetoric from Russia, says ASB Bank Head of Institutional Sales Tim Kelleher. The EUR/USD is at 1.3129 vs. 1.3140 late Friday in New York. He says the euro is really struggling on fundamentals at the moment and people are moving out of the common currency. Kelleher puts support for the pair at 1.3100 with resistance coming in at 1.3150. (lucy.craymer@wsj.com; Twitter: @lucy_craymer)

2056 GMT [Dow Jones] The AUD/USD is likely to continue lower to 0.9300 given the positive USD backdrop, says Westpac currency strategist Imre Speizer in a note: "The U.S. dollar ended the quarter with a flourish (Friday). UK PM Cameron raised the terror threat to the country to severe, helping the U.S. dollar surge to a 14-month high." The AUD/USD is at 0.9320 vs. 0.9348 late Friday in Sydney. He says Australia has 2Q inventories data and **company** profits releases but traders are likely to focus on **China's** manufacturing PMI reports. (lucy.craymer@wsj.com; Twitter: @lucy_craymer)

2030 GMT [Dow Jones] The NZD/USD slipped due to broad USD strength and the pair is smack in the middle of the 0.8300 to 0.8420 it largely remained in through late August, says BNZ currency strategist Raiko Shareef. He says commodity prices will take center stage locally: "Today, we expect that NZ's official terms of trade will finally begin to account for **dairy** price decline seen earlier in the year. We pick the 2Q reading to fall by 5.1% q/q." The market is expecting a fall of 2.5%. He says later this week the ANZ commodity price index is due while the fortnightly **dairy** auction Wednesday will be closely

watched. The pair is at 0.8359 vs. 0.8369 late Friday in New Zealand. (lucy.craymer@wsj.com;Twitter: @lucy_craymer)

To contact the Market Talk Editors,
Kevin Kingsbury, 212 416-2354, kevin.kingsbury@wsj.com
Cynthia Lin, 212 416-4403, Cynthia.lin@wsj.com
John Shipman, 212 416-2181, john.shipman@wsj.com
Patrick Sullivan, 212 416-2326, Patrick.sullivan@wsj.com

(END) Dow Jones Newswires

August 31, 2014 18:29 ET (22:29 GMT)

IN i22 : Primary Metals | i221 : Iron/Steel/Ferroalloys | imet : Mining/Quarrying | ibasicm : Basic Materials/Resources

NS gvote1 : National/Presidential Elections | mcat : Commodity/Financial Market News | mcrntg : Crude Oil/Natural Gas Product Markets | namt : All Market Talk | ncmac : Commodities Asset Class News | ndjmt : Dow Jones Market Talk | nenac : Energy Asset Class News | neqac : Equities Asset Class News | nfiac : Fixed Income Asset Class News | gcat : Political/General News | gpri : Politics/International Relations | gpri : Domestic Politics | gvote : Elections | m14 : Commodity Markets | m143 : Energy Markets | ncat : Content Types | nfact : Factiva Filters | nfce : FC&E Exclusion Filter

RE nz : New Zealand | austr : Australia | eurz : Europe | apacz : Asia Pacific | ausnz : Australia/Oceania

PUB Dow Jones & Company, Inc.

AN Document DJDN000020140831ea8v000br