

HD Has Panoramic Passed a Point of No Return at Lanfranchi? -- Market Talk
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2357 GMT [Dow Jones] UBS questions whether Panoramic Resources (PAN.AU) has reached the point of no return with its Lanfranchi nickel mine in Australia, prompting it to cut the stock to neutral from buy and lower its price target by 41% to A\$0.53/share. UBS analyst Jo Battershill lowers his estimate of FY16 output at Lanfranchi by 58% to 4,800 tons nickel in concentrate from 10,800 tons, and says the remaining life of the mine appears more limited than previously thought. Panoramic's decision to stage the development of the Jury-Metcalf ore body at Lanfranchi suggests that a current nickel price around A\$8.57/lb isn't sufficient and would need to be close to A\$9.34/lb, the broker says. In other words, mining at Lanfranchi could stop from early FY16 without a higher nickel price. "We believe investors should adjust expectations and assume Panoramic transitions to a single production base at Savannah over the next two years," says UBS.

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"We think the importance of the Savannah North discovery will only increase and that this is likely to add to share price volatility." PAN last traded at A\$0.47. (david.winning@wsj.com; @dwinningWSJ)

2357 GMT [Dow Jones]--If engineering company Cardno (CDD.AU) thinks trading conditions are bad now then worse could be to come, says UBS, which cuts the stock to neutral from buy and lowers its price target by 45% to A\$3.70/share. On Friday, Cardno forecast 1H operating profit of up to A\$31 million--well below the broker's A\$39.1 million expectation. "We see no catalysts for Cardno's share price to outperform over the next 12 months," says analyst Martin Byers. "Despite recent backlog growth, the unabated decline in commodity prices, particularly iron ore and oil, suggest further headwinds are imminent." CDD last traded at A\$3.72. (david.winning@wsj.com; @dwinningWSJ)

2352 GMT [Dow Jones] Austerity isn't just a passing phase for BHP Billiton Ltd. (BHP.AU). The world's No. 1 miner has outlined plans for annualized productivity led gains of at least US\$4 billion within its core portfolio by mid-2017. That's an increase of US\$500 million on previous guidance, and includes benefits from cutting costs and squeezing extra tons out of its existing operations. "We think our improvements will last and be a point of differentiation," CEO Andrew Mackenzie tells investors and analysts at a strategy briefing in Sydney. BHP thinks, for example, it can reduce Queensland coal unit costs 10% in FY15 alone. "We have only just scratched the surface," Mackenzie says. (rhiannon.hoyle@wsj.com; Twitter: @RhiannonHoyle)

2348 GMT [Dow Jones] UBS has retained its selling rating on Ryman Healthcare even though the company's 1H15 result was good, the investment bank says in a note. "Although this was a good result, there was little to change our long-term assumptions or valuation. We continue to think the growth implied by the share price looks unreasonable." The company is currently trading down 0.6% at NZ\$8.14. UBS has a 12-month price target of NZ\$6.86, up from NZ\$6.57. (lucy.craymer@wsj.com; Twitter: @lucy_craymer)

2347 GMT [Dow Jones] UBS keeps a buy recommendation on Santos (STO.AU) ahead of an investor briefing Wednesday that'll include an update on the progress of its US\$18.5 billion GLNG joint venture with Total (TOT) in Queensland state. UBS expects the project to start up in the third quarter of 2015 and isn't anticipating any more serious cost blowouts. Also helping the stock could be an update on the progress of BG's (BG.LN) rival QCLNG project, which is due to start up by the end of December. Good news there could be good for the entire sector and flow through to Santos's share price. Santos is up 2.2% at A\$12.20 vs. UBS's A\$15.50 target. (Ross.Kelly@wsj.com)

2344 GMT [Dow Jones]--Deutsche Bank slashes its price target for engineering **company** Cardno (CDD.AU) to A\$4.00/share from A\$6.70 previously. "The factors behind Cardno's earnings deterioration aren't unexpected, however the magnitude of the weakness and the failure of the **mining** segments to offset some of the pressure is surprising," Deutsche Bank analysts say in a report. The weakness out of the recently acquired PPI Group business is especially concerning, given the risk associated with that **acquisition**, they say. "Adding to the disappointment is CDD's failure to provide this guidance at the AGM in late October, confirming the lack of visibility that management has over the business. We see further short-term risks for CDD and believe it will take some time to regain investor confidence," the analysts say, keeping a Hold rating on the stock that recently traded at A\$3.75. (rebecca.thurlow@wsj.com; @beckthurlow)

2342 GMT [Dow Jones] Nymex crude is likely to trade with a bullish bias near-term after hitting a seven-session high of \$77.83/bbl on Friday, Dow Jones technical analysis shows. The daily continuation chart is positive-biased as the MACD and slow stochastic indicators are bullish, while a bullish parabolic stop-and-reverse signal was hit Friday. Resistance is at the middle 20-day Bollinger Band (now at \$77.64), then at \$77.83 (Friday's high); a breach would target \$78.08 (Nov. 12 high), then \$79.85 (Nov. 10 reaction high), \$80.98 (Nov. 3 high) and the upper 20-day two-standard deviation Bollinger Band (now at \$82.18). But a drop below \$75.62 (Friday's low) would temper the positive near-term view, exposing downside to \$74.20 (Thursday's low), then to \$73.88 (Wednesday's low), \$73.25 (four-year low hit Nov. 14) and \$70.76 (Aug. 25, 2010 reaction low). January crude is down one cent at \$76.50/bbl on Globex. (jerry.tan@wsj.com)

1840 GMT [Dow Jones]--Deutsche Bank retains a buy rating on Fisher & Paykel Healthcare (FPH.NZ) as the market under appreciates the longevity of the **company's** margin expansion, the investment bank says. "We think the bottom end of F&P Healthcare's NZ\$105 **million** to NZ\$110 **million** guidance range is too conservative and remain comfortable with our NZ\$111 **million** forecast assuming an average northern hemisphere flu season." The **company** is currently trading up 0.5% at NZ\$5.65. F&P Healthcare has a 12 month target price of NZ\$6.90. (lucy.craymer@wsj.com; Twitter: @lucy_craymer)

2332 GMT [Dow Jones] JB Hi-Fi (JBH.AU) sales are likely being left bloodied by delays to the release of new games from October until after Christmas, but the picture is much brighter for sales of games consoles, says Deutsche Bank. The Australian electricals retailer had hoped to stock games including Batman Arkham Knight, Battlefield Hardline, and Evolve in time for the festive season, but stores won't get their hands on them for at least a couple of months more. Still, JB Hi-Fi will be able to add PlayStation TV, as well as the Nintendo 3DS and 3DS XL handheld consoles, to its shelves. Deutsche says JB Hi-Fi should achieve its sales target this fiscal year. "However, we continue to harbor concerns over gross margins improvement and hence reiterate our hold recommendation at this time," the broker says. JBH last traded at A\$15.53. (david.winning@wsj.com; @dwinningWSJ)

2325 GMT [Dow Jones] Having endured a hammering in recent weeks, **mining** companies now have "something to celebrate" after **China's** surprise rate cut, says Rivkin CEO Scott Schuberg. Expectations are lower rates could support economic growth and therefore demand for commodities like **iron ore**, used to make steel. BHP Billiton Ltd. (BHP.AU) and Rio Tinto Ltd. (RIO.AU) are up 4.0% and 3.5% respectively, while Fortescue Metals Group Ltd. (FMG.AU) has rocketed 10%. "While the **iron-ore** price closed a touch lower on Friday, traders will look well beyond this and focus on the accommodative policy announced by **China**," says Schuberg. "This took effect on Saturday so one can understand the market's fairly immediate response." (rhiannon.hoyle@wsj.com; Twitter: @RhiannonHoyle)

2313 GMT [Dow Jones] J.P. Morgan cuts its price target for engineering **company** Cardno (CDD.AU) by 36% to A\$4.33/share, but says the stock could find support from possible bid interest. Cardno's share price has fallen steeply since its FY14 result in August, aided by disappointing earnings guidance. "While near-term earnings revisions are likely to be negative, we highlight that the **company** is now trading on a FY15 price-earnings multiple of 9.4 times," says J.P. Morgan. It views that as a meaningful discount to Cardno's international peers, in an industry which continues to consolidate and has an uptick in corporate activity over the past 12 months. J.P. Morgan retains a neutral call. CDD last traded at A\$3.61. (david.winning@wsj.com; @dwinningWSJ)

2309 GMT [Dow Jones] A surprise move by **China's** central bank to cut interest rates for the first time in more than two years may prop up bulk commodity prices, on expectations the move could support economic growth and consequently demand for natural resources, ANZ analysts say. "Market sentiment could receive a short-term boost should **China's** policy easing moves be perceived as supportive enough to assist domestic growth," they say. Still, any boost is likely to be temporary, they say, as a recent slowdown in demand, high supply and tight credit conditions weigh on sentiment. According to The Steel Index, **ore** with 62% **iron** content at **China's** Tianjin port fell 0.3% Friday to US\$69.80/ton. (rhiannon.hoyle@wsj.com; Twitter: @RhiannonHoyle)

(END) Dow Jones Newswires

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