

HD Bid for Transfield Fair Value, Says CIMB -- Market Talk

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2344 GMT [Dow Jones] Ferrovial SA's (FER.MC) 1.95 Australian dollar/share (\$1.70) bid for Transfield Services Ltd. (TSE.AU) looks fairly full and investors may well want to sell into current share-price strength, says CIMB, which upgrades the stock to a hold recommendation. "While we expect there to be an informal floor under the share price, which supports our A\$1.85 target price, we would not be enticed by the prospect of an increased bid emerging and believe shareholders should capitalize on the current elevated price rather than rely on a prospective increased offer," the broker says. (Ross.Kelly@wsj.com)

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11:32 GMT [Dow Jones] Despite the recent sharp fall in the share prices of Australia's banks they have still outperformed the wider market, leaving Citi preferring to stay on the sidelines for now and only planning to get more involved at lower prices. It expects a good set of full-year earnings reports from the major lenders, although it ponders whether other banks will follow NAB's (NAB.AU) **lead** and accelerate the amortization of capitalized software. There remains significant regulatory uncertainty for the banking sector, Citi adds. It has neutral recommendations on ANZ Banking (ANZ.AU) and Westpac (WBC.AU), and a sell on NAB. (robb.stewart@wsj.com; Twitter: @RobbMStewart)

2334 GMT [Dow Jones]--Over the past decade, Australia's National Electricity Market hasn't been a happy hunting ground for owners of merchant generation, and there's little sign of a letup, with excess supply continuing to weigh on prices, says J.P. Morgan. The broker estimates that generators have amassed economic losses of more than A\$10 **billion** over the past decade, as average prices failed to cover capital costs for extended periods. "Absent an improvement in demand, or a significant supply-side response, our analysis suggests that generation returns will remain depressed for the foreseeable future," J.P. Morgan says. The broker prefers Origin (ORG.AU) to AGL **Energy** (AGL.AU) because of Origin's bigger exposure to the retail market. "While Tier 2 retailers continue to be a competitive threat to the Big 3, elevated reserve margins--and resultant benign wholesale prices--will provide greater benefit to gentailers that are 'long retail'/'short generation'. In our view, AGK's recent **acquisition** of MacGen has tipped the balance in favour of ORG, which remains the only Big 3 gentailer with length to retail." (rebecca.thurlow@wsj.com; @beckthurlow)

2332 GMT [Dow Jones] UBS cut WorleyParsons Ltd. (WOR.AU) to sell from neutral on worries that major **oil** customers will start to scale back spending for reasons that include a greater focus on shareholder returns, a recent sharp fall in **oil** prices, and increasing geopolitical tensions globally. UBS inks in a new FY15 net profit of around 280 **million** Australian dollars (\$244.8 **million**), putting it around 5% below consensus, while a forecast FY16 net profit of A\$312 **million** is 14% below what other analysts are expecting. WorleyParsons is trading on a multiple of around 13 times forward earnings, a premium to its peers. "We expect earnings risk and relatively low earnings visibility to remain a key issue for WorleyParsons over the medium term, in which we believe predicting the timing of major project start-ups and completions will remain challenging for management," UBS says. The broker also cuts its price target by 24.6% to A\$13.00/share (\$11.36). WOR last traded at A\$13.83. (david.winning@wsj.com; @dwinningWSJ)

11:29 GMT [Dow Jones] EUR/GBP is likely to consolidate with a bearish bias Tuesday after hitting a four-day low 0.7900 on Monday. Daily chart is mixed as MACD indicator bullish, but slow stochastic measure is falling from overbought levels. Support is at 0.7900-0.7897 (Monday's low-Oct. 14 low); a breach would expose the downside to 0.7846 (Oct. 13 low), then to 0.7832 (Oct. 7 low). Resistance is at 0.7930 (Monday's high); a breach would tilt the near-term view positive, targeting 0.7981 (Friday's high), then 0.8027 (Thursday's high). Spot EUR/GBP is at 0.7917. (jerry.tan@wsj.com)

2325 GMT [Dow Jones]--Regional refiner maintenance activity is cutting fuel supplies and helping to boost refiner margins at Caltex Australia (CTX.AU), prompting Deutsche Bank to up its calendar 2014 earnings per share forecast on the **company** by 6.1%. Keeping a hold recommendation, the broker also nudges up its price target to A\$25.45/share from A\$25.35. CTX was last at A\$28.71, having jumped 43% so far this year. (Ross.Kelly@wsj.com)

2323 GMT [Dow Jones] Deutsche Bank lifts its call on Sonic Healthcare Ltd. (SHL.AU) to buy from hold and nudges its target to 20.50 Australian dollars/share (\$17.92) from A\$20 after the **company** establishes a Canadian beachhead with a 15-year contract to provide lab services in Alberta. The brokerage says the win establishes a presence in a potentially attractive new market and should further boost SHL's power with suppliers. "While the capex requirements are not yet known, we have little doubt the deal will boost returns." SHL is trading up 0.2% at A\$17.75. (robb.stewart@wsj.com; Twitter: @RobbMStewart)

2322 GMT [Dow Jones] USD/CAD is likely to consolidate with a buoyant tone before 0200 GMT **China** 3Q GDP. Pair is supported by loonie sales on cross trades versus major currencies. But USD/CAD gains are tempered by positive risk appetite; weaker dollar sentiment; caution before Bank of Canada's interest rate decision Wednesday. The BOC is expected to keep its overnight target rate at 1.0% where it has been stuck for more than four years. Daily chart is positive-biased as MACD indicator is bullish; five- & 15-day moving averages advancing. Resistance is at 1.1293 (Monday's high); a breach would expose upside to 1.1360 (Thursday's high). Support is at 1.1247 (Monday's low); a breach would temper the positive near-term view, targeting 1.1212 (Friday's low), then 1.1193 (Oct. 14 low). Spot USD/CAD is at 1.1286. (jerry.tan@wsj.com)

2315 GMT [Dow Jones]--USD/CHF is likely to consolidate with a bearish bias before 0200 GMT **China** 3Q GDP data. Pair is undermined by weaker dollar sentiment; franc demand on buoyant CHF/JPY cross. Daily chart is mixed as MACD indicator bearish, five-day moving average is below 15-day MA and declining; but slow stochastic measure is bullish near oversold levels. Support is at 0.9412 (Monday's low), then at 0.9405-0.9396 band (Friday's low-Thursday's low); a breach would expose the downside to 0.9358-0.9351 band (Wednesday's low-Sept. 23 low). Resistance is at 0.9481-0.9491 band (Monday's high-Thursday's high); a breach would temper the negative near-term view, exposing the upside to 0.9562-0.9572 band (Wednesday's high-Oct. 13 high). Spot USD/CHF is at 0.9430. (jerry.tan@wsj.com)

2315 GMT [Dow Jones] GBP/USD is likely to consolidate with a bullish bias before 0200 GMT **China** 3Q GDP. Pair is supported by weaker dollar sentiment; sterling demand on buoyant GBP/JPY cross amid positive risk sentiment. Daily chart is positive-biased as MACD & stochastic indicators are bullish, while the five-day moving average is rising above the 15-day MA. Resistance is at 1.6179 (Monday's high); a breach would target 1.6226 (Oct. 9 high), then 1.6251 (Oct. 1 high) and 1.6287 (Sept. 30 high). Support is at 1.6077 (Monday's low); a breach would expose the downside to 1.6027 (Friday's low). Spot GBP/USD is at 1.6156. (jerry.tan@wsj.com)

2314 GMT [Dow Jones]--Bell Potter upgrades CSR Ltd. (CSR.AU) to buy from hold, citing a 12% fall in its share price since early July and several potential catalysts in the near term. The broker thinks a weaker Australian dollar will be positive for CSR's aluminum and glass business, while residential construction should remain strong for a while longer. It also notes continued resilience in physical aluminum premiums--currently US\$420/ton. According to Bell Potter, every 1-cent fall in the value of the U.S. dollar adds up to A\$2 **million** to CSR's FY15 net profit on an unhedged basis. The broker trims its price target to A\$3.65/share, from A\$3.79 before. CSR last traded at A\$3.31. (david.winning@wsj.com; @dwinningWSJ)

2307 GMT [Dow Jones]--NZD/USD is likely to consolidate with a bullish bias before 0200 GMT **China** 3Q GDP. Pair is underpinned by weaker dollar sentiment; Kiwi demand on buoyant NZD/JPY cross amid positive risk sentiment; NZD-USD interest differential. Daily chart is positive-biased as MACD and stochastic indicators are bullish, while five-day moving average is above 15-day MA and advancing. Resistance is at 0.7980 (Monday's high); a breach would target 0.7997 (Thursday's high), then 0.8093 (Sept. 24 high). Support is at 0.7912 (Monday's low); a breach would temper the positive near-term view, targeting 0.7874 (Friday's low), then 0.7804 (Wednesday's low). Spot NZD/USD is at 0.7974. (jerry.tan@wsj.com)

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(END) Dow Jones Newswires

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