

HD UBS Likes Adelaide Brighton's Deals, But Stays Neutral -- Market Talk**WC** 1,668 words**PD** 11 November 2014**ET** 11:08**SN** Dow Jones Institutional News**SC** DJDN**LA** English**CY** Copyright © 2014, Dow Jones & Company, Inc.**LP**

0008 GMT [Dow Jones] UBS likes Adelaide Brighton's (ABC.AU) latest spending spree on acquisitions in the Australian building-materials industry. But even though the deals give a boost to the **company's** earnings outlook, they don't do enough to persuade UBS to change its neutral call. In late September, Adelaide Brighton completed the **purchase** of Direct Mix Concrete and Southern Quarries. It also bought BM Webb Construction Materials in Queensland, and the Angaston Quarry assets of the Penrice group of companies. "The DMC/Southern Quarries asset is top quality, in our view, and Penrice was bought at an attractive multiple, with some easy wins to drive synergies potentially beyond initial guidance," UBS says. The broker now expects Adelaide Brighton to report an FY14 net profit of A\$161 **million**, up 2.6% on its earlier forecast. It also increased its profit forecasts by 3% and 3.4% in FY15 and FY16, respectively. ABC last traded at A\$3.45, below UBS's A\$3.84/share price target.

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0003 GMT [Dow Jones] As the metals and **mining** industry debate rages over whether the multi-year "super cycle" for metals prices has ended or whether it's just another phase of the traditional **mining** cycle, PricewaterhouseCoopers says it's in the latter camp. "It's our belief that demand for metals will continue, but it won't be the steady upward climb that we saw between the end of 2009 and early 2011, or in the years leading up to the 2008 commodities crash," PwC said in its latest **gold**, silver and **copper** price report. A growing global population will need products such as cars, computers and household goods—all of which can't be produced without metals, it says. (matthew.cowley@wsj.com)

0003 GMT [Dow Jones] Persistently low prices mean **mining** firms are going to have to maintain a keen focus on controlling costs, according to a report by PricewaterhouseCoopers. "Due to the low commodities price environment, miners have had to cut costs to survive. Now, they must continue to employ responsible cost management and sound investment in production," said Jason Burkitt, U.K. **mining** leader at PwC. (matthew.cowley@wsj.com)

0003 GMT [Dow Jones] While many **mining** companies are operating at a loss given current low prices, **copper** miners are as a whole an exception, says PricewaterHouseCoopers. **Copper** is widely-used in everything from cars to electricity transmission, and will always be needed to make the goods that the world's growing population can't live without, says PwC in a report out Tuesday. "While the metal is now trading around \$3 per pound, down from its record of \$4.60 in early 2011, the price hasn't bounced around as much as other commodities and is still considered high enough for many well-disciplined producers to make a profit." (matthew.cowley@wsj.com)

23:49 [Dow Jones] Macquarie says investors should be cautious about Australian **gold** producers carrying a lot of debt, singling out Kingsgate Consolidated (KCN.AU) and Beadell Resources (BDR.AU) as two companies with high costs and gearing. "The rapid decline in **gold** prices has put the focus back on cash flow break-even points and balance sheet strength," the broker says, noting that of most of Australian **gold** producers have average all-in cash costs above A\$1,000/oz. "With margins in some decline, we remain cautious on **gold** producers carrying elevated levels of debt," Macquarie says. The broker's preferred Australian **gold** producers are Regis Resources (RRL.AU), Northern Star Resources (NST.AU), Evolution **Mining** (EVN.AU) and Saracen Mineral Holdings (SAR.AU). (david.winning@wsj.com; @dwinningWSJ)

2348 GMT [Dow Jones] Nymex crude is likely to trade in a lower range near-term after hitting a one-week high of \$79.85/bbl on Monday but settling down \$1.25 at \$77.40/bbl, Dow Jones technical analysis shows. The daily continuation chart is negative-biased as a bearish outside-day-range pattern was completed Monday, the five- and 15-day moving averages are falling, while the slow stochastic indicator is reverting to bearish mode. Support is at \$77.13-\$77.12 (Monday's low-Thursday's low); a breach would target \$76.46 (Wednesday's low, near the lower 20-day two-standard deviation Bollinger Band), the \$75.84/bbl (Nov. 4 three-year low), \$74.95 (Oct. 4, 2011 swing low) and \$70.76 (Aug. 25, 2010 reaction low). But a rise above the \$79.85 resistance would temper the negative near-term view, exposing upside to the middle 20-day Bollinger Band (now at \$80.41), then to \$80.98 (Nov. 3 high), \$81.27 (Oct. 31 high), \$82.09 (Oct. 30 high), \$82.88 (Oct. 29 reaction high) and \$83.15-\$83.26 band (Oct. 22 high-Oct. 21 high). December crude is down 19 cents at \$77.21/bbl on Globex. (jerry.tan@wsj.com)

2348 GMT [Dow Jones] Asset quality within Suncorp (SUN.AU) continues to improve, says Bell Potter, noting SUN's 1Q bad and doubtful debts charge fell from A\$49 million in the 4Q to a better-than-expected A\$20 million. The broker says SUN has the capacity to sustain a yearly 15 cents/share special dividend over the next 2-3 years if underlying trends and benign weather patterns prevail. Bell Potter keeps its A\$15.00/share price target on the stock, but with shares recently trading at A\$14.95 after a strong rally, the broker cuts its rating to Hold from Buy. "The revised rating still adequately reflects SUN's status as a classic 'Cash' story where capital returns--all else being equal--should continue to feature in the medium term," says Bell Potter analyst TS Lim in a research note. (rebecca.thurlow@wsj.com; @beckthurlow)

0046 GMT [Dow Jones] The window for new Australian LNG projects has slammed shut, as cheaper competing natural gas supplies loom from Russia and the U.S., says Macquarie. That's bad news for Woodside Petroleum Ltd. (WPL.AU), which wants to decide whether to develop the Browse natural gas resource offshore northwestern Australia with partners including Royal Dutch Shell PLC (RDSA, RDSA.LN) late next year. "Australian projects are being pushed up the cost curve at an alarming rate," says the broker, while noting around 80 million tons per annum of U.S.-produced LNG is slated to flow into global markets, with costs there assisted by low shale gas prices. Russia is also working hard to put its momentous export deal with China into action, with pipeline supplies expected by 2025. Macquarie rates Woodside at underperform, but likes Oil Search Ltd. (OSH.AU) because it operates in Papua New Guinea, where costs are more competitive. (Ross.Kelly@wsj.com)

17:57 EST - Wayfair (W) shares fall as much as 7.5% in after-hours trading, marking a poor showing in its first earnings report after going public in October. The online home goods retailer reported \$336.2M in 3Q sales, above analysts \$309M expectations, but a net loss of 71c/share, which compares with Street's forecast of 38c/share loss. The company is a test case for e-commerce players who hope to compete with Amazon (AMZN) by carving out a niche that AMZN doesn't yet serve well. Shares down 4.3% after hours at \$26.90. (greg.bensinger@wsj.com; @gregbensinger)

17:50 EST - Warren Buffett's Berkshire Hathaway (BRKA BRKB) has at least \$25B of excess cash to use for acquisitions, Barclays estimates. In a research note today that follows BRKB's 3Q results last week, Barclays says BRKB's \$56B of cash was significantly above the \$20B Mr. Buffett has said he likes to keep as a margin of safety. Even accounting for several pending deals, including a \$2.9B acquisition of Canadian power transmission company AltaLink and a \$3B preferred stock investment as part of Burger King's (BKW) deal for Tim Hortons (THI), BRKB has a huge leftover cash pile. What's more, Mr. Buffett can always issue debt or sell stocks from the company's \$119B stock portfolio if he wants to snare an especially gigantic "elephant" -- his term for double-digit-billion-dollar deals. (anupreeta.das@wsj.com)

17:34 EST - Peer to peer lender Social Finance Inc., often referred to as SoFi, which specializes in student loans, has raised over \$303M in its latest round of private-student loan securitizations that the firm completed on Monday. The notes are backed by private student loans the firm recently refinanced. The loans are being repaid by graduate borrowers, most of whom have high credit scores and are employed. Morgan Stanley and Goldman Sachs led the transaction, which also involved Barclays and Deutsche Bank selling the notes to retail and institutional investors. This marks the lender's third and largest round of private-student loan securitizations since December 2013. It raised \$151M then and another \$251M in July. (annamaria.andriotis@wsj.com)

17:27 EST - Anadarko Petroleum (APC) will keep total executive compensation flat compared with 2013, the company says. APC's shares, which are up 16% so far this year, had risen more than 40% before the recent fall in oil prices. At Anadarko's annual meeting in May, 61.5% of votes cast approved of the company's pay practices, a relatively low level of support. (daniel.gilbert@wsj.com; @WSJGilbert)

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(END) Dow Jones Newswires

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