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DOW JONES
NEWSWIRES

Investors Pile into U.S.-Based Stock ETFs at Record Pace this Year

By Kristen Scholer
622 字
2014 年 12 月 30 日 04:10
Dow Jones Newswires Chinese (English)
RTNW
英文

It was another banner year for ETFs.

Investors poured cash into U.S.-based stock exchange-traded funds at the fastest pace on record this year, according to research firm Lipper. As of Christmas Eve, U.S. stock ETFs have seen more than $143 billion in inflows in 2014, surpassing last year's record of $137 billion. And the week marked another milestone as well: total assets in U.S. ETFs surpassed $2 trillion for the first time ever.

The money was pouring into ETFs this year as U.S. stocks were hitting all-time highs, companies were debuting at the quickest clip since the dot-com bubble and deal volume was the heaviest since 2007.

ETFs trade like stocks, but hold a basked of assets like a mutual fund. The ETF market is only about one-tenth the size of the mutual fund industry, but is growing at a faster pace. U.S.-based stock mutual funds have also attracted money this year, but have only collected a little less than half of last year's $194 billion.

Many mutual funds are actively managed, and typically charge higher fees than ETFs, which are mostly index-based. The slower pace of flows into mutual funds comes in a year when nearly 80% of a U.S. stock funds have underperformed their market benchmarks.

Among ETFs, the SPDR S&P 500 ETF has seen the heaviest inflows. The fund, which tracks the S&P500, has attracted nearly $25 billion so far in 2014. That is the greatest annual inflow any ETF has seen since ETF research firm ETF.com starting following the data in 2009, and it is nearly twice the amount it collected last year.

"We've seen a ton of movement into core U.S. markets," said Dave Nadig, director of research at ETF.com. "Some of it may be market [performance] chasing."

U.S. stocks are on pace for a third straight year of double-digit returns, outperforming global markets in 2014. An improving U.S. economy, low inflation, ultra-low borrowing costs and significant deal activity have all made the U.S. an attractive place to be this year, especially as growth slows abroad and Europe faces the threat of deflation.

In fact, just last week, investors piled into U.S.-based stock funds at a record clip as the Dow Jones Industrial Average surged to another historic high, passing the psychologically-important 18,000 level.

In addition to the SPDR S&P 500 ETF, other broad-based S&P 500 funds have attracted the most money this year. The Vanguard S&P 500 ETF has seen the second heaviest amount of inflows, collecting $10 billion. The iShares Core S&P 500 ETF ranks third, gathering $ 9 billion.

But not every ETF is growing in popularity. The iShares MSCI Emerging Markets ETF, which is especially volatile, and the SPDR Gold ETF are among funds witnessing the biggest outflows for a second year running. The iShares emerging markets fund has seen redemptions of $5 billion in 2014, while SPDR's gold ETF has lost $3 billion.

These outflows may not come as surprises to investors. Gold has depreciated as the U.S. Dollar Index has risen to an eight-year high. Meanwhile, emerging markets like Russia and Greece are down worse than 20 percent this year.

Emerging markets, which rely heavily on foreign investment, have suffered as the Federal Reserve has ended its massive bond-buying program and warned a rise in short-term interest rates is on the horizon.

(END) Dow Jones Newswires

30-12-14 0410GMT

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BARRON'S

MARKET WEEK
Stocks --- The Trader: Dow Rallies 1.4% on the Week, to a New Peak

By Alexander Eule
2,019 字
2014 年 12 月 29 日
Barron's
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Like a heavyweight trying to win a judge's card in the last round, the bull market forcefully stated its case in the year's waning days. The holiday-shortened week brought news of consumer sentiment at a seven-year high, and a revised annualized growth rate of 5% for third-quarter gross domestic product, making it the best period in 11 years.

Friday was the lowest-volume day of the year for stocks, but there was still plenty to talk about on the week. After crossing 18,000 for the first time ever, the Dow Jones Industrial Index, finished the week up 1.4%, at 18,053.71. The Standard & Poor's 500 index gained 0.9%, closing Friday at 2088.77, its 52nd record close of the year. The Nasdaq, meanwhile, edged ever closer to its all-time record, rising 0.9% on the week to 4806.86.

In another positive sign, the Commerce Department said that consumer spending was up a better-than-expected 0.6% in November from the previous month.

"The U.S. definitely still looks like the bright spot, and the information out this week is the confirmation of that," says Jason Pride, director of investment strategy at Glenmede. "Broadly speaking, the U.S. economy is shaking out nicely to a point where the Federal Reserve backing away from stimulus is not that big of a dampening effect."

Crude oil, the market's recent obsession, continued its descent, falling 4.2% on the week to $54.73 a barrel.

"At this point the market has had its period of worrying about energy-related investment, and may now be stepping back and finally recognizing that lower prices on the whole may be a good thing for the economy because of the consumer impact," Pride says.

But low oil prices, like interest rates, remain a double-edged sword, says Scott Wren, senior equity strategist for Wells Fargo Advisors. Weak prices and low rates are a troubling signal about the long-term health of the economy, he says, noting that investors seemed to brush off the strong GDP figure. "I don't think the market believes at all that we're in a far more accelerated economic growth environment," Wren says. "If the market thought we'd be in a 4% to 5% GDP growth [mode], the bond market would be getting hit hard, yields would be rising, and stocks would be pulling back."

After nearly falling to 17,000 in mid-December, the Dow has now rallied 1,000 points in the last 10 days. Hank Smith, chief investment officer at Haverford Trust, argues that those gains have probably stolen some thunder from 2015. And yet, he says, we're probably still in the fifth inning of the bull market.

"Bull markets don't die because of geopolitical events or exogenous events," Smith says. "They almost always die in anticipation of the next recession. And, there are no risks of an impending recession. None of the traditional indicators are flashing any warning signs."

Whither 2015?

The approaching New Year means it's time to take a stand on the stock market's direction in 2015. Twelve months ago, this column suggested that the Standard & Poor's 500 index would rise 15% to 20% in 2014, but we overestimated. With fewer than three full trading days left, the S&P 500 is up 13% this year.

Our view that the market will keep rising is based on three factors that seem probable for next year: The U.S. economy will continue to hum along; unemployment will go lower; and the Federal Reserve will raise the federal-funds rate -- while stocks will remain cheap versus U.S. Treasuries. With German and Japanese bond yields likely to remain much lower, fixed-income investors will still come to American shores.

These circumstances -- leaving out untoward things that could happen in the rest of the world, which we get to below -- suggest that the six-year-old bull could jog ahead. The trailing S&P 500 index price/earnings ratio should remain about 17 to 18 times. Applied to next year's earnings-per-share estimate of $128 for the index, the result is a level of 2200 to 2300 next year, or a 5% to 10% rise.

Beyond that our crystal ball gets murky.

Investors fear what would be the Fed's first rate hike in about a decade next summer, but that isn't the key, says James McDonald, chief investment strategist at Northern Trust. "It's how patient it will be afterward."

The central bank's median projection for the federal-funds rate at year-end 2015 recently fell to 1.12% from 1.37%. That's supportive of equities. Adds William Delwiche, a Baird investment strategist: "The Fed doesn't want to be in the position of having to cut rates -- after having raised them -- if the global economy doesn't pick up."

History suggests that the rate rise will probably contract the market P/E temporarily and cause some volatility. Yet, if Corporate America is able to increase earnings 6% to 8% next year, as expected, that should be temporary.

It seems, anecdotally at least, that investor confidence is stronger than it was 12 months ago. Strong U.S. gross-domestic-product growth since the first quarter raises confidence that GDP will grow 3% next year. The drop in gasoline prices, combined with some wage growth, should give consumers a boost.

As for sectors, technology and energy stocks could outperform. Tech stocks are relatively cheap, have good balance sheets, and will benefit from a pickup in U.S. GDP. The oil supply/demand dynamic should be more in balance 12 months hence, stabilizing crude prices.

That could support badly beaten-down energy shares, a sector that had fallen 25% from mid-year highs at one point a few weeks ago. According to Bespoke Investment Group, a sector's 20% or more divergence from the broad market is rare in history, and in past instances, that sector outperformed on average in the next 12 months.

On the negative side, it isn't clear that the European Central Bank will haul the euro-zone economy out of its doldrums. It can't do quantitative easing Fed-style -- that is, buy sovereign debt. Moreover, Continental growth problems have more to do with restrictive labor policies and government interference in the economy. Japan, on the other hand, seems a toss-up as to whether this time it will actually, finally start growing sustainably.

Poor performances by those major economies could restrain the American bull, and might even cause a correction. And if U.S. growth doesn't accelerate, it could disappoint all that cash flowing into equities.

The biggest known risk that can't be handicapped is geopolitical. In addition to the unfortunate, unending human capacity for war, Russia in particular is frightening. The collapse in oil prices and sanctions against it will cause serious pain there. The scope for noneconomic and destabilizing decisions is wide and dangerous.

Nevertheless, it's hard to identify a stock market that offers a better return in 2015 than U.S. equities, and with less risk.

-- Vito J. Racanelli

The Case for Arris

For those put off by high valuations, there are still cheap stocks worth buying. One of them is Arris Group (ticker: ARRS), a mid-cap equipment maker for cable and telecom companies. Arris has managed to increase profit an average 13% a year over the past eight years, which makes Arris' current P/E of 10.8 -- on 2015 earnings -- look cheap. This year, earnings per share are set to grow 56%, before moderating next year.

Arris sells to the biggest names in pay-TV and broadband. AT&T (T), Verizon Communications (VZ), Comcast (CMCSA), Time Warner (TWX), and Charter Communications (CHTR) make up roughly 50% of the company's revenue, which is likely to total $5.3 billion this year, up 47%. Sales are boosted by a well-timed acquisition of Motorola's home segment, which makes cables boxes. Arris bought the unit from Google (GOOGL) in 2013 for $2.4 billion.

The knock on Arris is that its big customers -- in particular, AT&T -- are cutting back on capital expenditures. The industry is also going through a well-known consolidation phase, which could reduce Arris' customer count. Even so, Arris still wins. It makes in-home modems and set-top boxes, as well as enterprise routers, which route traffic around neighborhoods. The products play a crucial role in improving broadband speeds and video service.

The stock is also hampered by the continuing debate about cord-cutting. Skeptics see an inevitable decline in subscriber rolls for pay-TV providers, with so-called over-the-top Internet streams replacing costly cable packages. Comcast, though, continues to post impressive results, even with small declines in video subscribers.

And the competition has actually made Comcast a better operator. Eighteen months ago, the head of Comcast's cable business told Barron's, "We've disrupted ourselves so we can innovate faster" (see "Don't Touch That Dial," Cover Story, Aug. 5, 2013).

The company's latest television service, called X1, takes the best of Netflix's interface and combines it with Comcast's far broader offerings. Comcast says its X1 customers are now less likely to cancel service, and they watch 20% more video on demand. In the fight against Netflix and the Internet, X1 has been cable's greatest success.

Arris makes the sophisticated set-top boxes that run X1 in consumers' homes. "They are the prime arms merchant in the battle against disintermediation," says Todd Mitchell, an analyst at Brean Capital. "Comcast is the first out of the gate, but everybody is putting these infrastructures in place. Nobody is going to be a dumb pipe."

Mitchell, who covers digital media, recently named Arris a top pick for 2015. He has a price target of $36 on the stock, 18% above Friday's close of $30.46.

He argues that investors haven't given the company credit for its role in helping the pay-TV industry finally catch up with technology.

"If you think about all the things we hated as consumers about set-top boxes, it had to do with the fact that the software was native on the box. It couldn't be changed," Mitchell says. Now Arris-powered boxes are running the Internet, which means TV guides can be updated on the fly, while pushing slick apps to your TV.

The cable industry is already paying up for Arris' technology. Eventually, investors will, too.

-- A.E.

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Vital Signs

	Friday's Close	Week's Change	Week's % Chg.
DJIndustrials	18053.71	+248.91	+1.40
DJTransportation	9199.65	+210.20	+2.34
DJUtilities	635.54	+22.05	+3.59
DJ65Stocks	6560.91	+130.09	+2.02
DJUSMarket	524.06	+4.85	+0.93
NYSEComp.	10985.40	+95.16	+0.87
NYSEMKTComp.	2484.68	+18.52	+0.75
S&P500	2088.77	+18.12	+0.88
S&PMidCap	1467.90	+18.17	+1.25
S&PSmallCap	699.86	+14.38	+2.10
Nasdaq	4806.86	+41.48	+0.87
ValueLine(arith.)	4725.22	+69.15	+1.49
Russell2000	1215.21	+19.27	+1.61
DJUSTSMFloat	21712.76	+207.11	+0.96

	Last Week	Week Earlier
NYSE		
Advances	2,153	2,555
Declines	1,068	703
Unchanged	66	43
NewHighs	478	319
NewLows	72	561
AvDailyVol(mil)	2,359.3	4,914.3

Dollar (Finexspotindex)	90.03	89.60
T-Bond (CBTnearbyfutures)	143-120	144-100
Crude Oil (NYMlightsweetcrude)	54.73	56.52
Inflation KR-CRB (FuturesPriceIndex)	234.65	240.29
Gold (CMXnearbyfutures)	1195.30	1195.90

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DOW JONES
NEWSWIRES

The Trader: Dow Rallies 1.4% On The Week, To A New Peak -- Barron's

2,212 字
2014 年 12 月 27 日 05:08
Dow Jones Institutional News
DJDN
M3
英文

(FROM BARRON'S 12/29/14)
By Alexander Eule

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And the competition has actually made Comcast a better operator. Eighteen months ago, the head of Comcast's cable business told Barron's, "We've disrupted ourselves so we can innovate faster" (see "Don't Touch That Dial," Cover Story, Aug. 5, 2013).

The company's latest television service, called X1, takes the best of Netflix's interface and combines it with Comcast's far broader offerings. Comcast says its X1 customers are now less likely to cancel service, and they watch 20% more video on demand. In the fight against Netflix and the Internet, X1 has been cable's greatest success.

Arris makes the sophisticated set-top boxes that run X1 in consumers' homes. "They are the prime arms merchant in the battle against disintermediation," says Todd Mitchell, an analyst at Brean Capital. "Comcast is the first out of the gate, but everybody is putting these infrastructures in place. Nobody is going to be a dumb pipe."

Mitchell, who covers digital media, recently named Arris a top pick for 2015. He has a price target of $36 on the stock, 18% above Friday's close of $30.46.

He argues that investors haven't given the company credit for its role in helping the pay-TV industry finally catch up with technology.

27 Dec 2014 00:09 ET The Trader: Dow Rallies 1.4% On The Week, To A -2-

"If you think about all the things we hated as consumers about set-top boxes, it had to do with the fact that the software was native on the box. It couldn't be changed," Mitchell says. Now Arris-powered boxes are running the Internet, which means TV guides can be updated on the fly, while pushing slick apps to your TV.

The cable industry is already paying up for Arris' technology. Eventually, investors will, too.

-- A.E.

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Vital Signs

	Friday's Close	Week's Change	Week's % Chg.
DJIndustrials	18053.71	+248.91	+1.40
DJTransportation	9199.65	+210.20	+2.34
DJUtilities	635.54	+22.05	+3.59
DJ65Stocks	6560.91	+130.09	+2.02
DJUSMarket	524.06	+4.85	+0.93
NYSEComp.	10985.40	+95.16	+0.87
NYSEMKTComp.	2484.68	+18.52	+0.75
S&P500	2088.77	+18.12	+0.88
S&PMidCap	1467.90	+18.17	+1.25
S&PSmallCap	699.86	+14.38	+2.10
Nasdaq	4806.86	+41.48	+0.87
ValueLine(arith.)	4725.22	+69.15	+1.49
Russell2000	1215.21	+19.27	+1.61
DJUSTSMFloat	21712.76	+207.11	+0.96

	Last Week	Week Earlier
NYSE		
Advances	2,153	2,555
Declines	1,068	703
Unchanged	66	43
NewHighs	478	319

NewLows	72	561
AvDailyVol(mil)	2,359.3	4,914.3
Dollar (Finexspotindex)	90.03	89.60
T-Bond (CBTnearbyfutures)	143-120	144-100
Crude Oil (NYMlightsweetcrude)	54.73	56.52
Inflation KR-CRB (FuturesPriceIndex)	234.65	240.29
Gold (CMXnearbyfutures)	1195.30	1195.90

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(END) Dow Jones Newswires

December 27, 2014 00:09 ET (05:09 GMT)

文件 DJDN000020141227eacr00075

NEWSWIRES
DOW JONES

Analysis
What Will Happen to Gold in 2015?

By ESE ERHERIENE
890 字
2014 年 12 月 26 日 18:34
Dow Jones Top Energy Stories
DJTES
英文

Nothing divides opinion like the yellow metal.

Gold has had a mostly downbeat year with trading limited to a very narrow range, making the metal look decidedly boring after the huge swings in 2013.

"This flattish annual performance in a way summarizes the gold market in 2014 -- not so much as to say that nothing happened this year, but instead that 2014 was a year of consolidation," said precious metals analysts at UBS.

Big issues for gold this year included turmoil in eastern Europe and the Middle East which teased out some buying as hedge against risk. But worries about China's slowing growth affected demand flows and weighed on prices.

India surprised everyone by scrapping its limits on gold imports--and immediately overtook China as the top consumer of the metal. The two Asian countries together make up more than half of the worldwide physical demand for gold.

The Swiss held a referendum on a measure that would have forced the central bank to hold a fifth of its assets in gold reserves. That could have been given gold prices a huge lift as the Swiss National Bank would have been obliged to go on a spending spree to buy up gold. In the event, the Swiss voted against the idea, and the gold price sagged.

But probably the biggest issue all year was the steady appreciation of the dollar, driven by a U.S. economy that is picking up strength. That has haunted fans of the yellow metal as what's good for the greenback is rarely good for gold.

Looking around the corner to 2015, structural changes are afoot as the London spot market moves towards an electronic price-fixing mechanism. The market bulls are making a case for a gold price turnaround, but as ever there are bears in the woods.

Bears:

Those investors betting against gold see prices hovering between $1,050 and $1,090 a troy ounce for next year, with some even seeing a dip down to a $950 level. Here's the reasoning behind those bets:

The dollar: Gold is a dollar-denominated commodity and when the dollar firms, gold becomes more expensive for other currency-holders, which drives down demand and prices. "The gold price outlook continues to appear challenging due to the strengthening U.S. dollar," said analysts at Goldman Sachs.

Oil: Plummeting oil prices have weighed down commodity indices, dragging metals with it. "While the negative implications of lower oil prices on the S&P500 might introduce pockets of support for gold we expect the overall trend in gold will be lower," said Deutsche Bank analysts.

Economic growth: China, the European Union and Japan have all warned that they're concerned about the slow pace of growth in their economies. "The U.S. economy is doing very well, growth is nicely on the plus-side [but] we've obviously got a lot of issues outside of the U.S. .. and you cannot be a lonely fish in the big pond [with] no-one to play with," said Ole Hansen, head of commodity strategy at Saxo Bank.

Inflation: The collapse in oil prices adds to the global decline in prices that pushed China's central bank into action and may yet wrestle the reluctant European Central Bank into quantitative easing "The market is defined on the upside by .. global disinflationary trends [which has] capped the market," said Jim Steel at HSBC.

Bulls:

For those that expect prices to rise, a price of between $1,200 and $1,238 a troy ounce is the most common assumption, with some very bullish outliers pointing closer to a mark of $1,500. These are the main factors:

Oil: The bulls are seeing the upside of falling black gold prices. "If the weak oil prices are more related to slow demand -- and I think there's certainly some justification for that view -- then people might be looking at gold as a safe-haven and that might actually be quite positive for gold," said David Jollie, a strategic analyst at Mitsui & Co. Precious Metals.

Geopolitics: Some analysts have been underwhelmed by safe-haven action in gold this year, but it remains an important part of gold's appeal. "Geopolitical unrest in Middle East, especially with drop in oil price, could bring a completely new wave of debt default for banks, and companies and this will put the balance sheets of the impacted countries in jeopardy, because no one has tested this in their stress test, so the results of this are unknown [which would be a] major bull event for gold, " said Naeem Aslam, an analyst at Avatrade.

Physical Demand: As the No. 2 consumer of gold, Chinese demand is crucial to boosting gold prices. J.P. Morgan analysts said in their outlook for 2015: "Increased physical buying, especially in India and China, should support prices as eager consumers are likely to further take advantage of lower prices."

Interest Rates: For some market analysts, the specter of rising interest rates is being overplayed. "We came to the conclusion that looking at the past that the rate hikes are not necessarily negative for gold because they tend to be priced in before they happen," said Eugen Weinberg, head of commodity research at Commerzbank.

文件 DJTES11020141226eacq0001c

BARRON'S

MARKET WEEK
Stocks --- The Trader: Fed's Statement Puts Stocks in Holiday Spirit

By Vito J. Racanelli
2,033 字
2014 年 12 月 22 日
Barron's
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Wow. Stock prices jumped 3% in another volatile week that nearly erased the previous week's 3.5% thrashing. Anxiety diminished over the possible financial contagion from collapsing ruble and oil prices, and investors were encouraged by the Federal Reserve's stance on interest rates.

Last week, the Dow Jones Industrial Average jumped 524 points or 3% to 17,804.80. The Standard & Poor's 500 index gained 68, or 3.4%, to 2,070.65, while the Nasdaq Composite index added 112 points, or 2.4%, to 4765.38. The Russell 2000 index of small-caps soared 3.8% to 1195.94.

Wall Street began its ascent before Fed Chair Janet Yellen began her news conference Wednesday afternoon in the U.S. Investor concerns had mounted in recent weeks over the sharp plunges in both oil and the Russian ruble, which fell 16% in just two days last week.

Banks could get hit hard if Russia were to default on its loans or if oil companies would not be able to meet debt payments. By the time American investors came to their desks that Wednesday the ruble and oil rose, and such fears receded -- for now. That set the stage for Fed-inspired bigger gains, says Mark Luschini, chief investment strategist at Janney Montgomery Scott.

The Fed's statement appeared to appease nervousness about the expected fed-funds rate hike next year. The words "considerable time" were effectively dropped from the statement, and officials can now be "patient." The FOMC's median projection for the likely appropriate funds rate at year-end 2015 dropped to 1.12% from 1.37%.

Luschini is surprised that the market interpreted the statement so "dovishly," and we agree. Yellen was clear that the Fed will begin to raise rates in 2015 and very likely around midyear. James O'Sullivan, chief economist of High Frequency Economics, wrote after the Fed meeting: "The 'patient' wording is reminiscent of the change in language in 2004 -- five months before tightening began."

The rally "shows that the market is pretty powerful and you have to respect it," says Richard Weeks, a partner at Hightower Advisors. The small-cap rise last week was healthy too, he says. But, he adds, roiling currency and oil markets "suggest some big forces have been unleashed, forces that will take a long time to reach equilibrium."

Investors should be wary of the volatile days of recent weeks. It's hard to understand the race back into stocks that just a few days ago were deemed too expensive by investors.

The remarkable aspect to the rally is that in the past 48 hours the negative catalysts that sparked investor caution over the past couple of weeks "have not passed. They have arguably intensified," says JonesTrading chief market strategist Mike O'Rourke.

Farewell, 2014

With a handful of days left this year, some investors will look back fondly at a stock market up 12%. For most institutional investors like mutual funds, however, the silver cloud has a dark lining: They're lagging behind the market. There are many reasons for this underperformance. Nevertheless, a few critical factors in 2014 shaped the year, some unanticipated, a few completely contrary to expectations.

Prime among them has to be the fall in interest rates. The yield on the 10-year U.S. Treasury note fell to 2.18% last Friday from about 3% one year ago, for a return of about 10%. Many expected rates to be near 4% by now. (Bond prices move inversely to yields.)

Says Bill Stone, chief investment strategist at PNC Wealth Management: "If you'd told me 12 months ago that we'd see 3%-plus U.S. gross-domestic-product growth in the second, third, and fourth quarters [this year] and that Treasuries would be at 2.2%, I'd have said you're crazy." Few expected the fall in rates.

Rate trends confounded even when things went the way they were supposed to. For example, a year ago the Federal Reserve said it would end quantitative easing in October 2014. With that stimulus gone, investors worried that a market correction would follow. Instead, adds John Canally, an investment strategist with LPL Financial, "the Fed's quantitative easing policy ended with a whimper not a bang" in October and stocks made new highs in December.

Another dynamic that flummoxed investors was the acceleration in U.S. GDP growth since the first quarter, even while European economies continued to flounder and Japan fell back into recession.

"There's no question that the decoupling of U.S. growth from the major developed economies" was a big surprise, adds John De Clue, a U.S. Bank strategist. That led to capital flows into the U.S., which helped both American stocks and bonds.

The strong dollar, up 11% this year, "tells you a lot about where money is going," he notes. The U.S. stock market has topped every major equity market in dollar terms. As of Friday, the MSCI World Ex-USA index was down 6.5% year-to-date in dollars, some of that due to greenback strength.

The dollar pushed overseas capital into Treasuries, too. The puny yields on competing German and Japanese government bonds -- significantly below 1% --make Treasuries look like a bargain.

Moreover, the unforeseen bond rally had knock-on effects in the stock market, where defensive sectors that were supposed to lag behind the market in 2014 actually led, like utilities, up 23%. As the most bond-like of stocks, utility shares get a lift from falling interest rates. Health care, another defensive group, was the best-performing sector, up 27% in 2014.

"The lack of a buy-and-hold trend among sectors" derailed many a fund manager this year, says James Paulsen, chief investment strategist at Wells Capital Management. Few of the 10 S&P 500 index stock sectors could have been ridden all year, he adds.

Utility stocks, for example, were the second-worst performer in the third quarter, down 5%. The materials sector was third-best in the first quarter but third-worst in the fourth quarter. For portfolio managers it's hard to switch from sector to sector, from cyclical to noncyclical stocks, Paulsen says.

Given the unstable sector returns and that defense issues ended up on top, it paid simply to be "a boring income investor this year" sifting among utilities and pharmaceutical stocks, adds Societe Generale strategist Andrew Lapthorne.

Lastly, though energy stocks trailed the pack badly in 2014, down 8%, it might shock some investors to know the sector was top dog in the second quarter, up 12%, and No. 2 in the first half of 2014.

But the tide turned quickly. The biggest surprise of the year, according to Michael Rollins, CEO of Terminus Investment Management, "wasn't the drop in oil prices, but the speed and depth of the decline."

The plunge, which began slowly in July and accelerated precipitously in October, caught out premature bargain hunters in the energy patch in the third and fourth quarters, including the Trader, as we'll see below.

Better Lucky Than Smart

The year end also marks a time of reckoning for the Trader column. Some 60 to 80 stock calls are published here annually, some bullish, others bearish. Our report card is unscientific, but here are the guidelines: guest-columnist picks are excluded, and performance measured covers views published from October of the previous year through September this year. We don't audit fourth-quarter picks because they haven't had time to ripen. They'll be included next year.

The S&P 500 index is measured against each stock from the same Friday close, and the returns are as of Dec. 15, 2014. Our portfolio is equally weighted, unlike the capitalization-weighted S&P 500 and many mutual or hedge funds.

In 2014, the Trader might get a nice present from Santa. The average price gain of our 60 odd picks this year is 8.5%, beating the 7.1% for the S&P 500 index over the same period. Trader picks produced a 9.1% total return compared with 8.8% for the index. We'll enjoy our victory lap while we can. Thanks to numerous -- and potentially untimely -- energy picks in the fourth quarter of 2014, we're already worried about next year's scorecard.

Our long ideas this year -- 40 out of 60 -- underperformed slightly, but the remaining 20 skeptical items outperformed significantly, bringing up the combined total. The longs alone gained 5.8% with a total return of 7%, less than 6.9% and 8.6%, respectively, for the S&P 500 index.

In a year when the bull galloped, it paid to be skeptical. Our short-stock views alone produced a 13.6% gain and a 12.9% total return, compared with 7.5% and 9.1% for the S&P 500 index, again measured from the same weeks. Our short book was boosted by the bearish view we took of 3-D printers Nov. 11, 2013. Stocks like 3D Systems (DDD), Stratasys (SSYS), ExOne (XONE), and voxeljet (VJET) were riding high then on excitement about how 3-D printing would change the world overnight. We said their nosebleed valuations were too optimistic, and the stocks are down 30% to 80% since.

Similarly enthusiastic valuations accompanied GoPro (GPRO), the maker of wearable cameras, down 30% since our dim view was published. Another helpful short was troubled Suntech Power Holdings (STPFQ), a Chinese solar-panel equipment maker, which fell 88%.

Our favorite take-down might be World Wrestling Entertainment (WWE), which launched a digitally delivered wrestling network this year. Investors bid up the stock to the heavens, confusing the brand's deep fan loyalty with broad audience appeal, which we noted. WWE shares fell over 60%.

There were skeptical items that didn't work, such as Electronic Arts (EA), whose shares doubled. Ouch. We doubted EA could increase revenue this year, but the videogame maker's second and third calendar quarters proved us wrong.

Among long stock items, several triple-baggers helped immensely: American Airlines Group (AAL), Allergan (AGN), and Skechers USA (SKX). Each rose about 100%. Another winner, PetSmart (PETM) was, like Allergan, the focus of a buyout, and rose 42%.

Apart from a disastrous Avon Products (AVP) pick, down nearly 50%, there were four painful oil picks: Apache (APA), down 36%; Marathon Oil (MRO), off 27%; Chesapeake Energy (CHK), which lost 30%; and Weatherford International (WFT), down over 50%. We underestimated how far crude prices would fall. Had the year ended in June, these stocks would have been big winners. Nevertheless, this year, at least, the Trader can't complain about Mr. Market.

Happy holidays to all.

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Vital Signs

	Friday's Close	Week's Change	Week's % Chg.
DJIndustrials	17804.80	+523.97	+3.03
DJTransportation	8989.45	+152.57	+1.73
DJUtilities	613.49	+15.93	+2.67
DJ65Stocks	6430.82	+162.25	+2.59
DJUSMarket	519.21	+17.12	+3.41
NYSEComp.	10890.25	+389.73	+3.71
NYSEMKTComp.	2466.16	+94.96	+4.00
S&P500	2070.65	+68.32	+3.41
S&PMidCap	1449.73	+47.37	+3.38
S&PSmallCap	685.48	+21.28	+3.20
Nasdaq	4765.38	+111.78	+2.40
ValueLine(arith.)	4656.07	+174.25	+3.89
Russell2000	1195.94	+43.50	+3.77
DJUSTSMFloat	21505.65	+714.26	+3.44

	Last Week	Week Earlier
NYSE		
Advances	2,555	653
Declines	703	2,614
Unchanged	43	28
NewHighs	319	387

NewLows	561	522
AvDailyVol(mil)	4,914.3	3,952.1
Dollar		
(Finexspotindex)	89.60	88.32
T-Bond		
(CBTnearbyfutures)	144-100	145-060
Crude Oil		
(NYMlightsweetcrude)	56.52	57.81
Inflation KR-CRB		
(FuturesPriceIndex)	240.29	243.75
Gold		
(CMXnearbyfutures)	1195.90	1222.00

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Home

What Should Investors Expect in 2015?

By Zachary Karabell
1,639 字
2014 年 12 月 22 日
Barron's Online
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‘Tis the season for looks back and looks forward. The financial world will be replete with such missives in the weeks to come, and that is actually all for the best. Given the fluid nature of money and planning and investing, regular assessments of what worked and what didn’t, how the year played out versus expectations, and what might lie just ahead, are vital. While it is true that forecasts about the future usually say more about present sentiment, thinking ahead does provide a framework for assessing likely risks and potential opportunities.

The year that passed

The short summary of 2014 is that interest rates were not nearly as volatile as expected and stayed lower than most thought they would. U.S. equities were strong, as expected, while international and emerging markets were not.

Two unexpected trends during the year were the trajectory of energy prices and the massive divergence between how U.S. large cap equities performed versus small- and mid-cap stocks. The plunge in oil and energy prices in November into December was anticipated by very few, and yet that drop was not part of some economic collapse or sudden contraction of activity; it was instead a function primarily of global oversupply of oil and most base commodities. The unfolding of the shale oil and gas revolution in the U.S., combined with the near-complete inability of the once-mighty OPEC oil cartel to set production quotas, led not just to oversupply but to substantial uncertainty in energy markets about just how long an oil glut might last.

Less noticed but quite dramatic for investors was the substantial gap between how various equity classes performed. If you just looked at the S&P500, you might have thought that it has been a good year for equities. But that masks a wide gap between how large-cap U.S.-listed stocks performed and how international and smaller cap stocks performed—in the last three years, the S&P500 saw 75.56% growth, while MSCI EAFE and MSCI Emerging saw 41.58% and 11.43% respectively (looking just at the past year, the S&P500 saw 15.1%, and MSCI EAFE and MSCI Emerging saw 0.24% and -2.72% respectively). The gap between U.S. and international and emerging equities may simply reflect the gap between the relative strength of U.S. companies and the overall economy versus weakness elsewhere. While U.S. economic growth remains unimpressive at about 2% GDP growth, that compares favorably to a Europe and Japan that are barely flat-lining, to a China whose headline growth may be 7% but whose activity is undoubtedly slowing and shifting, and to an emerging world with significant chunks that in the short term are directly connected to the price of oil and commodities.

The gap between large companies and smaller ones, however, is mysterious. It’s not as though small and mid-sized companies struggled compared to larger ones. Mergers and acquisitions have been decent, which tends to help smaller companies. What may help explain some of the divergence: larger companies have been taking advantage of lots of cash on their balance sheets to repurchase their own stock, which can help bolster and boost stock prices. Smaller companies usually use their cash—if they have it—to invest in growth, so they have not had that same benefit as their larger counterparts.

Another oddity of 2014: investors in general have plowed their dollars not into the sectors with the best returns, namely U.S. equities and large-cap stocks. They instead have yanked money from funds that invest in those and put money into bonds and the very international and global equities that have so underperformed. Either this is a case of unusual investor acumen of buying low in anticipation of a move higher (a possible explanation for investing in underperforming global and emerging stocks), or a case of investor skepticism that the strength of U.S. equities is based on years of Federal Reserve bank liquidity rather than fundamental performance.

Accompanying that skepticism is a year-end bout of selling of “riskier” fixed income assets, especially high-yield bonds and anything attached to emerging economies. The sell-off was intense in early December, as was the amount of money pouring back into U.S. Treasuries, sending back yields on the 10-year towards 2%. The question then is whether this rotation is simply a short-term market phenomenon or whether it is setting the stage for 2015.

What 2015 might hold

We always have assumptions about what lies ahead. Today the most prevalent is that interest rates are going up with the only X factor being: by how much?

Clearly, the Fed has signaled that it is likely to start moving short-term rates above zero, though any moves will be “data dependent”. However, while there is a high likelihood that 2015 ends with the short-term Fed funds rate somewhere between 50bps and 1%, it does not follow that global rates will be significantly higher.

Almost a decade ago, then-Fed chairman Alan Greenspan remarked in congressional testimony about the “conundrum” of global interest rates declining even as the Fed was raising short-term rates. Indeed, as we noted in a previous piece, the trajectory of interest rates over the past 30 years has been progressively downward. Therefore, the assumption that with Fed policy changing, all interest rates will then rise, should be challenged. That may happen, but by no means should we assume that it will. There is ample global liquidity even if the Fed tightens, especially with Abenomics continuing in Japan, moves by Mario Draghi and the European Central Bank, and China increasing lending on the mandate of the central government.

If yields don’t go up appreciably, we are left with the same low-yield and low-return environment that has characterized markets for years. Yes, U.S. equities have been anything but low-returning since 2009, with the S&P500 up more than 200% since March 2009 lows. But that is more a function of the bounce-back after the financial crisis. Measuring bull and bear markets is often a function not of actual returns but of what date you pick. U.S. equities have been a “bull” market since March 2009, but the picture since the beginning of the 21st century is rather different and more in line with the low-return paradigm we are now in. In fact, since March 2000, the Nasdaq is still negative, while the S&P500 with returns of about 30% is barely in line with inflation, which means that in real terms, it has yielded nothing.

So overall, we have been in the midst of a long resetting of yields and equity returns. It has taken just as long for investor expectations to reset, and for many, the assumptions remain too high. Returns at 7% per year—what many consider the long-term average for equities or for pensions—would be lovely, but unlikely.

The positives for 2015: lower energy and commodity prices could help consumer wallets and corporate margins as those input costs go down. Also positive are a stable U.S. economy and continued (albeit not all that impressive) global growth. However, nothing precludes the unexpected, such as the sharp drop in oil prices. The only defense of portfolios against the negative effects of that drop was not to be so overinvested in areas sensitive to oil price declines.

For equities, fundamentals remain very strong for many companies; stronger than the fundamentals of any national economy. That, more than central bank liquidity, has been bolstering stock prices and should continue to. The most overlooked fact in equity investing is that unless you only short stocks, you invest in equities with the expectation that stock prices will rise. If companies are profiting and margins remain decent, stock prices do tend to rise absent some other disturbance in the financial world. All things being equal, 2015 looks to continue that trend. It might be more dramatic to forecast a down year for U.S. stocks, but for the moment, there is no reason to.

As for whether the long underperformance of international and emerging markets will end, the continued emergence of a global middle class is a powerful multi-year trend. To date, the best reflection of that has been on the balance sheets of U.S.-listed multinational companies and not in the equity indices of foreign countries. But the valuation gap is large as is the performance gap, and it is reasonable to forecast that gap narrowing and emerging and international markets having at least a small surge.

A final note: even as return and yield assumptions have gone down and should continue to, this has been a strong multi-year period for capital and investing when juxtaposed to wages and national economic growth as measured by GDP. Mid-single digit returns may feel only OK relative to memories of boom years past, but compared to almost no inflation and minimal wage growth those returns can be seen differently and more constructively. The world at large will continue to oscillate between hope and fear and muddle from crisis to crisis. The financial world for now, along with investing, has been less dramatic and more stable. A crisis is always possible, but there is such a thing as planning too much for a crisis that doesn’t happen at the expense of real opportunities that present themselves. Something to think about in the year ahead.

Karabell is head of global strategy at Envestnet, a leading provider of wealth management technology and services to investment advisors.

Comments? E-mail us at editors@barrons.com

文件 BON0000020141222eacm000dx

DOW JONES
NEWSWIRES

Dividends Reported December 22

3,672 字
2014 年 12 月 22 日 22:02
Dow Jones Institutional News
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Company	Symbol	Yld	Per	Amount New	Amount Old	Payable	Record
Increased				New	Old		
AT&T	T	5.6	Q	.47	.46	Feb 02	Jan 09
Balchem	BCPC	0.4	A	.3	.26	Jan 27	Dec 29
Cross Timbers Royalty Tr	CRT	13.9	M	.2131	.1697	Jan 15	Dec 31
Enduro Royalty Trust	NDRO	16.2	M	.0658	.0432	Jan 15	Dec 31
Owens Realty Mortgage	ORM	3.2	Q	.12	.05	Jan 14	Dec 31
TerraForm Power	TERP	3.7	Q	.27	.1717	Mar 16	Mar 02
Decreased				New	Old		
Great North Iron Ore Prop	GNI	39.7	Q	2.0	2.6	Jan 30	Dec 31
Permian Basin	PBT	5.9	M	.0452	.0458	Jan 15	Dec 31
Initial							
BG Staffing	BGSF			.15		Jan 30	Dec 31
EURO STOXX 50 ETF	ESTX			.2596		Dec 29	Dec 24
Regular							
Acme United	ACU	1.9	Q	.09		Jan 29	Jan 08
Air Industries Group	AIRI	6.0	Q	.15		Jan 15	Jan 02
Am Cap Mrtg 8.125% Pfd A	MTGEP	8.1	Q	.5078		Jan 15	Jan 01
Amer Cap Agency Dep Pfd B	AGNCB	7.7	Q	.4844		Jan 15	Jan 01
Amer Cap Agency Pfd A	AGNCP	7.5	Q	.5		Jan 15	Jan 01
Amer Cap Mortgage Invt	MTGE	13.1	Q	.65		Jan 27	Dec 31
Astoria Finl 6.5% Pfd. C	AFpC	6.5	Q	.4063		Jan 15	Dec 31
Donegal Group Inc A	DGICA	3.4	Q	.1315		Feb 16	Feb 02
EPR Prop 5.75% Conv Pfd C	EPRpC	6.2	Q	.3594		Jan 15	Dec 31
EPR Prop 6.625% F Pfd.	EPRpF	6.6	Q	.4141		Jan 15	Dec 31
EPR Prop 9.00% Conv Pfd E	EPRpE	7.1	Q	.5625		Jan 15	Dec 31
EPR Properties	EPR	5.8	M	.285		Jan 15	Dec 31
Freeport-McMoRan Inc.	FCX	5.5	Q	.3125		Feb 02	Jan 15
FX Engy 9.25% Conv Pfd B	FXENP	13.6	Q	.5781		Jan 31	Dec 31
Granite Construction	GVA	1.4	Q	.13		Jan 15	Dec 31
Guaranty Federal Bancshrs	GFED	1.5	Q	.05		Jan 16	Jan 05
Hanmi Financial	HAFC	1.3	Q	.07		Jan 15	Dec 31
Investar Holding	ISTR	0.2	Q	.007		Jan 31	Jan 05
KMG Chemicals	KMG	0.6	Q	.03		Jan 16	Jan 02
MVC Capital	MVC	5.4	Q	.135		Jan 07	Dec 31
Newcastle Inv 8.05% C	NCTpC	8.0	Q	.5031		Jan 30	Jan 02
Newcastle Inv 8.375% D	NCTpD	8.3	Q	.5234		Jan 30	Jan 02
Newcastle Inv 9.75% B	NCTpB	9.4	Q	.6094		Jan 30	Jan 02
Oneida Fincl	ONFC	3.7	Q	.12		Jan 20	Jan 06
Resource America Cl A	REXI	2.7	Q	.06		Jan 30	Jan 16
Vanguard Natl 7.75% Pfd C	VNRCP	10.5	M	.1615		Jan 15	Jan 02
Vanguard Natural Pfd A	VNRAP	9.4	M	.1641		Jan 15	Jan 02
Vanguard Rsc 7.625% Pfd B	VNRBP	10.4	M	.1589		Jan 15	Jan 02
West Pharma	WST	0.8	Q	.11		Feb 04	Jan 21
Williams-Sonoma	WSM	1.8	Q	.33		Feb 24	Jan 26

Funds, Investment Cos.

Aberdeen Emg Small Cos	ETF	3.1	S	.2078	Jan 12	Dec 31
Aberdeen Greater China Fd	GCH		S	.0727	Jan 12	Dec 31
Aberdeen Greater China Fd	GCH		S	.1313	Jan 12	Dec 31
Aberdeen Greater China Fd	GCH		S	.0218	Jan 12	Dec 31
Aberdeen Indonesia Fund	IF	2.4	S	.3959	Jan 12	Dec 31
Aberdeen Indonesia Fund	IF	2.4	S	.0497	Jan 12	Dec 31
Aberdeen Israel Fund	ISL	1.2	A	.1989	Jan 12	Dec 31
Aberdeen Israel Fund	ISL	1.2	S	.0309	Jan 12	Dec 31
Aberdeen Israel Fund	ISL	1.2	S	.1204	Jan 12	Dec 31
Aberdeen Japan Equity Fd	JEQ	0.7	A	.0494	Jan 12	Dec 31
Aberdeen Japan Equity Fd	JEQ	0.7	S	.02	Jan 12	Dec 31
Aberdeen Lat Amer	LAQ	4.0	S	.472	Jan 12	Dec 31
Aberdeen Lat Amer	LAQ	4.0	S	.7396	Jan 12	Dec 31
Aberdeen Lat Amer	LAQ	4.0	S	.0038	Jan 12	Dec 31
AllianzGI Equity & Conv	NIE	7.2	Q	.38	Jan 06	Dec 31
AllnzGI NFJ Div Interest	NFJ	10.5	Q	.45	Jan 06	Dec 29
Alpine Glbl Dynamic Div	AGD	7.7	M	.064	Jan 30	Jan 23
Alpine Tot Dyn Div	AOD	7.8	M	.0565	Jan 30	Jan 23
AlpnGlblPrProp	AWP	9.1	M	.05	Jan 30	Jan 23
Amer Cap Senior Floating	ACSF	9.3	Q	.29	Jan 09	Dec 31
Asia Tigers Fd	GRR	0.4	A	.0467	Jan 12	Dec 31
Asia Tigers Fd	GRR	0.4	S	.4254	Jan 12	Dec 31
Avenue Incm Cr Strat Fd	ACP	9.4	M	.12	Jan 14	Dec 31
Avenue Incm Cr Strat Fd	ACP	9.4	S	.146	Jan 14	Dec 31
Avenue Incm Cr Strat Fd	ACP	9.4	S	.1702	Jan 14	Dec 31
Avenue Incm Cr Strat Fd	ACP	9.4	S	.088	Jan 14	Dec 31
Calamos	CHI	8.9	M	.095	Jan 06	Dec 31
Calamos Conv Hi Inco Fd	CHY	8.7	M	.1	Jan 06	Dec 31
Calamos Glbl Dyn Inc	CHW	9.8	M	.07	Jan 06	Dec 31
Calamos Global Tot Ret Fd	CGO	8.7	M	.1	Jan 06	Dec 31
Calamos Strat Fd	CSQ	8.5	M	.0825	Jan 06	Dec 31
Ctrl Europe Russia Fd	CEE	4.5	A	.9748	Jan 28	Dec 31
Deutsche X CSI500 China A	ASHS		S	.1687	Dec 26	Dec 23
Deutsche X Harv All China	CN		S	.048	Dec 26	Dec 23
Deutsche X In Target Date	TDX	0.5	S	.2499	Dec 26	Dec 23
Deutsche X MSCI AW ex-US	DBAW	14.5	S	.0391	Dec 26	Dec 23
Deutsche X MSCI EAFE	DBEF	7.3	S	.0004	Dec 26	Dec 23
Deutsche X MSCI Europe Hd	DBEU	6.5	S	.0025	Dec 26	Dec 23
Deutsche X MSCI Mexico	DBMX		S	.0702	Dec 26	Dec 23
Deutsche X MSCI UK Hedged	DBUK	12.7	S	.0245	Dec 26	Dec 23
Deutsche X Reg Utilities	UTLT	3.8	S	.058	Dec 26	Dec 23
DTF Tax-Free	DTF	5.5	M	.07	Jan 30	Jan 15
DTF Tax-Free	DTF	5.5	M	.07	Mar 31	Mar 16
DTF Tax-Free	DTF	5.5	M	.07	Feb 27	Feb 17
Duff & Phelps	DNP	7.5	M	.065	Apr 10	Mar 31
Duff & Phelps	DNP	7.5	M	.065	Feb 10	Jan 30
Duff & Phelps	DNP	7.5	M	.065	Mar 10	Feb 27
Duff & Phelps Utl & Cp Bd	DUC	6.1	M	.05	Jan 30	Jan 15
Duff & Phelps Utl & Cp Bd	DUC	6.1	M	.05	Feb 27	Feb 17
Duff & Phelps Utl & Cp Bd	DUC	6.1	M	.05	Mar 31	Mar 16
Duff&PhelpsGblUtilIncFd	DPG	6.6	Q	.35	Mar 31	Mar 06
Eaton Vance Floating-Rate Incm Plus Fd	EFF	7.0	M	.095	Jan 13	Dec 30
Eaton Vance Floating-Rate Incm Plus Fd	EFF	7.0	M	.095	Dec 31	Dec 24
Eaton Vance Floating-Rate Incm Plus Fd	EFF	7.0	S	.0122	Jan 13	Dec 30
Eaton Vance Floating-Rate Incm Plus Fd	EFF	7.0	S	.2707	Jan 13	Dec 30
EatonVance TxAdv Opport	ETO	8.3	M	.18	Jan 13	Dec 30
EatonVance TxAdv Opport	ETO	8.3	S	.971	Jan 13	Dec 30
EatonVnc SrFltRate	EFR	6.9	M	.078	Jan 13	Dec 30
EtnVnc TaxAdvDiv	EVT	6.7	M	.1158	Jan 13	Dec 30
EtnVncFltRte IncoTr	EFT	6.6	M	.075	Jan 13	Dec 30
EtnVncFltRte IncoTr	EFT	6.6	M	.075	Dec 31	Dec 24
Franklin Ltd Duration IT	FTF	6.2	M	.062	Jan 15	Dec 31
Franklin Ltd Duration IT	FTF	6.2	S	.06	Jan 15	Dec 31
Franklin Universal	FT	6.7	M	.0395	Jan 15	Dec 31

HnckJohn TxAdv	HTD	6.6	M	.121	Jan 30	Dec 29
India Fund	IFN	0.9	S	1.6162	Jan 12	Dec 31
India Fund	IFN	0.9	S	.119	Jan 12	Dec 31
JHancock Pr Div	PDT	7.9	M	.09	Jan 30	Dec 29

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John Hancock Pfd II	HPF	8.1	M	.14	Jan 30	Dec 29
John Hancock Pfd Inc III	HPS	8.0	M	.1222	Jan 30	Dec 29
John Hancock Pfd Income	HPI	8.1	M	.14	Jan 30	Dec 29
Kayne Andrsn Midstr Engy	KMF	6.0	Q	.495	Jan 16	Dec 30
KKR Income Opps Fund	KIO	9.2	M	.125	Mar 30	Mar 16
KKR Income Opps Fund	KIO	9.2	M	.125	Feb 23	Feb 09
KKR Income Opps Fund	KIO	9.2	M	.125	Apr 27	Apr 20
KKR Income Opps Fund	KIO	9.2	S	.098	Jan 30	Dec 30
KKR Income Opps Fund	KIO	9.2	S	.051	Jan 30	Dec 30
Market Vectors Israel ETF	ISRA	0.9	A	.281	Dec 29	Dec 24
Market Vectors Israel ETF	ISRA	0.9	S	.462	Dec 29	Dec 24
Market Vectors Oil Svcs	OIH	2.3	A	.855	Dec 29	Dec 24
Market Vectors Retail	RTH	0.4	A	.291	Dec 29	Dec 24
Mexico Equity Income	MXE	0.0	A	.006	Jan 28	Dec 30
Mexico Equity Income	MXE	0.0	S	.192	Jan 28	Dec 30
Mexico Equity Income	MXE	0.0	S	1.42	Jan 28	Dec 30
Mkt Vctrs Brazil Sm Cap	BRF	4.3	A	.892	Dec 29	Dec 24
Mkt Vctrs Glbl Alt Enrgy	GEX	0.2	A	.113	Dec 29	Dec 24
Mkt Vctrs Gulf Shares	MES	3.9	A	1.036	Dec 29	Dec 24
Mkt Vctrs Poland	PLND	4.3	A	.795	Dec 29	Dec 24
Mkt Vctrs Uran+Nucr Engy	NLR	2.5	A	1.273	Dec 29	Dec 24
Mkt Vctrs-Agribusiness	MOO	3.2	A	1.688	Dec 29	Dec 24
Mkt Vect Rar Erth/Str Mtl	REMX	1.6	A	.386	Dec 29	Dec 24
Mkt Vectors Egypt Index	EGPT	4.7	A	2.758	Dec 29	Dec 24
Mkt Vectors Environ Svcs	EVX	1.6	A	1.052	Dec 29	Dec 24
Mkt Vectors Gold Miners	GDX	0.7	A	.121	Dec 29	Dec 24
Mkt Vectors Indonesia	IDX	2.1	A	.503	Dec 29	Dec 24
Mkt Vectors Indonesia SC	IDXJ	4.4	A	.6	Dec 29	Dec 24
Mkt Vectors Natural Rscs	HAP	2.5	A	.851	Dec 29	Dec 24
Mkt Vectors Russia Tr SBI	RSX	4.0	A	.638	Dec 29	Dec 24
Mkt Vectors Semiconductor	SMH	1.1	A	.632	Dec 29	Dec 24
Mkt Vectors Steel	SLX	3.3	A	1.159	Dec 29	Dec 24
Mkt Vectors UnconvOil Gas	FRAK	1.3	A	.292	Dec 29	Dec 24
Mkt Vectors Vietnam	VNM	2.8	A	.51	Dec 29	Dec 24
Mkt Vectors-Africa	AFK	3.0	A	.757	Dec 29	Dec 24
Mkt Vectors-Coal	KOL	2.5	A	.366	Dec 29	Dec 24
Mkt Vectors-Gaming	BJK	5.0	A	1.884	Dec 29	Dec 24
Mkt Vectors-Solar Energy	KWT	0.7	A	.45	Dec 29	Dec 24
Mkt Vectrs India Sm Cp	SCIF	1.0	A	.435	Dec 29	Dec 24
Mkt Vectrs Morn Wide Moat	MOAT	1.3	A	.416	Dec 29	Dec 24
MS China a Shr Fd	CAF		S	.2605	Jan 30	Dec 29
MS China a Shr Fd	CAF		S	.0464	Jan 30	Dec 29
MS China a Shr Fd	CAF		S	.6427	Jan 30	Dec 29
MV Russia Sm Cap ETF	RSXJ	2.0	A	.406	Dec 29	Dec 24
New Germany	GF	4.2	S	.369	Jan 28	Dec 31
New Germany	GF	4.2	S	2.5266	Jan 28	Dec 31
New Germany	GF	4.2	S	.6394	Jan 28	Dec 31
PCM Fund Inc	PCM	8.9	S	.0894	Jan 16	Dec 29
PIMCO Corporate & Incm	PCN	8.4	S	.3525	Jan 16	Dec 29
PIMCO Corporate & Incm	PTY	8.5	S	.6498	Jan 16	Dec 29
PIMCO Dynamic Credit Incm	PCI	9.0	S	.599	Jan 16	Dec 29
PIMCO Dynamic Income Fund	PDI	7.1	S	1.8362	Jan 16	Dec 29
PIMCO Inco Str Fd	PFL	9.0	S	.1405	Jan 16	Dec 29
Pimco Inco Strat Fd II	PFN	9.4	S	.1548	Jan 16	Dec 29
PIMCO Income Opportunity	PKO	8.4	S	.7686	Jan 16	Dec 29
PIMCO Income Opportunity	PKO	8.4	S	.8253	Jan 16	Dec 29
PIMCO Strat Income Fund	RCS	9.8	S	.0622	Jan 16	Dec 29
Pioneer Dvd Hi Inc	HNW	9.3	M	.135	Jan 06	Dec 31

Pioneer High Income Trust	PHT	9.4	M	.1375	Jan 06	Dec 31
Pionr Float Rte Tr	PHD	5.9	M	.055	Jan 06	Dec 31
ProSh Large Cap Core Plus	CSM	1.7	Q	.4284	Dec 31	Dec 24
ProSh Short USD Emg Bd	EMSH	3.7	M	.2276	Dec 31	Dec 24
ProShares Div Growers	EFAD	1.5	Q	.1393	Dec 31	Dec 24
ProShares DJ Brookfield	TOLZ	4.5	Q	.4866	Dec 31	Dec 24
ProShares German Sov	GGOV	0.8	M	.0277	Dec 31	Dec 24
ProShares Gl Listed Prv	PEX	12.7	Q	1.273	Dec 31	Dec 24
ProShares HY-Interest Rt	HYHG	5.8	M	.3537	Dec 31	Dec 24
ProShares Inv Grade Int	IGHG	3.3	M	.2131	Dec 31	Dec 24
ProShares Merger ETF	MRGR	2.1	Q	.1945	Dec 31	Dec 24
ProShares RAFI Long/Short	RALS	1.8	Q	.1902	Dec 31	Dec 24
ProShares S&P500 Div Aris	NOBL	1.9	Q	.2392	Dec 31	Dec 24
ProShares Short 30Y TIPS	FINF	1.9	Q	.1977	Dec 31	Dec 24
ProShares Ultra Dow30	DDM	0.9	Q	.3154	Dec 31	Dec 24
ProShares Ultra Finls	UYG	0.9	Q	.3528	Dec 31	Dec 24
ProShares Ultra Hi Yield	UJB	0.5	Q	.0731	Dec 31	Dec 24
ProShares Ultra Hlth Care	RXL	0.1	Q	.0449	Dec 31	Dec 24
ProShares Ultra Inv Grade	IGU	0.0	Q	.0026	Dec 31	Dec 24
ProShares Ultra Oil & Gas	DIG	1.0	Q	.139	Dec 31	Dec 24
ProShares Ultra QQQ	QLD	0.2	Q	.0801	Dec 31	Dec 24
ProShares Ultra S&P500	SSO	0.7	Q	.2437	Dec 31	Dec 24
ProShares Ultra Tech	ROM	0.5	Q	.1882	Dec 31	Dec 24
ProShares Ultra Utilities	UPW	2.2	Q	.5942	Dec 31	Dec 24
ProShares UltraPro Dow 30	UDOW	0.6	Q	.2248	Dec 31	Dec 24
ProShares UltraPro Shrt	SINF	1.7	Q	.2061	Dec 31	Dec 24
ProShares USD Covered Bd	COBO	1.4	M	.1184	Dec 31	Dec 24
ProShares3xFinan	FINU	0.6	Q	.1352	Dec 31	Dec 24
ProShr Ultra 20 + Yr Trea	UBT	1.0	Q	.1911	Dec 31	Dec 24
ProShrs CDS NA HY Credit	TYTE	6.0	Q	.6023	Dec 31	Dec 24
ProShrs Ultra 7-10 Yr Tr	UST	4.2	Q	.5804	Dec 31	Dec 24
ProShrs Ultra Industrials	UXI	0.6	Q	.1878	Dec 31	Dec 24
ProShrs Ultra Real Estate	URE	2.2	Q	.5905	Dec 31	Dec 24
ProShrs Ultra Rusl 3000	UWC	0.6	Q	.1507	Dec 31	Dec 24
ProShrs Ultra Russell2000	UWM	0.4	Q	.0987	Dec 31	Dec 24
ProShrs Ultra Telecomm	LTL	0.3	Q	.0683	Dec 31	Dec 24
ProShrs UltraPro S&P 500	UPRO	0.4	Q	.1407	Dec 31	Dec 24
ProShs Ultr Rusl1000 Grth	UKF	0.3	Q	.0972	Dec 31	Dec 24
ProShs Ultra Basic Matls	UYM	0.7	Q	.0868	Dec 31	Dec 24
ProShs Ultra Cnsmr Svcs	UCC	0.3	Q	.0823	Dec 31	Dec 24
ProShs Ultra Consumer Gds	UGE	0.5	Q	.132	Dec 31	Dec 24
Proshs Ultra KBW Rgn Bnkg	KRU	1.0	Q	.2268	Dec 31	Dec 24
ProShs Ultra Rusl MCp Val	UVU	0.7	Q	.1733	Dec 31	Dec 24
ProShs Ultra Rusl1000 Val	UVG	1.0	Q	.1946	Dec 31	Dec 24
ProShs Ultra Rusl2000 Val	UVT	1.1	Q	.1575	Dec 31	Dec 24
ProShs Ultra Semicon	USD	2.1	Q	.5152	Dec 31	Dec 24
ProShsUlProMidCap400	UMDD	0.3	Q	.094	Dec 31	Dec 24
Reaves Utility Fund	UTG	5.7	M	.1513	Jan 16	Dec 31
Reaves Utility Fund	UTG	5.7	M	.1513	Mar 31	Mar 18
Reaves Utility Fund	UTG	5.7	M	.1513	Feb 27	Feb 17
Schwab Emerg Mkts Eqty	SCHE	2.9	A	.6838	Dec 29	Dec 24
Schwab Fund Emg Mkt Lrg	FNDE	1.3	A	.3177	Dec 29	Dec 24
Schwab Fund Intl Large Co	FNDF	1.8	A	.4712	Dec 29	Dec 24
Schwab Fund Intl Small Co	FNDC	1.6	A	.4145	Dec 29	Dec 24

Schwab Fund US Broad Mkt	FNDB	1.8	Q	.1365	Dec 29	Dec 24
Schwab Fund US Lrg Co	FNDX	1.8	Q	.136	Dec 29	Dec 24
Schwab Fund US Small Co	FNDA	1.3	Q	.0948	Dec 29	Dec 24
Schwab Intl Eqty	SCHF	2.9	A	.8389	Dec 29	Dec 24
Schwab Int'l SCap Eqty	SCHC	2.6	A	.7481	Dec 29	Dec 24
Schwab U.S LC Growth	SCHG	1.1	Q	.1377	Dec 29	Dec 24
Schwab U.S. LgCp Value	SCHV	2.6	Q	.2867	Dec 29	Dec 24
Schwab U.S. Mid-Cap	SCHM	1.4	Q	.1468	Dec 29	Dec 24
Schwab U.S. REIT	SCHH	2.7	Q	.2701	Dec 29	Dec 24

Schwab US Broad Mkt	SCHB	1.7	Q	.2175	Dec 29	Dec 24
Schwab US Dividend Equity	SCHD	2.7	Q	.2754	Dec 29	Dec 24
Schwab US Large Cap	SCHX	1.9	Q	.2292	Dec 29	Dec 24
Schwab US Small Cap	SCHA	1.4	Q	.192	Dec 29	Dec 24
TCW Strategic Inco Fund	TSI	3.1	Q	.0433	Jan 09	Dec 31
U.S. Equity Hi Volatility	HVPW	9.7	S	.3547	Dec 30	Dec 24
Vangrd Intermed-Trm Cp Bd	VCIT	3.3	S	.13	Dec 30	Dec 26
Vanguard Extended Mkt	VXF	1.3	A	1.141	Dec 29	Dec 24
Vanguard Fds MCap Grwth	VOT	0.8	A	.794	Dec 29	Dec 24
Vanguard Fds Mid Cap Val	VOE	1.6	A	1.472	Dec 29	Dec 24
Vanguard Finls	VFH	2.7	Q	.331	Dec 29	Dec 24
Vanguard FTSE All World	VSS	5.9	Q	1.408	Dec 29	Dec 24
Vanguard FTSE DevMkts	VEA	2.5	Q	.24	Dec 29	Dec 24
Vanguard FTSE Emerg Mkt	VWO	1.7	Q	.174	Dec 29	Dec 24
Vanguard FTSE Europe ETF	VGK	2.2	Q	.291	Dec 29	Dec 24
Vanguard FTSE Pacific ETF	VPL	4.4	Q	.629	Dec 29	Dec 24
Vanguard Growth	VUG	1.5	Q	.406	Dec 29	Dec 24
Vanguard Intermed-Term Bd	BIV	2.7	S	.457	Dec 23	Dec 19
Vanguard Large-Cap	VV	2.0	Q	.483	Dec 29	Dec 24
Vanguard Long-Term Bond	BLV	3.8	S	.457	Dec 23	Dec 19
Vanguard MBS	VMBS	1.5	S	.002	Dec 30	Dec 26
Vanguard MBS	VMBS	1.5	S	.159	Dec 30	Dec 26
Vanguard MC 400 Gr ETF	IVOG	0.8	A	.792	Dec 29	Dec 24
Vanguard MC 400 Vl ETF	IVOV	1.5	A	1.417	Dec 29	Dec 24
Vanguard Mid-Cap	VO	1.3	A	1.569	Dec 29	Dec 24
Vanguard REIT	VNQ	5.4	Q	1.103	Dec 29	Dec 24
Vanguard S&P Mid-Cap 400	IVOO	1.3	A	1.225	Dec 29	Dec 24
Vanguard SC 600 Gr ETF	VIOG	0.7	A	.758	Dec 29	Dec 24
Vanguard SC 600 Vl ETF	VIOV	1.3	A	1.284	Dec 29	Dec 24
Vanguard Short Tm Govt Bd	VGSH	0.6	S	.021	Dec 30	Dec 26
Vanguard Short Tm Govt Bd	VGSH	0.6	S	.012	Dec 30	Dec 26
Vanguard Short-Term Bond	BSV	1.2	S	.084	Dec 23	Dec 19
Vanguard Shrt-Trm Crp Bnd	VCSH	1.9	S	.119	Dec 30	Dec 26
Vanguard Shrt-Trm Crp Bnd	VCSH	1.9	S	.03	Dec 30	Dec 26
Vanguard Small-Cap	VB	1.4	A	1.664	Dec 29	Dec 24
Vanguard Small-Cap Growth	VBK	1.0	A	1.253	Dec 29	Dec 24
Vanguard Small-Cap Value	VBR	1.8	A	1.845	Dec 29	Dec 24
Vanguard SmCp 600 ETF	VIOO	1.1	A	1.091	Dec 29	Dec 24
Vanguard Total Bond Mkt	BND	2.4	S	.099	Dec 23	Dec 19
Vanguard Total Bond Mkt	BND	2.4	S	.114	Dec 23	Dec 19
Vanguard Total Stock Mkt	VTI	2.1	Q	.561	Dec 29	Dec 24
Vanguard Total World Stk	VT	2.5	Q	.378	Dec 29	Dec 24
Vanguard Value	VTV	2.4	Q	.513	Dec 29	Dec 24
Vngrd FTSE All-Wrld ex-US	VEU	3.2	Q	.379	Dec 29	Dec 24
Voya Prime Rate Trust	PPR	6.6	M	.029	Jan 13	Dec 31

Foreign

BRF S.A. ADS	BRFS		S	.1639	Feb 23	Jan 06
BRF S.A. ADS	BRFS		S	.0376	Feb 24	Jan 06
Covidien PLC	COV	1.4	Q	.36	Jan 16	Jan 02

Special

Access National	ANCX	3.3	.35	Jan 16	Dec 30
Fauquier Bankshares	FBSS	2.4	.05	Jan 16	Dec 31
HMG/Courtland Properties	HMG		.5	Jan 07	Dec 29

Source: Six Telekurs

(END) Dow Jones Newswires

December 22, 2014 17:02 ET (22:02 GMT)

文件 DJDN000020141222eacm003d6

It's Deja Vu All Over Again for Asia Stocks -- Barron's Asia

By WAYNE ARNOLD
750 字
2014 年 12 月 22 日 07:00
Dow Jones Newswires Chinese (English)
RTNW
英文

If this territory looks strangely familiar, it's because markets are going in circles here at the end of 2014. The S&P 500 is right back where it was at the beginning of December, and Asian stocks as measured by MSCI are back where they were at the beginning of last week.

But here's what's different and disappointing, all at the same time: while the S&P500 is on track to close the year 12% higher, Asian stocks are right back where they were at the end of 2013. It's like déjà vu all over again.

In fact, looking back over the year, it seems like only two things mattered for Asian stocks: one, whether China's economy was slowing or was being rescued by government stimulus and; two, whether foreign investors were buying regional stocks or selling them. And the latter may have depended to a large extent on the former. As for Japanese stocks, they seem to rise and fall purely in lockstep with the dollar's value against the Japanese yen -- when the yen falls, stocks in Tokyo rise, and vice versa.

The promise of higher U.S. economic growth and, with it, higher U.S. interest rates has put Asia's problems in starker relief. To the extent that the U.S. economy can lift Asia's fortunes, investors seem prepared to use its exporters as proxies for recovery. But they seem at least as concerned about how China's weakening fortunes are rippling through the region.

Thus, stocks in Asia fell until February, when it became clear that China was introducing stimulus measures that were officially unveiled in April and dubbed the "mini-stimulus." Stocks then continued to rise until September, when China's Premier Li Keqiang's remarks at the World Economic Forum's annual China meeting convinced many economists that the government was willing to let growth slip in order to push harder restructuring the economy -- even tolerating growth below its 7.5% target for 2014.

Stocks in Asia thus broadly mirrored the HSBC China Purchasing Managers Index, which hit a trough for the year of 48 in March and then peaked at 51.7 in July. Stocks tracked even more closely the pattern in foreign net buying and selling of Asian equities: Foreigners sold a net $16.3 billion in Asian stocks in the first three months of 2014, then bought back roughly $47 billion by September, with particularly strong foreign buying in export-dependent South Korea and Taiwan. They then sold off almost $9 billion over the next two months, before helping drive a November rally after the Bank of Japan stepped up its own quantitative easing to offset the end of the Federal Reserve's.

Still, that wasn't enough to push stocks back to their September highs. So while foreigners are on track to end 2014 with $47 billion more in Asian stocks in their portfolios than they started it with, here we are, with stock prices roughly where we started the year.

This does not bode well for 2015. Now that interest rates seem almost certain to rise by the third quarter, the pull away from Asia will grow ever stronger, as investors seek higher returns in the U.S. where they can avoid the risk of falling Asian currencies. That will put more pressure on Asia's increasingly indebted companies, which could create a vicious circle in which departing capital pushes bond yields higher, which creates further risk of defaults in Asia, which demands higher bond yields. And the yen, well, it's debatable whether it can fall much further in 2015 without upsetting Japan's importers and consumers and thus unraveling the fragile economic recovery the weak yen has helped spark.

Worse, economists expect that China has already quietly lowered its target for economic growth in 2015, and will make it official in March at the National People's Congress. That would mean less potential stimulus as economic data continue to toll China's slowdown. Instead of seeing weak statistics as a buy signal that increases the likelihood of Beijing sweeping in to lower rates, relax property restrictions and boost fiscal spending, investors will realize instead that weak economic news means only that the economy is weakening.

Comments? E-mail us at asiaeditors@barrons.com

(END) Dow Jones Newswires

22-12-14 0700GMT

文件 RTNW000020141222eacm0007g

DOW JONES
NEWSWIRES

The Trader: Fed's Statement Puts Stocks In Holiday Spirit -- Barron's

2,264 字
2014 年 12 月 20 日 05:09
Dow Jones Institutional News
DJDN
M3
英文

(FROM BARRON'S 12/22/14)
By Vito J. Racanelli

Wow. Stock prices jumped 3% in another volatile week that nearly erased the previous week's 3.5% thrashing. Anxiety diminished over the possible financial contagion from collapsing ruble and oil prices, and investors were encouraged by the Federal Reserve's stance on interest rates.

Last week, the Dow Jones Industrial Average jumped 524 points or 3% to 17,804.80. The Standard & Poor's 500 index gained 68, or 3.4%, to 2,070.65, while the Nasdaq Composite index added 112 points, or 2.4%, to 4765.38. The Russell 2000 index of small-caps soared 3.8% to 1195.94.

Wall Street began its ascent before Fed Chair Janet Yellen began her news conference Wednesday afternoon in the U.S. Investor concerns had mounted in recent weeks over the sharp plunges in both oil and the Russian ruble, which fell 16% in just two days last week.

Banks could get hit hard if Russia were to default on its loans or if oil companies would not be able to meet debt payments. By the time American investors came to their desks that Wednesday the ruble and oil rose, and such fears receded -- for now. That set the stage for Fed-inspired bigger gains, says Mark Luschini, chief investment strategist at Janney Montgomery Scott.

The Fed's statement appeared to appease nervousness about the expected fed-funds rate hike next year. The words "considerable time" were effectively dropped from the statement, and officials can now be "patient." The FOMC's median projection for the likely appropriate funds rate at year-end 2015 dropped to 1.12% from 1.37%.

Luschini is surprised that the market interpreted the statement so "dovishly," and we agree. Yellen was clear that the Fed will begin to raise rates in 2015 and very likely around midyear. James O'Sullivan, chief economist of High Frequency Economics, wrote after the Fed meeting: "The 'patient' wording is reminiscent of the change in language in 2004 -- five months before tightening began."

The rally "shows that the market is pretty powerful and you have to respect it," says Richard Weeks, a partner at Hightower Advisors. The small-cap rise last week was healthy too, he says. But, he adds, roiling currency and oil markets "suggest some big forces have been unleashed, forces that will take a long time to reach equilibrium."

Investors should be wary of the volatile days of recent weeks. It's hard to understand the race back into stocks that just a few days ago were deemed too expensive by investors.

The remarkable aspect to the rally is that in the past 48 hours the negative catalysts that sparked investor caution over the past couple of weeks "have not passed. They have arguably intensified," says JonesTrading chief market strategist Mike O'Rourke.

Farewell, 2014

With a handful of days left this year, some investors will look back fondly at a stock market up 12%. For most institutional investors like mutual funds, however, the silver cloud has a dark lining: They're lagging behind the market. There are many reasons for this underperformance. Nevertheless, a few critical factors in 2014 shaped the year, some unanticipated, a few completely contrary to expectations.

Prime among them has to be the fall in interest rates. The yield on the 10-year U.S. Treasury note fell to 2.18% last Friday from about 3% one year ago, for a return of about 10%. Many expected rates to be near 4% by now. (Bond prices move inversely to yields.)

Says Bill Stone, chief investment strategist at PNC Wealth Management: "If you'd told me 12 months ago that we'd see 3%-plus U.S. gross-domestic-product growth in the second, third, and fourth quarters [this year] and that Treasuries would be at 2.2%, I'd have said you're crazy." Few expected the fall in rates.

Rate trends confounded even when things went the way they were supposed to. For example, a year ago the Federal Reserve said it would end quantitative easing in October 2014. With that stimulus gone, investors worried that a market correction would follow. Instead, adds John Canally, an investment strategist with LPL Financial, "the Fed's quantitative easing policy ended with a whimper not a bang" in October and stocks made new highs in December.

Another dynamic that flummoxed investors was the acceleration in U.S. GDP growth since the first quarter, even while European economies continued to flounder and Japan fell back into recession.

"There's no question that the decoupling of U.S. growth from the major developed economies" was a big surprise, adds John De Clue, a U.S. Bank strategist. That led to capital flows into the U.S., which helped both American stocks and bonds.

The strong dollar, up 11% this year, "tells you a lot about where money is going," he notes. The U.S. stock market has topped every major equity market in dollar terms. As of Friday, the MSCI World Ex-USA index was down 6.5% year-to-date in dollars, some of that due to greenback strength.

The dollar pushed overseas capital into Treasuries, too. The puny yields on competing German and Japanese government bonds -- significantly below 1% --make Treasuries look like a bargain.

Moreover, the unforeseen bond rally had knock-on effects in the stock market, where defensive sectors that were supposed to lag behind the market in 2014 actually led, like utilities, up 23%. As the most bond-like of stocks, utility shares get a lift from falling interest rates. Health care, another defensive group, was the best-performing sector, up 27% in 2014.

"The lack of a buy-and-hold trend among sectors" derailed many a fund manager this year, says James Paulsen, chief investment strategist at Wells Capital Management. Few of the 10 S&P 500 index stock sectors could have been ridden all year, he adds.

Utility stocks, for example, were the second-worst performer in the third quarter, down 5%. The materials sector was third-best in the first quarter but third-worst in the fourth quarter. For portfolio managers it's hard to switch from sector to sector, from cyclical to noncyclical stocks, Paulsen says.

Given the unstable sector returns and that defense issues ended up on top, it paid simply to be "a boring income investor this year" sifting among utilities and pharmaceutical stocks, adds Societe Generale strategist Andrew Lapthorne.

Lastly, though energy stocks trailed the pack badly in 2014, down 8%, it might shock some investors to know the sector was top dog in the second quarter, up 12%, and No. 2 in the first half of 2014.

But the tide turned quickly. The biggest surprise of the year, according to Michael Rollins, CEO of Terminus Investment Management, "wasn't the drop in oil prices, but the speed and depth of the decline."

The plunge, which began slowly in July and accelerated precipitously in October, caught out premature bargain hunters in the energy patch in the third and fourth quarters, including the Trader, as we'll see below.

Better Lucky Than Smart

The year end also marks a time of reckoning for the Trader column. Some 60 to 80 stock calls are published here annually, some bullish, others bearish. Our report card is unscientific, but here are the guidelines: guest-columnist picks are excluded, and performance measured covers views published from October of the previous year through September this year. We don't audit fourth-quarter picks because they haven't had time to ripen. They'll be included next year.

The S&P 500 index is measured against each stock from the same Friday close, and the returns are as of Dec. 15, 2014. Our portfolio is equally weighted, unlike the capitalization-weighted S&P 500 and many mutual or hedge funds.

In 2014, the Trader might get a nice present from Santa. The average price gain of our 60 odd picks this year is 8.5%, beating the 7.1% for the S&P 500 index over the same period. Trader picks produced a 9.1% total return compared with 8.8% for the index. We'll enjoy our victory lap while we can. Thanks to numerous -- and potentially untimely -- energy picks in the fourth quarter of 2014, we're already worried about next year's scorecard.

Our long ideas this year -- 40 out of 60 -- underperformed slightly, but the remaining 20 skeptical items outperformed significantly, bringing up the combined total. The longs alone gained 5.8% with a total return of 7%, less than 6.9% and 8.6%, respectively, for the S&P 500 index.

In a year when the bull galloped, it paid to be skeptical. Our short-stock views alone produced a 13.6% gain and a 12.9% total return, compared with 7.5% and 9.1% for the S&P 500 index, again measured from the same weeks. Our short book was boosted by the bearish view we took of 3-D printers Nov. 11, 2013. Stocks like 3D Systems (DDD), Stratasys (SSYS), ExOne (XONE), and voxeljet (VJET) were riding high then on excitement about how 3-D printing would change the world overnight. We said their nosebleed valuations were too optimistic, and the stocks are down 30% to 80% since.

Similarly enthusiastic valuations accompanied GoPro (GPRO), the maker of wearable cameras, down 30% since our dim view was published. Another helpful short was troubled Suntech Power Holdings (STPFQ), a Chinese solar-panel equipment maker, which fell 88%.

Our favorite take-down might be World Wrestling Entertainment (WWE), which launched a digitally delivered wrestling network this year. Investors bid up the stock to the heavens, confusing the brand's deep fan loyalty with broad audience appeal, which we noted. WWE shares fell over 60%.

There were skeptical items that didn't work, such as Electronic Arts (EA), whose shares doubled. Ouch. We doubted EA could increase revenue this year, but the videogame maker's second and third calendar quarters proved us wrong.

Among long stock items, several triple-baggers helped immensely: American Airlines Group (AAL), Allergan (AGN), and Skechers USA (SKX). Each rose about 100%. Another winner, PetSmart (PETM) was, like Allergan, the focus of a buyout, and rose 42%.

20 Dec 2014 00:09 ET The Trader: Fed's Statement Puts Stocks In -2-

Apart from a disastrous Avon Products (AVP) pick, down nearly 50%, there were four painful oil picks: Apache (APA), down 36%; Marathon Oil (MRO), off 27%; Chesapeake Energy (CHK), which lost 30%; and Weatherford International (WFT), down over 50%. We underestimated how far crude prices would fall. Had the year ended in June, these stocks would have been big winners. Nevertheless, this year, at least, the Trader can't complain about Mr. Market.

Happy holidays to all.

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Vital Signs

	Friday's Close	Week's Change	Week's % Chg.
DJIndustrials	17804.80	+523.97	+3.03
DJTransportation	8989.45	+152.57	+1.73
DJUtilities	613.49	+15.93	+2.67
DJ65Stocks	6430.82	+162.25	+2.59
DJUSMarket	519.21	+17.12	+3.41
NYSEComp.	10890.25	+389.73	+3.71
NYSEMKTComp.	2466.16	+94.96	+4.00
S&P500	2070.65	+68.32	+3.41
S&PMidCap	1449.73	+47.37	+3.38
S&PSmallCap	685.48	+21.28	+3.20
Nasdaq	4765.38	+111.78	+2.40
ValueLine(arith.)	4656.07	+174.25	+3.89
Russell2000	1195.94	+43.50	+3.77
DJUSTSMFloat	21505.65	+714.26	+3.44

	Last Week	Week Earlier
NYSE		
Advances	2,555	653
Declines	703	2,614
Unchanged	43	28

NewHighs	319	387
NewLows	561	522
AvDailyVol(mil)	4,914.3	3,952.1
Dollar		
(Finexspotindex)	89.60	88.32
T-Bond		
(CBTnearbyfutures)	144-100	145-060
Crude Oil		
(NYMlightsweetcrude)	56.52	57.81
Inflation KR-CRB		
(FuturesPriceIndex)	240.29	243.75
Gold		
(CMXnearbyfutures)	1195.90	1222.00

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Access Investor Kit for 3D Systems Corp.

Visit http://www.companyspotlight.com/partner?cp_code=P479&isin=US88554D2053

(END) Dow Jones Newswires

December 20, 2014 00:09 ET (05:09 GMT)

文件 DJDN000020141220eack0002m

DOW JONES
NEWSWIRES

Press Release: BMO Asset Management Inc. Announces Annual Reinvested Distributions for BMO Exchange Traded Funds

1,387 字
2014 年 12 月 17 日 16:41
Dow Jones Institutional News
DJDN
英文

BMO Asset Management Inc. Announces Annual Reinvested Distributions for BMO Exchange Traded Funds

TORONTO, ONTARIO--(Marketwired - Dec 17, 2014) - BMO Financial Group today announced the 2014 annual reinvested distributions for BMO Exchange Traded Funds (ETFs). These annual reinvested distributions generally represent realized capital gains within the ETFs or special dividends received by the ETFs.

Unitholders of record at close of business on December 30, 2014 will receive the 2014 reinvested distributions. The actual taxable amounts, including the tax characteristics, will be reported in early 2015.

Please note that the cash distributions will be reported separately and may be applicable for some ETFs making annual reinvested distributions.

Details of the per unit reinvested distribution amounts are as follows:

BMO ETF	Ticker	Reinvested Distribution ($)
BMO Aggregate Bond Index ETF	ZAG	0.000000
BMO Discount Bond Index ETF	ZDB	0.179760
BMO Ultra Short-Term Bond ETF	ZST	0.000000
BMO Short Federal Bond Index ETF	ZFS	0.000000
BMO Mid Federal Bond Index ETF	ZFM	0.000000
BMO Long Federal Bond Index ETF	ZFL	0.000000
BMO Real Return Bond Index ETF	ZRR	0.250000
BMO Short Provincial Bond Index ETF	ZPS	0.000000
BMO Mid Provincial Bond Index ETF	ZMP	0.000000
BMO Long Provincial Bond Index ETF	ZPL	0.000000
BMO Short Corporate Bond Index ETF	ZCS	0.000000
BMO Mid Corporate Bond Index ETF	ZCM	0.025626
BMO Long Corporate Bond Index ETF	ZLC	0.000000
BMO Short-Term US IG Corporate Bond Hedged to CAD Index ETF	ZSU	0.000000
BMO Mid-Term US IG Corporate Bond Index ETF	ZIC	0.037895

BMO Mid-Term US IG Corporate Bond Index ETF (US Dollar Units)	ZIC.U	0.026885
BMO Mid-Term US IG Corporate Bond Hedged to CAD Index ETF	ZMU	0.000000
BMO High Yield US Corporate Bond Hedged to CAD Index ETF	ZHY	0.000000
BMO Floating Rate High Yield ETF	ZFH	0.000000
BMO Equity Linked Corporate Bond ETF	ZEL	0.000000
BMO 2015 Corporate Bond Target Maturity ETF	ZXB	0.000000
BMO 2020 Corporate Bond Target Maturity ETF	ZXC	0.172722
BMO 2025 Corporate Bond Target Maturity ETF	ZXD	0.114731
BMO Emerging Markets Bond Hedged to CAD Index ETF	ZEF	0.000000
BMO S&P/TSX Laddered Preferred Share Index ETF	ZPR	0.000000
BMO Monthly Income ETF	ZMI	0.407706
BMO Covered Call Canadian Banks ETF	ZWB	0.000000
BMO Covered Call Utilities ETF	ZWU	0.000000
BMO Covered Call Dow Jones Industrial Average Hedged to CAD ETF	ZWA	0.000000
BMO US High Dividend Covered Call ETF	ZWH	0.000000
BMO S&P/TSX Capped Composite Index ETF	ZCN	0.146451
BMO Canadian Dividend ETF	ZDV	0.050081
BMO Low Volatility Canadian Equity ETF	ZLB	0.628834
BMO Dow Jones Industrial Average Hedged to CAD Index ETF	ZDJ	0.000000
BMO S&P 500 Index ETF	ZSP	0.000000
BMO S&P 500 Index ETF (US Dollar Units)	ZSP.U	0.034120
BMO S&P 500 Hedged to CAD Index ETF	ZUE	0.000000
BMO MSCI USA High Quality Index ETF	ZUQ	0.022402
BMO US Dividend ETF	ZDY	0.311679
BMO US Dividend ETF (US Dollar Units)	ZDY.U	0.370130
BMO US Dividend Hedged to CAD ETF	ZUD	0.000000

BMO Low Volatility US Equity ETF	ZLU	0.126373
BMO Low Volatility US Equity ETF (US Dollar Units)	ZLU.U	0.148598
BMO MSCI EAFE Index ETF	ZEA	0.042103
BMO MSCI EAFE Hedged to CAD Index ETF	ZDM	0.082774
BMO International Dividend ETF	ZDI	0.000000
BMO MSCI Europe High Quality Hedged to CAD Index ETF	ZEQ	0.587076
BMO MSCI Emerging Markets Index ETF	ZEM	0.000000
BMO MSCI All Country World High Quality Index ETF	ZGQ	0.050647
BMO China Equity Index ETF	ZCH	0.000000
BMO India Equity Index ETF	ZID	0.000000
BMO S&P/TSX Equal Weight Banks Index ETF	ZEB	0.000000
BMO S&P/TSX Equal Weight Oil & Gas Index ETF	ZEO	0.030850
BMO Equal Weight Utilities Index ETF	ZUT	0.000000

17 Dec 2014 11:41 ET Press Release: BMO Asset Management Inc. -2-

BMO Equal Weight REITs Index ETF	ZRE	0.000000
BMO S&P/TSX Equal Weight Industrials Index ETF	ZIN	0.629271
BMO NASDAQ 100 Equity Hedged to CAD Index ETF	ZQQ	0.000000
BMO Equal Weight U.S. Health Care Hedged to CAD Index ETF	ZUH	0.435916
BMO Equal Weight U.S. Banks Index ETF	ZBK	0.000000
BMO Equal Weight U.S. Banks Hedged to CAD Index ETF	ZUB	0.000000
BMO Global Infrastructure Index ETF	ZGI	0.681303
BMO S&P/TSX Equal Weight Global Base Metals Hedged to CAD Index ETF	ZMT	0.000000
BMO S&P/TSX Equal Weight Global Gold Index ETF	ZGD	0.000000
BMO Junior Gold Index ETF	ZJG	0.000000
BMO Junior Oil Index ETF	ZJO	0.070906
BMO Junior Gas Index ETF	ZJN	0.197118

BMO ETFs are administered and managed by BMO Asset Management Inc., an investment fund manager and portfolio manager and a separate legal entity from Bank of Montreal.

Commissions, management fees and expenses all may be associated with investments in exchange traded funds. Please read the prospectus before investing. Exchange traded funds are not guaranteed, their values change frequently and past performance may not be repeated.

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About BMO Exchange Traded Funds (ETFs)

Established in May 2009, BMO Financial Group's ETF business is a leading ETF provider in Canada. BMO ETFs provide Canadian investors with broader choices and greater access to an innovative portfolio of investment products.

About BMO Financial Group

Established in 1817 as Bank of Montreal, BMO Financial Group is a highly diversified financial services organization based in North America. The bank offers a broad range of retail banking, wealth management and investment banking products and services to more than 12 million customers. BMO Financial Group had total assets of $589 billion and more than 46,000 employees at October 31, 2014.

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(END) Dow Jones Newswires

December 17, 2014 11:41 ET (16:41 GMT)

文件 DJDN000020141217each002o8

DOW JONES
NEWSWIRES

Barclays Sees Overnight Shakeout As JPY Selling Opportunity -- Market Talk

127 字
2014 年 12 月 16 日 10:31
Dow Jones Institutional News
DJDN
英文

1031 GMT [Dow Jones]--The overnight shakeout in U.S. equity markets extended the S&P500's losses to almost 5% from December's highs, notes Barclays. This prompted a bout of FX risk aversion, with the yen being the main beneficiary as profit-taking on yen shorts was seen against the greenback and on the crosses. The bank views this bout of yen strength as an opportunity to sell at better levels, with favored entry points of Y115.50 vs USD and Y145.65 vs euro. gary.stride@wsj.com

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markettalk@wsj.com

(END) Dow Jones Newswires

December 16, 2014 05:31 ET (10:31 GMT)

文件 DJDN000020141216eacg00188

DOW JONES
NEWSWIRES

It Can't Get Much Worse For Russia, Says Julius Baer -- Market Talk

1,532 字
2014 年 12 月 16 日 11:13
Dow Jones Institutional News
DJDN
英文

1113 GMT [Dow Jones]--Russia is in the midst of a perfect storm, says Julius Baer's Emerging Market Strategist, Heinz Rüttimann. "Western sanctions hurt, the oil price is down, interest rates are high and the economy is falling back into recession. It cannot get much worse for Russia. The final step for the perfect storm would be the introduction of capital controls," he adds. (josie.cox@wsj.com)

Contact us in London. +44-20-7842-9464
markettalk@wsj.com
1103 GMT [Dow Jones]--Markus Allenspach, head of fixed income research at Julius Baer, sees Russia's ruble headache as a short-term problem. "As soon as the oil price stabilizes, the ruble will also find ground against the dollar and the euro. Moreover, we still believe that the Russian government has sufficient international reserves to keep its key industries liquid," he said, adding that central bank action is uncoordinated with the Kremlin. "The Russian government is certainly giving priority to the government-related issuers and wants to keep its currency reserves to service and repay debt of key industries rather than to defend its currency. We doubt that the Russian Central Bank would have the power to defend its currency with massive interventions," he said. (chiara.albanese@wsj.com)

Contact us in London. +44-20-7842-9464
markettalk@wsj.com
1101 GMT [Dow Jones]--Dubai's property market doesn't know if it's coming or going. Residential sales prices were up 18% this year, compared to 30% growth last year, says property company CBRE. The growth this year was largely achieved in the first half, as sales prices and volumes plateaued in recent months. Comparatively, rental prices increased only 7% this year, meaning yields, or income available to landlords, have fallen. So the increase in prices is not being driven by buyers seeking income, rather investors' requirement to make capital gains or park cash in the perceived safe haven of Dubai amid unrest elsewhere in the wider region. CBRE predicts prices will continue to "stabilize" next year. (rory.jones@wsj.com; Twitter: @RoryWSJ)

Contact us in London. +44-20-7842-9464
markettalk@wsj.com
1056 GMT Despite the relentless slide in the Russian ruble and the central bank's drastic rate hike, Markus Allenspach, head of fixed income research at Julius Baer still thinks "Russia's problems are short term only". "Our commodity specialists have a target of $70 per barrel over the next 12 months," he writes. "As soon as the oil price stabilizes, the ruble will also find ground against the dollar and the euro. Moreover, we still believe that the Russian government has sufficient international reserves to keep its key industries liquid. We would not sell bonds of state-related issuers in these circumstances," he adds. (josie.cox@wsj.com)

Contact us in London. +44-20-7842-9464
markettalk@wsj.com
1048 GMT Finland's GDP will shrink by 0.2% this year and grow by 0.5% in 2015, Danske Bank says in its economic forecast. In its previous forecast Danske expected the Finnish GDP to grow by 0.8% in 2015. "The deterioration in Russia's economy hampered Finland's GDP growth this year," Danske says. Despite a slight improvement in Finland's export prospects, Finland's GDP growth will remain painfully sluggish unless broad structural reform measures are implemented and the supply of labor is put on growth trajectory again, the bank says. (juhana.rossi@wsj.com)

Contact us in London. +44-20-7842-9464
markettalk@wsj.com
1045 GMT Erste Bank recommends buying dollar/forint before the year-end as it expects significant HUF weakening next year. EUR/HUF was highest this year in November at 250, and Erste forecasts there could be further HUF weakening to 260. Erste also expects USD strengthening versus EUR due to the diverse monetary policies of the European Central Bank and the Federal Reserve. A USD/HUF long position will allow gains on both a weakening HUF and a strengthening USD, Erste says. USD/HUF is currently at 249.16. (veronika.gulyas@wsj.com; @VeronikaGulyas1)

Contact us in London. +44-20-7842-9464
markettalk@wsj.com

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-By Francis Bray, Dow Jones Chief Technical Analyst For Europe.

(francis.bray@dowjones.com)

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(END) Dow Jones Newswires

December 16, 2014 06:13 ET (11:13 GMT)

文件 DJDN000020141216eacg001jw

DOW JONES
NEWSWIRES

USD/JPY, EUR/JPY Correcting Lower -- Market Talk

1,534 字
2014 年 12 月 16 日 10:40
Dow Jones Institutional News
DJDN
英文

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keep investors interested ahead of Wednesday's main event, the FOMC policy decision and economic projections. (nick.cawley@wsj.com)

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(END) Dow Jones Newswires

December 16, 2014 05:40 ET (10:40 GMT)

文件 DJDN000020141216eacg001b7

DOW JONES
NEWSWIRES

Barclays Sees Overnight Shakeout As JPY Selling Opportunity -- Market Talk

1,488 字
2014 年 12 月 16 日 10:31
Dow Jones Institutional News
DJDN
英文

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1005 GMT [Dow Jones]--The Riksbank left its main interest rate at zero Tuesday and plans to leave it there until inflation returns towards the 2% target. "The Riksbank still believes that this will happen during 2016, but we remain sceptical and expect inflation to disappoint through the next couple of years," analysts at HSBC say. With inflation set to remain low and HSBC's belief that growth in 2015 will be below the Riksbank's expectations - the analysts expect further easing in 2015. The Riksbank has repeatedly stressed that the rate will be reduced further before unconventional easing, and we expect the repo rate to be taken negative in 2015, they add. (charles.duxbury@wsj.com)

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1005 GMT [Dow Jones]--The eurozone's trade surplus rose sharply in Oct., coming in at EUR24 billion versus EUR16.5 billion during the same month last year. But the underlying figures do not paint a picture of building strength fueled by the euro's depreciation since May. Indeed, seasonally adjusted figures show exports fell slightly during the months, while imports fell more sharply, a reflection of weak demand as well as the rising cost of imported goods. So if the ECB's stimulus policies since June were supposed to work at least in part through a boost to exports, that hasn't happened yet. (paul.hannon@wsj.com. Twitter: @PaulHannon29)

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1004 GMT [Dow Jones]--"The Ruble's fall is telling us something which Putin's Moscow has been trying to deny, namely that the economy is falling to pieces and that, quite possibly, the Western sanctions have done nothing other than to strip the veneer off a country with not much more to show than its oil," says Anthony Peters, strategist at financial advisory firm SwissInvest. "Not since Soviet times have we seen such steadfast refusal by the Kremlin to acknowledge the presence of severe political and economic problems while sacrificing the people in the name of orthodoxy. The Russian people are legendarily stoic in the face of hardships but beware if, as and when their patience runs out." (josie.cox@wsj.com)

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1003 GMT Richter shares shed 5% on the Budapest stock exchange after the company issued a profit warning on the drastic weakening of the Russian ruble. Concorde analyst Attila Vago says the company's share price is overrated at its current HUF3516 level, and HUF3000-HUF3300 would be more realistic at current ruble levels. While the company said the ruble easing will cause a one-off financial loss, Mr. Vago says this is more likely a lingering issue which will affect Richter in the next 1-1.5 years, and set to hurt profit goals by at around 40%. "There's no other factor in Richter now that could offset the ruble issue," Mr. Vago says(veronika.gulyas@wsj.com; @VeronikaGulyas1)

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(END) Dow Jones Newswires

December 16, 2014 05:31 ET (10:31 GMT)

文件 DJDN000020141216eacg001b1

BARRON'S

MARKET WEEK
Stocks --- The Trader: Markets Plunge as Oil Panic Spreads

By Avi Salzman
2,003 字
2014 年 12 月 15 日
Barron's
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U.S. equity markets suffered their largest point declines in more than three years last week, as investors, spooked by oil's decline, went on a broad-based selling-spree. The Dow Jones Industrial Average gave back 678 points, and dropped more than 100 points in the last 30 minutes of trading on Friday.

"These kinds of markets test the mettle of investors," says Tom Stringfellow, president of Frost Investment Advisors. "You have to step away from the monitor so you don't do anything stupid, like hit a sell button."

But most traders were ditching that advice, pounding sell buttons with both hands as the selloff spread. Friday's plunge was particularly dramatic -- the Dow fell 315.51 points. At the close, not a single Dow stock was in the black.

The Dow dropped 678 points, or 3.8%, last week, to 17,280.83, its largest point and percentage drop since 2011. The Standard & Poor's 500 index 500 fell 73 points, or 3.5%, to 2002.33, its largest point drop since 2011 and largest percentage drop since 2012. The tumble came after seven consecutive weeks of gains. The Nasdaq Composite index fell 127 points, or 2.7%, to 4653.6.

European markets also plunged, with major indexes including the FTSE 100 and the DAX registering their largest losses since 2011.

Oil led the market lower, with crude futures dropping $8.03 per barrel, or 12.2%, to $57.81, the lowest price it has settled at since May 2009. Oil hit its 52-week high of $107.26 in June, and has since fallen 46% -- 24% just in the past three weeks.

Oil bulls got bad news on both the supply and demand fronts. The International Energy Agency cut its estimate for oil demand growth Friday. Saudi Arabia's oil minister said Thursday he had no intentions of cutting production amid the recent price plunge, adding to oil's skid. "The story for crude remains the same -- slower global growth, excess supply, and an unwillingness of OPEC and others to cut production as they continue to vie for market share," wrote Yousef Abbasi, the global market strategist at JonesTrading.

Energy stocks like Exxon Mobil (ticker: XOM) and Chevron (CVX) fell nearly 8% on the week, but the damage wasn't contained to the obvious candidates. A wide swath of companies depend on strength in the oil patch -- even though energy makes up just 9% of the S&P 500, it accounts for 30% of capital expenditures, says Jonathan Glionna, head of U.S. equity strategy for Barclays, who estimated last month that the drop in prices could sap $40 billion from capital budgets.

On Friday, materials and industrial stocks led the selling, as investors fretted about a global slowdown, based on the IEA report and Chinese data showing weaker-than-expected industrial production.

There is, of course, a positive side to the decline in oil prices. Consumers are more confident than they have been in nearly eight years, according to a University of Michigan survey released Friday. But investors were not interested in considering the positives last week.

"It's very easy for markets to mark down earnings in the energy sector It's a very direct effect," says David Lafferty, chief market strategist at Natixis. "You'd expect to see increases in other kinds of stocks, but it's much more difficult to quantify the indirect benefits to other companies."

Despite the anxiety in the market, some investors remain loath to sell this late in the year. "This time of year is so seasonally strong, that we're hesitant to fight that," says Grant Engelbart, a portfolio manager at CLS Investments. "We don't see an imminent crash or anything of that nature."

Engelbart says quality companies --those with high returns on equity, low debt, and stable earnings -- have been underperforming for quite a while. "If you're worried about the market, you should look at those types of companies," he adds.

This week, the markets could once again be volatile as the Federal Reserve meets. The Fed will release new economic and financial forecasts and investors will be watching the statement to see if the central bank still intends to hold interest rates down for a "considerable time."

A Smoother Ride for Tankers

The broad selloff in energy stocks has taken down virtually every oil-related stock. But one industry seems to have been unduly punished. Oil-tanker stocks have sunk along with oil, falling 10% as a group in the past six months.

Investors and insiders say the industry is fundamentally healthier than it has been in years. Shipping rates are on the upswing, and fuel costs -- the tankers' largest expense -- continue to decline.

Rates for tankers carrying crude oil have risen 23% since mid-October, and those carrying refined products like gasoline are up 36% over that period. Supertankers known as VLCCs, for very large crude carriers, are renting for $77,000 a day for individual voyages, up from $35,000 a year ago, says Evercore ISI analyst Jonathan Chappell. And the cost of fuel for shippers is down 40% from 2013.

This sudden strength might seem counterintuitive, given the drop in the price of oil. But oil's current weakness has more to do with oversupply of the commodity than with weak demand. With demand continuing to rise, albeit at a less rapid rate than in previous years, the need for tankers remains robust.

Demand for oil tankers has risen for several reasons. China has been stockpiling cheap oil to shore up its petroleum reserves. And the surge in oil supply out of North America has opened up new shipping routes. Venezuela, for instance, has shifted more oil exports to China because the U.S. doesn't need as much of its oil, and longer routes are lucrative for tanker companies. New refineries in the Middle East should also open up longer shipping routes as oil products must travel farther to reach consumers.

In addition, the glut in oil has led to delays in moving refined products, which just means more work for some ships -- it "uses up ship time, and we get paid for that, too, at the same rate as the voyage," writes Anthony Gurnee, CEO of shipper Ardmore Shipping (ticker: ASC).

As volatility in oil prices has increased, some traders have even hired tankers to transport fuel products as they take advantage of the difference in prices in different markets, Gurnee says. "Traders appear to be engaging tankers in longer and more complex voyages to take advantage of price arbitrage, and in some cases using them unofficially for floating storage, meaning that they arrive and have to wait a long time to discharge as shore tanks are full or the cargo has not yet been sold."

Investors, however, have not bought into the story yet. Their wariness is influenced by several factors: The selloff in oil has made any stock connected to the industry appear dangerous; the stocks are small and often lightly traded; and the tanker industry has often proved to be an undisciplined group of companies.

In the past, shipping companies have tended to expand fleets rapidly in good years, leading to overcapacity and falling rates. But the number of oil tankers is up less than 1% this year and is expected to rise less than 2% next year, according to Chappell. Tankers ordered today won't show up until 2017, so the supply-demand balance could persist for multiple years.

That dynamic makes the stocks ripe for picking, say some investors. "We're at an inflection point," says John Reardon, a managing director at Merriman Capital, who likes several tanker stocks. "There's going to be a massive move in the group."

Ardmore, a $262 million (market value) tanker company that ships refined products, looks like a good bet at these prices. After posting losses for the past two years, Ardmore is set to earn five cents this year and 82 cents in 2015. Its shares, at $10.13, trade at 13 times forward earnings expectations, a discount to its peers and its historical average.

Another stock with strong fundamentals and an appealing valuation is Teekay Tankers (TNK), which ships both crude and oil products. Teekay closed Friday at $5.35, up 15% on Friday alone, amid news of oil stockpiling in China. Even so, it trades at just 8.9 times forward earnings, and analysts expect the company to more than double its earnings per share next year.

A Buyer for Hawaiian Electric

NextEra Energy (NEE), a utility based in Florida, surprised Wall Street on Dec. 3 when it agreed to buy Hawaiian Electric Industries (HE), the largest utility on Hawaii and the subject of a recent skeptical story in Barron's ("Hawaiian Electric: Why Its Shares Could Dim," Dec. 1). The $4.3 billion deal values Hawaiian at $33.50 per share, according to the companies. Hawaiian plans to spin off its banking subsidiary American Savings Bank as part of the deal. Hawaiian shares jumped on the announcement and closed on Friday at $32.98, a 17% increase from our story. Hawaiian investors would be wise to take their profits.

NextEra claims that one of the main reasons for the deal was "our shared vision to bring cleaner, renewable energy to Hawaii." NextEra does indeed have a strong record in renewable energy -- it's the largest generator in North America of energy from the wind and the sun. Most of NextEra's renewable electricity work is run by a subsidiary called NextEra Energy Resources.

But NextEra's record at its regulated utility Florida Power & Light is less promising and could foreshadow bruising battles ahead with Hawaii's government. The utility generates just 0.06% of its electricity from solar, with only 1,551 of its 4.7 million customers installing solar from 2011 to 2013, even as solar took off in other sunshine-abundant states. Just last month, Florida Power & Light successfully pushed the state to cut rebates for homeowners who install solar panels.

While Florida is known for siding with utilities on these issues, Hawaii has become more aggressive at pushing back, rejecting Hawaiian Electric's most recent long-term plan. About 11% of Oahu customers have rooftop panels, and they've become a strong political bloc. NextEra expects to profit by upgrading Hawaiian Electric's infrastructure to handle more natural gas, passing the costs along to consumers. But the government may not bend to the company's wishes. "NextEra does not support homeowner [solar power], and its focus is on wind, undersea cable, and liquefied natural gas. These are not Hawaii's priorities," State Representative Cynthia Thielen told us, adding "Aloha."

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e-mail: avi.salzman@barrons.com

Vital Signs

	Friday's Close	Week's Change	Week's % Chg.
DJIndustrials	17280.83	-677.96	-3.78
DJTransportation	8836.88	-315.12	-3.44
DJUtilities	597.56	+0.84	+0.14
DJ65Stocks	6268.57	-198.79	-3.07
DJUSMarket	502.09	-18.14	-3.49
NYSEComp.	10500.51	-469.78	-4.28
NYSEMKTComp.	2371.20	-193.43	-7.54
S&P500	2002.33	-73.04	-3.52
S&PMidCap	1402.36	-41.95	-2.90
S&PSmallCap	664.20	-18.50	-2.71
Nasdaq	4653.60	-127.16	-2.66
ValueLine(arith.)	4481.82	-164.00	-3.53
Russell2000	1152.45	-29.98	-2.54
DJUSTSMFloat	20791.39	-740.73	-3.44

	Last Week	Week Earlier
NYSE		
Advances	653	1,478
Declines	2,614	1,786
Unchanged	28	29
NewHighs	387	455
NewLows	522	326
AvDailyVol(mil)	3,952.1	3,606.4
Dollar		
(Finexspotindex)	88.32	89.36
T-Bond		
(CBTnearbyfutures)	145-060	141-170
Crude Oil		
(NYMlightsweetcrude)	57.81	65.84

Inflation KR-CRB (FuturesPriceIndex)	243.75	252.33
Gold (CMXnearbyfutures)	1222.00	1190.10

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5035

文件 B000000020141213eacf00017

Oracle Rising; Morgan Stanley Ups to Buy on Better Cloud Computing Prospects
Barron's Blogs, 2014 年 12 月 15 日 16:40, 737 字, By Tiernan Ray, (英文)
Morgan Stanley's Keith Weiss this morning raises his rating on shares of Oracle (ORCL) to Overweight from Equal Weight, with a $50 price target, just two days before the company's fiscal Q2 results, writing that the stock could follow in ...
文件 WCBBE00020141215eacf001e1

The Trader: Markets Plunge As Oil Panic Spreads -- Barron's

2,070 字
2014 年 12 月 13 日 05:09
Dow Jones Institutional News
DJDN
M3
英文

(FROM BARRON'S 12/15/14)

By Avi Salzman

U.S. equity markets suffered their largest point declines in more than three years last week, as investors, spooked by oil's decline, went on a broad-based selling-spree. The Dow Jones Industrial Average gave back 678 points, and dropped more than 100 points in the last 30 minutes of trading on Friday.

"These kinds of markets test the mettle of investors," says Tom Stringfellow, president of Frost Investment Advisors. "You have to step away from the monitor so you don't do anything stupid, like hit a sell button."

But most traders were ditching that advice, pounding sell buttons with both hands as the selloff spread. Friday's plunge was particularly dramatic -- the Dow fell 315.51 points. At the close, not a single Dow stock was in the black.

The Dow dropped 678 points, or 3.8%, last week, to 17,280.83, its largest point and percentage drop since 2011. The Standard & Poor's 500 index 500 fell 73 points, or 3.5%, to 2002.33, its largest point drop since 2011 and largest percentage drop since 2012. The tumble came after seven consecutive weeks of gains. The Nasdaq Composite index fell 127 points, or 2.7%, to 4653.6.

European markets also plunged, with major indexes including the FTSE 100 and the DAX registering their largest losses since 2011.

Oil led the market lower, with crude futures dropping $8.03 per barrel, or 12.2%, to $57.81, the lowest price it has settled at since May 2009. Oil hit its 52-week high of $107.26 in June, and has since fallen 46% -- 24% just in the past three weeks.

Oil bulls got bad news on both the supply and demand fronts. The International Energy Agency cut its estimate for oil demand growth Friday. Saudi Arabia's oil minister said Thursday he had no intentions of cutting production amid the recent price plunge, adding to oil's skid. "The story for crude remains the same -- slower global growth, excess supply, and an unwillingness of OPEC and others to cut production as they continue to vie for market share," wrote Yousef Abbasi, the global market strategist at JonesTrading.

Energy stocks like Exxon Mobil (ticker: XOM) and Chevron (CVX) fell nearly 8% on the week, but the damage wasn't contained to the obvious candidates. A wide swath of companies depend on strength in the oil patch -- even though energy makes up just 9% of the S&P 500, it accounts for 30% of capital expenditures, says Jonathan Glionna, head of U.S. equity strategy for Barclays, who estimated last month that the drop in prices could sap $40 billion from capital budgets.

On Friday, materials and industrial stocks led the selling, as investors fretted about a global slowdown, based on the IEA report and Chinese data showing weaker-than-expected industrial production.

There is, of course, a positive side to the decline in oil prices. Consumers are more confident than they have been in nearly eight years, according to a University of Michigan survey released Friday. But investors were not interested in considering the positives last week.

"It's very easy for markets to mark down earnings in the energy sector It's a very direct effect," says David Lafferty, chief market strategist at Natixis. "You'd expect to see increases in other kinds of stocks, but it's much more difficult to quantify the indirect benefits to other companies."

Despite the anxiety in the market, some investors remain loath to sell this late in the year. "This time of year is so seasonally strong, that we're hesitant to fight that," says Grant Engelbart, a portfolio manager at CLS Investments. "We don't see an imminent crash or anything of that nature."

Engelbart says quality companies --those with high returns on equity, low debt, and stable earnings -- have been underperforming for quite a while. "If you're worried about the market, you should look at those types of companies," he adds.

This week, the markets could once again be volatile as the Federal Reserve meets. The Fed will release new economic and financial forecasts and investors will be watching the statement to see if the central bank still intends to hold interest rates down for a "considerable time."

A Smoother Ride for Tankers

The broad selloff in energy stocks has taken down virtually every oil-related stock. But one industry seems to have been unduly punished. Oil-tanker stocks have sunk along with oil, falling 10% as a group in the past six months.

Investors and insiders say the industry is fundamentally healthier than it has been in years. Shipping rates are on the upswing, and fuel costs -- the tankers' largest expense -- continue to decline.

Rates for tankers carrying crude oil have risen 23% since mid-October, and those carrying refined products like gasoline are up 36% over that period. Supertankers known as VLCCs, for very large crude carriers, are renting for $77,000 a day for individual voyages, up from $35,000 a year ago, says Evercore ISI analyst Jonathan Chappell. And the cost of fuel for shippers is down 40% from 2013.

This sudden strength might seem counterintuitive, given the drop in the price of oil. But oil's current weakness has more to do with oversupply of the commodity than with weak demand. With demand continuing to rise, albeit at a less rapid rate than in previous years, the need for tankers remains robust.

Demand for oil tankers has risen for several reasons. China has been stockpiling cheap oil to shore up its petroleum reserves. And the surge in oil supply out of North America has opened up new shipping routes. Venezuela, for instance, has shifted more oil exports to China because the U.S. doesn't need as much of its oil, and longer routes are lucrative for tanker companies. New refineries in the Middle East should also open up longer shipping routes as oil products must travel farther to reach consumers.

In addition, the glut in oil has led to delays in moving refined products, which just means more work for some ships -- it "uses up ship time, and we get paid for that, too, at the same rate as the voyage," writes Anthony Gurnee, CEO of shipper Ardmore Shipping (ticker: ASC).

As volatility in oil prices has increased, some traders have even hired tankers to transport fuel products as they take advantage of the difference in prices in different markets, Gurnee says. "Traders appear to be engaging tankers in longer and more complex voyages to take advantage of price arbitrage, and in some cases using them unofficially for floating storage, meaning that they arrive and have to wait a long time to discharge as shore tanks are full or the cargo has not yet been sold."

Investors, however, have not bought into the story yet. Their wariness is influenced by several factors: The selloff in oil has made any stock connected to the industry appear dangerous; the stocks are small and often lightly traded; and the tanker industry has often proved to be an undisciplined group of companies.

In the past, shipping companies have tended to expand fleets rapidly in good years, leading to overcapacity and falling rates. But the number of oil tankers is up less than 1% this year and is expected to rise less than 2% next year, according to Chappell. Tankers ordered today won't show up until 2017, so the supply-demand balance could persist for multiple years.

That dynamic makes the stocks ripe for picking, say some investors. "We're at an inflection point," says John Reardon, a managing director at Merriman Capital, who likes several tanker stocks. "There's going to be a massive move in the group."

Ardmore, a $262 million (market value) tanker company that ships refined products, looks like a good bet at these prices. After posting losses for the past two years, Ardmore is set to earn five cents this year and 82 cents in 2015. Its shares, at $10.13, trade at 13 times forward earnings expectations, a discount to its peers and its historical average.

Another stock with strong fundamentals and an appealing valuation is Teekay Tankers (TNK), which ships both crude and oil products. Teekay closed Friday at $5.35, up 15% on Friday alone, amid news of oil stockpiling in China. Even so, it trades at just 8.9 times forward earnings, and analysts expect the company to more than double its earnings per share next year.

A Buyer for Hawaiian Electric

NextEra Energy (NEE), a utility based in Florida, surprised Wall Street on Dec. 3 when it agreed to buy Hawaiian Electric Industries (HE), the largest utility on Hawaii and the subject of a recent skeptical story in Barron's ("Hawaiian Electric: Why Its Shares Could Dim," Dec. 1). The $4.3 billion deal values Hawaiian at $33.50 per share, according to the companies. Hawaiian plans to spin off its banking subsidiary American Savings Bank as part of the deal. Hawaiian shares jumped on the announcement and closed on Friday at $32.98, a 17% increase from our story. Hawaiian investors would be wise to take their profits.

NextEra claims that one of the main reasons for the deal was "our shared vision to bring cleaner, renewable energy to Hawaii." NextEra does indeed have a strong record in renewable energy -- it's the largest generator in North America of energy from the wind and the sun. Most of NextEra's renewable electricity work is run by a subsidiary called NextEra Energy Resources.

But NextEra's record at its regulated utility Florida Power & Light is less promising and could foreshadow bruising battles ahead with Hawaii's government. The utility generates just 0.06% of its electricity from solar, with only 1,551 of its 4.7 million customers installing solar from 2011 to 2013, even as solar took off in other sunshine-abundant states. Just last month, Florida Power & Light successfully pushed the state to cut rebates for homeowners who install solar panels.

13 Dec 2014 00:10 ET The Trader: Markets Plunge As Oil Panic Spreads -2-

While Florida is known for siding with utilities on these issues, Hawaii has become more aggressive at pushing back, rejecting Hawaiian Electric's most recent long-term plan. About 11% of Oahu customers have rooftop panels, and they've become a strong political bloc. NextEra expects to profit by upgrading Hawaiian Electric's infrastructure to handle more natural gas, passing the costs along to consumers. But the government may not bend to the company's wishes. "NextEra does not support homeowner [solar power], and its focus is on wind, undersea cable, and liquefied natural gas. These are not Hawaii's priorities," State Representative Cynthia Thielen told us, adding "Aloha."

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e-mail: avi.salzman@barrons.com

Vital Signs

	Friday's Close	Week's Change	Week's % Chg.
DJIndustrials	17280.83	-677.96	-3.78
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T-Bond		
(CBTnearbyfutures)	145-060	141-170

Crude Oil		
(NYMlightsweetcrude)	57.81	65.84
Inflation KR-CRB		
(FuturesPriceIndex)	243.75	252.33
Gold		
(CMXnearbyfutures)	1222.00	1190.10

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(END) Dow Jones Newswires

December 13, 2014 00:10 ET (05:10 GMT)

文件 DJDN000020141213eacd0005g

Market Snapshot
News & Commentary
Dow industrials suffer biggest weekly loss since 2011; And investors thought October was rough

Anora Mahmudova and Sara Sjolin, MarketWatch
Anora.Mahmudova@dowjones.com; Anora Mahmudova is a MarketWatch markets reporter based in New York.; ssjolin@marketwatch.com; Sara Sjolin is a MarketWatch reporter based in London. Follow her on Twitter @sarasjolin.
1,038 字
2014 年 12 月 12 日 22:06
MarketWatch
MRKWC
英文

And investors thought October was rough

NEW YORK (MarketWatch) — U.S. stocks were pummeled Friday as investors , rattled by concerns about the health of the global economy, fueled tripled-digit losses in blue-chip stocks.

The S&P 500 ended the week with the biggest loss in two-and-a-half years, while the Dow Jones Industrial Average recorded its biggest weekly decline since Sep 2011.

This week's jarring selloff came on the heels of seven straight weeks of gains, was closely linked to the precipitous fall in oil prices, .

The CBOE Volatility Index (VIX, US) also known as the "Wall Street's fear gauge," topped 21 on Friday.

Crude oil futures dropped more than 10% over the past week as global supply continued to outstrip demand, while International Energy Agency cut its forecast for global demand yet again.

Investors grew increasingly concerned that the global economy might be succumbing to deflation, a consistent decline in prices that leads to recessions and depressions. Traders also blamed unwinding of positions at the end of the year for big declines in the market.

Kate Warne, investment strategist at Edward Jones pointed out that over time, lower oil prices are one of the best ways to boost global growth, but until prices stabilize volatility in the market will persist.

The S&P 500 (SPX, US) closed 33 points, or 1.6%, lower at 2,002.33 and lost 3.5% over the week. Energy and materials sectors were the biggest decliners over the week, while telecoms also fell out of favor of late.

The Dow Jones Industrial Average (DJIA, US) dropped 315.51 points, or 1.8%, to 17,280.83 and recorded a weekly loss of 3.8%.

Meanwhile, the tech-heavy Nasdaq Composite (COMP, US) ended the day 54.57 points, or 1.2%, lower at 4,653.60 and declined 2.9% over the week.

Channing Smith, managing director at Capital Advisors, said that investors are realizing that a decline in oil prices is not only due to supply issues but demand issues.

"Underneath of lower oil prices there are much bigger issues. Economies around the world are slowing and deflationary pressures are building. Despite years of central banks' intervention, global economies are far from healthy," Smith said

Speaking about the benefits of the lower energy prices for consumers, he said that positive impacts have been exaggerated. "Of course retail sales should have been great and sentiment high, and those expectations were already priced in. Now investors are concerned whether the U.S. economic growth is sustainable while the rest of the world is suffering," Smith said.

The latest data showed that have ticked down largely due to a drop in energy prices, while the inflation rate over the year fell to a nine-month low of 1.4%. Analysts warned that disinflation and eventual deflation could send economies into recessions or depressions.

Although briefly trimming losses after a strong consumer-sentiment report, worries about a global slowdown overshadowed the upbeat consumer report.

Oil blues: fell to their lowest since May 2009 on Friday, briefly dropping below (CLF5, US) $57 a barrel, after the International Energy Agency delivered the latest reduction in forecasts for global oil demand. Brent (LCOF5, UK) also fell $2.14, or 2.9% to end at $61.85 a barrel. WTI and Brent futures lost 12% and 10% over the week respectively.

Reminding investors that there are benefits of lower oil prices, Fitch Ratings on Friday said a by 0.3% in the next two years.

Nour Al-Hammoury, chief market strategist at ADS Securities, said the S&P could fall to as low as 2,000 if the index breaks below the current support level at 2,019.

Additionally, he noted that the gold/oil ratio — which he argued is negatively correlated with the S&P and Dow average — has spiked, suggesting that a “major correction in the global equities is under way, especially in S&P500.”

Economic news: Consumer sentiment jumped in December, marking its highest reading since January 2007. The University of Michigan and Thomson Reuters consumer sentiment gauge rose to a preliminary reading of 93.8 from 88.8 in November, better than industry expectations.

Stocks to watch: Shares of GoPro Inc (GPRO, US) pared most of the gains and closed 0.8% higher, after dropping 4.3% on Thursday. The stock has been selling off over the past few weeks on concerns that the upcoming end of a lockup period on Dec 23 will flood the market with shares from insiders.

Sherwin-Williams Co. (SHW, US) raised the bottom of its earnings guidance for the year but offered a mixed outlook for 2015, as the company continues its recovery efforts in the struggling paint market. Shares dropped 2.7%.

Adobe Systems Inc. (ADBE, US) jumped 9% after the company late Thursday said it’s buying privately-held stock photography website, Fotolia, for about $800 million.

Telecoms clocked in more than 5% loss over the week and is the only other sector after energy to have negative year-to-date returns. The industry has been shunned due to weak spectrum sales, regulatory uncertainty and warnings from biggest players such as Verizon Communications (VZ, US) and AT&T (T, US), which said profits will drop thanks to higher costs and increased competitions. Verizon and AT&T lost 6.2% and 5.2% over the week.

Shares in Windstream Holding Inc (WIN, US) dropped 9.7% after the telecom company reshuffled its managements team. It appointed Tony Thomas as chief executive officer on Thursday. On Friday, Thomas appointed Bob Gunderman as chief financial officer.

Other markets: Asian markets , with the Nikkei (NIK, JP) breaking a three-day losing streak. European stocks were mired in deep red. In currencies, the ruble (USDRUB, US) hit a , leading the Bank of Russia to intervene. Gold fell slightly.

文件 MRKWC00020141212eacc000xe

DOW JONES
NEWSWIRES

European Midday Briefing: Stocks, Ruble Sell Off as Oil Fall Further

1,356 字
2014 年 12 月 12 日 11:47
Dow Jones Institutional News
DJDN
英文

European Markets:
European stocks sank Friday as energy shares continued to take blows from the oil-price slide, with the Stoxx Europe 600 on track for its sharpest weekly decline since 2012.

Oil futures lost more ground after the International Energy Agency cut its 2015 forecast for global oil demand by 230,000 barrels per day, to 900,000 barrels a day. U.S. crude futures dipped below $59 a barrel, but later pared losses, while Brent crude was below $63 a barrel.

Traders "still do not know what to make of the continued decline in the oil price and whether it should be taken as a positive (pseudo tax cut for consumers) or a negative (a signal of economic slowdown)," said Richard Perry, market analyst at Hantec Markets, in a Friday update.

The Stoxx Europe 600 fell 1.5% to 334.38. It faces a 4.7% weekly decline, which would be its worst since March 2012, according to FactSet data.

The Stoxx Europe 600 oil and gas group lost 1.8%, with 31 of its 33 components moving lower. Oil major Total fell 1.6%, Afren lost 3.6%, and Royal Dutch Shell shed 2.1%. The group was looking at a nearly 8% fall for the week.

American Markets Outlook:
U.S. stock futures pointed to a red open on Wall Street, as a further slump in oil prices continued to dampen the investment mood and fanned fears of an imminent stock-market correction.

Later in the day, reports on consumer sentiment and producer prices will be watched by investors, after surprisingly strong retail-sales data came in on Thursday.

Futures for the Dow Jones Industrial Average lost 103 points, or 0.6%, to 17,406, while those for the S&P 500 index slid 10.30 points, or 0.5%, to 2,013.70. Futures for the Nasdaq 100 gave up 34.75 points, or 0.8%, to 4,198.00.

Nour Al-Hammoury, chief market strategist at ADS Securities, said the S&P could fall to as low as 2,000 if the index breaks below the current support level at 2,019.

Additionally, he noted that the gold/oil ratio - which he argued is negatively correlated with the S&P and Dow average - has spiked, suggesting that a "major correction in the global equities is under way, especially in S&P500."

Forex:
The Bank of Russia intervened in the currency market Friday, after the ruble fell to a fresh record low against the dollar in response to falling oil prices, market participants said.

The ruble dropped to 57.9860 against the dollar in early trade on the Moscow exchange, taking its year-to-date decline to more than 44%. The ruble soared to 55.94 in just two minutes around 0844 GMT, but then returned to levels of around 57.33.

"It looked like the central bank intervened in the market, causing a rapid move. The central bank is trying to put out the fire, but it is hard to withstand against the global oil trend with interventions," said Dmitry Stadnik, chief foreign exchange trader at Rosbank, the Russian subsidiary of French bank Société Générale.

The Bank of Russia wasn't immediately able to comment. The central bank officially discloses data on intervention volumes with a lag of two business days. Friday's intervention details will be published on the central bank's website on Tuesday.

Norway's krone hit a new five-year low against the euro and an 11-year low against the dollar as Brent crude slumped to $63 a barrel and West Texas Intermediate settled below $60--both five-year lows.

Elsewhere, the dollar stabilized against other major currencies ahead of Japan's general election on Sunday and as the focus among investors shifts to U.S. economic conditions and the Federal Open Market Committee meeting next week.

Market participants largely expect a victory for the Japanese ruling party, which would enable authorities there to continue their current economic programs that have sharply weakened the nation's currency. As such, if the result is as expected sharp market moves are unlikely, they say.

Instead, the focus is if and how Federal Reserve officials would signal a rate hike by dropping their assurance that rates will stay low for a !considerable time."

"The dollar's rising trend will remain intact if the Fed removes the reference to 'considerable time,'" said Atsushi Hirano, head of FX sales for Japan at Royal Bank of Scotland.

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Top Stories:
Oil Rout Continues After IEA Cuts Forecast

Oil extended its slump, hitting levels not seen since the depth of the global recession in 2009, on fears about slowing global demand after the IEA cut its demand forecast.

IEA: Plunging Oil Prices Won't Dent Supply in Short Term

The International Energy Agency slashed its forecast for global oil demand growth for the fifth time in the last six months on Friday and said the current slide in prices won't dent global supply or hit demand, at least in the short term.

Ruble Sinks Despite Intervention

The Bank of Russia intervened in the currency market again to support the ruble after the currency fell to fresh a record low against the dollar.

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Insight & Analysis:
Creditors Seek Kiev Commitment Ahead of IMF Visit

Before the U.S., Europe and IMF fork over billions of dollars more to help Ukraine plug a growing hole in its finances, they want to ensure they won't be throwing good money after bad.

Leaked: Warning To Banks Not To Leak U.K. Stress Test Results

Leakers beware! British regulators are taking a zero-tolerance approach to any pre-announcements of next week's U.K. bank stress-test results. The U.K.'s Prudential Regulatory Authority has sent letters to banks warning them that any leaks of their, or any other banks', test results will not be tolerated, according to people familiar with the letter.

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Still to Come:
Friday, December 12, 2014
GMT Exp Prev
1330 US Nov PPI
Final Demand-0.1% +0.2%
Ex-Food
& Energy +0.1% +0.4%
Personal
Consumption +0.3%
1330 CAN Oct New motor vehicle sales
1500 US Dec Thomson Reuters/

University of Michigan
Survey of Consumers
Sentiment Index Mid
Month 90 89.4
Expectations Index
Mid Month 80.6
Value (Current Period)
Mid Month 103
1900 CAN Bank of Canada Weekly
Financial Statistics
==========================
Other News:
Greece Again Beats Budget Goals

Greece continued to beat its budget goals in the 11 months of the year, as restrained spending more than offset below-target revenue collection.

Eurozone Industrial Production Rose in October

Factory output across the 18 countries that share the euro rose for the second straight month in October, albeit at a modest pace.

Ukraine Premier Raises Risk of Default In Pressing for More Aid

Lawmakers gave initial approval to a government program containing the outline for an economic overhaul aimed at stabilizing the country's finances, as Western backers prepare a new aid package.

Danone Committed to All Units

Danone said all four of its business units, including medical nutrition, play a crucial role in the group's quest to revive growth amid ongoing speculation that the French yogurt maker is looking at selling its smallest division.

Roche Names New Genentech Chief

Roche said it plans to expand its board of directors by two members, as it announced the head of its important Genentech research and development arm will retire.

Commerzbank Likely to Pay More than $1B to Settle Probes

German lender Commerzbank is said to be likely to pay more than $1 billion to U.S. authorities to resolve two probes examining whether it violated U.S. economic sanctions and money laundering laws.

Iran Talks to Resume Next Week

Nuclear talks between Iran and six major powers will resume in Geneva next week, European Union officials said.

Write to paul.larkins@wsj.com

(END) Dow Jones Newswires

December 12, 2014 06:47 ET (11:47 GMT)

文件 DJDN000020141212eacc001jx

DOW JONES
NEWSWIRES

Nordic Stocks Seen Opening Slightly Higher -- Market Talk

161 字
2014 年 12 月 10 日 07:43
Dow Jones Institutional News
DJDN
英文

0743 GMT [Dow Jones]--Nordic markets are seen opening slightly higher Wednesday with IG calling the OMXS30 up 0.5% at around 1460. "Investor appetite for risk assets remains low, and both the S&P500 and the Dow Jones Industrial Average ended the day slightly lower in a very quiet session in the US," says Danske Bank. "Focus continues to be on the oil market and the potential repercussions on emerging markets. Following a strong rally in risk assets profit taking has set in as year-end approaches," it adds. "It is a very boring day on the global data front. Only release is French industrial production." OMXS30 closed at 1452.24, OMXN40 at 1397.76 and OBX at 504.13. (dominic.chopping@wsj.com)

Contact us in London. +44-20-7842-9464
markettalk@wsj.com

(END) Dow Jones Newswires

December 10, 2014 02:43 ET (07:43 GMT)

文件 DJDN000020141210eaca00106

MARKET WEEK
Stocks --- The Trader: Jobs Report Lifts Indexes to Record Highs

By Vito J. Racanelli
1,874 字
2014 年 12 月 8 日
Barron's
B
M3
英文

A booming jobs report on Friday capped an equities rally last week, bringing the major indexes to fresh record closes. The Nasdaq Composite index fell, however, with energy-sector stocks taking it on the chin. Market activity in general was muted, and many institutional investors appear to be waiting on the sidelines as the calendar moves closer to the year-end holiday season, traders say.

Last week, the Dow Jones Industrial Average rose 131 points, or 0.7%, to 17,958.79, the 34th record this year. At one point on Friday, it inched close to the 18,000 level but backed off. The Standard & Poor's 500 index tacked on eight, or 0.4%, to 2,075.37, the 49th record high. The Nasdaq Composite index fell 11, or 0.2%, to 4780.76.

On Friday, the Labor Department said nonfarm payrolls rose 321,000 last month, markedly higher than expectations of 230,000. Data below the headline number, adds Marc Pado, president of the Dow Bull Advisors, showed the average workweek was 34.6 hours, up from 34.5, and where it was before the 2008 crisis.

That level acts as an effective ceiling to additional hours and suggests employers will have to increase hiring, he says -- hence the pop in bond yields. The 10-year U.S. Treasury bond yield jumped to 2.31% from 2.26% on Friday. (Bond prices move inversely to yields.)

The U.S. macroeconomic picture is strong, says Tom Carter, a trader at JonesTrading, and the big move in bonds implies investors are considering the possibility that the Federal Reserve will raise interest rates earlier than the midsummer expectation, he adds. Investors will be looking closely at the language of the Fed's first-quarter press releases.

A boost to equities came from the European Central Bank President Mario Draghi on Thursday, adds Michael Matousek, head trader at U.S. Global Investors.

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Add to those concerns a strong dollar, since Colfax gets 75% of sales overseas, and it shouldn't be a surprise that the stock is down by a third to $49.85, from $75 earlier.

At this point, sentiment on the stock is poor, as can be seen by a share-price drop 2.5 times steeper than the decline in analyst consensus 2015 earnings-per-share estimates, 33% versus 13%. Admittedly, the stock faces head winds next year, and those estimates will probably come down some more, but this could represent good value for long-term investors. The drop seems to discount more than the current worries.

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NYSEComp.	10970.29	+14.88	+0.14
NYSEMKTComp.	2564.63	+20.16	+0.79
S&P500	2075.37	+7.81	+0.38
S&PMidCap	1444.31	+1.68	+0.12
S&PSmallCap	682.70	+5.88	+0.87
Nasdaq	4780.76	-10.87	-0.23
ValueLine(arith.)	4645.82	+5.59	+0.12
Russell2000	1182.43	+9.20	+0.78
DJUSTSMFloat	21532.12	+69.01	+0.32

	Last Week	Week Earlier
NYSE		
Advances	1,478	1,768
Declines	1,786	1,475
Unchanged	29	48
NewHighs	455	477
NewLows	326	194
AvDailyVol(mil)	3,606.4	2,893.4
Dollar		
(Finexspotindex)	89.36	88.22
T-Bond		
(CBTnearbyfutures)	141-170	144-020
Crude Oil		
(NYMlightsweetcrude)	65.84	66.15
Inflation KR-CRB		
(FuturesPriceIndex)	252.33	254.37
Gold		
(CMXnearbyfutures)	1190.10	1175.20

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DOW JONES
NEWSWIRES

The Trader: Jobs Report Lifts Indexes To Record Highs -- Barron's

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2014 年 12 月 6 日 05:07
Dow Jones Institutional News
DJDN
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(FROM BARRON'S 12/8/14)
By Vito J. Racanelli

A booming jobs report on Friday capped an equities rally last week, bringing the major indexes to fresh record closes. The Nasdaq Composite index fell, however, with energy-sector stocks taking it on the chin. Market activity in general was muted, and many institutional investors appear to be waiting on the sidelines as the calendar moves closer to the year-end holiday season, traders say.

Last week, the Dow Jones Industrial Average rose 131 points, or 0.7%, to 17,958.79, the 34th record this year. At one point on Friday, it inched close to the 18,000 level but backed off. The Standard & Poor's 500 index tacked on eight, or 0.4%, to 2,075.37, the 49th record high. The Nasdaq Composite index fell 11, or 0.2%, to 4780.76.

On Friday, the Labor Department said nonfarm payrolls rose 321,000 last month, markedly higher than expectations of 230,000. Data below the headline number, adds Marc Pado, president of the Dow Bull Advisors, showed the average workweek was 34.6 hours, up from 34.5, and where it was before the 2008 crisis.

That level acts as an effective ceiling to additional hours and suggests employers will have to increase hiring, he says -- hence the pop in bond yields. The 10-year U.S. Treasury bond yield jumped to 2.31% from 2.26% on Friday. (Bond prices move inversely to yields.)

The U.S. macroeconomic picture is strong, says Tom Carter, a trader at JonesTrading, and the big move in bonds implies investors are considering the possibility that the Federal Reserve will raise interest rates earlier than the midsummer expectation, he adds. Investors will be looking closely at the language of the Fed's first-quarter press releases.

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6 Dec 2014 00:07 ET The Trader: Jobs Report Lifts Indexes To Record -2-

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NewLows	326	194
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Dollar		
(Finexspotindex)	89.36	88.22
T-Bond		
(CBTnearbyfutures)	141-170	144-020
Crude Oil		
(NYMlightsweetcrude)	65.84	66.15
Inflation KR-CRB		
(FuturesPriceIndex)	252.33	254.37
Gold		
(CMXnearbyfutures)	1190.10	1175.20

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December 06, 2014 00:07 ET (05:07 GMT)

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DOW JONES
NEWSWIRES

Press Release: Spectral's Monitr Launches Mobile App, Extends Audience Reach: Desktop, Tablets and Smartphones

965 字
2014 年 12 月 3 日 12:38
Dow Jones Institutional News
DJDN
英文

Spectral's Monitr Launches Mobile App, Extends Audience Reach: Desktop, Tablets and Smartphones

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Gaining vital trading information is now accessible to anyone using an iPhone, Android, Blackberry and Windows smartphone. Monitr's app grows its available audience to over 1 billion people worldwide and is another key element to Monitr's customer acquisition strategy.

Monitr finds, aggregates and analyzes thousands of news articles and opinions daily, calculating the sentiment, trend and impact on equities, sectors and indices for every article or social media post in real time. Monitr's mobile app extends the Monitr service, making real time analysis for over 7,000 publicly traded companies, indices such as S&P500, Dow Jones and Russell 2000, major sectors and 212 industries accessible at any time from a smartphone.

The many benefits of having a mobile website with access to the Monitr's dashboard include instantaneous updates, immediate access, ease of sharing, and overall user support experience is improved. Also, users who take advantage of the Monitr email digest can access the linked company's data on their mobile devices. Without the need to add another icon on the phone, users can bookmark Monitr.com on their mobile browser and Monitr instantly presents a mobile friendly dashboard.

Screens load instantly, including data-intensive screens, which often lag in comparable mobile apps. In addition, network data usage is reduced substantially thereby reducing Monitr's network load, including data usage across cellular networks, often a concern for consumers of financial applications. Monitr's mobile app takes advantage of the local storage capabilities of HTML5, a modern technology ideal for building mobile applications. The use of HTML5 local storage offers significant advantages to mobile users of Monitr.

"The release of a mobile app is a central pillar in our product development strategy," said Monitr CEO, Dennis Lutsky. "Current users of Monitr can now access Monitr's rich market news analysis on their smartphones, which instantly increases the value of the Monitr service to our current customers by extending Monitr's reach beyond the traditional office environment."

With smartphone access now an essential part of the service, Monitr is well positioned to become an integral tool for investors who believe news moves markets.

"Equally important," added Lutsky, "Monitr is now a viable option for mobile-first - or even mobile-only - consumers of market news and analysis, which opens up a sizeable new group of potential consumers."

Monitr's mobile app is available to all registered users of Monitr, including those who register for Monitr's generous free plan.

In addition to individual accounts, Monitr is available to larger financial institutions via customizable data feeds, on the web as Software as a Service (SAAS) and via Monitr's mobile app.

For more information and to sign up for Monitr's free or paid services, visit www.monitr.com

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Spectral Capital (FCCN) is a publicly traded technology startup accelerator that invests primarily in emerging and fast growth technology markets. We offer shareholders an ideal way to invest in early stage startups with the added benefit of investment liquidity through public exchanges. We acquire companies that are developing technologies and solutions to challenging business problems and needs. Spectral guides and mentors each new venture, keeping them on track and focused on growth. Spectral Capital has offices and operations in North America and Europe.

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PRESS RELEASE FORWARD LOOKING STATEMENT: This press release contains forward-looking statements (as defined in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended) concerning future events and the Company's growth and business strategy. Words such as "expects," "will," "intends," "plans," "believes," "anticipates," "hopes," "estimates," and variations on such words and similar expressions are intended to identify forward-looking statements. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. These statements involve known and unknown risks and are based upon a number of assumptions and estimates that are inherently subject to significant uncertainties and contingencies, many of which are beyond the control of the Company. Actual results may differ materially from those expressed or implied by such forward-looking statements. Factors that could cause actual results to differ materially include, but are not limited to, changes in the Company's business; competitive factors in the market(s) in which the Company operates; risks associated with operations outside the United States; and other factors listed from time to time in the Company's filings with the Securities and Exchange Commission. The Company expressly disclaims any obligations or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in the Company's expectations with respect thereto or any change in events, conditions or circumstances on which any statement is based.

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(END) Dow Jones Newswires

December 03, 2014 07:38 ET (12:38 GMT)

文件 DJDN000020141203eac3001gy

DOW JONES
NEWSWIRES

PRESS RELEASE: Spectral's Monitr Launches Mobile App Extends audience reach: desktop, tablets and smartphones

1,040 字
2014 年 12 月 3 日 12:00
Dow Jones Newswires German
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DGAP-News:
Spectral Capital Corporation / Key word(s): Miscellaneous
Spectral's Monitr Launches Mobile App Extends audience reach: desktop, tablets and smartphones

03.12.2014 / 13:00

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Monitr is a technology and financial data services company. Monitr specializes in the analysis of news, opinion and social media to determine the aggregate sentiment and trends of equities, commodities and currencies across world markets. It offers these services direct to customers on the web as Software as a Service and via customized data feeds for financial institutions and hedge funds.

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Company expressly disclaims any obligations or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in the Company's expectations with respect thereto or any change in events, conditions or circumstances on which any statement is based.

Contact:
Jenifer Osterwalder
contact@spectralcapital.com

206-262-7820

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(END) Dow Jones Newswires

03-12-14 1200GMT

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BARRON'S

MARKET WEEK
Stocks --- The Trader: Dow Hits Another Record High, as Oil Plunges

By Vito J. Racanelli
2,070 字
2014 年 12 月 1 日
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On Friday alone, consumer discretionary stocks rose 1.2% while the energy index sank 6%, reflecting a wholesale exit from the sector. That weakness worsened late Friday and prevented the broad market from closing the week at an all-time high.

The outsize moves came in the aftermath of OPEC's decision not to cut oil output, on Thursday when financial markets were closed in the U.S. for Thanksgiving Day. That sent West Texas Intermediate crude to $66.15 per barrel, down 13.5% on the week and the lowest in over five years.

Last week, the Dow Jones Industrial Average added 18 points, or 0.1%, to 17,828.24, a record close. The Standard & Poor's 500 index rose 4, or 0.2%, to 2067.56, off slightly from the high set Wednesday. The Nasdaq Composite index rose 79, or 1.7%, to 4791.63.

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Energy prices will probably be weak at least into the first half of 2015, and the big drop so far is probably curtailing the U.S. shale revolution already. U.S. oil-field production was down 500,000 barrels per day to 9.4 million from Sept. 12 to Nov. 14, according to Yardeni Research.

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Indeed, more energy projects is a good thing because it helps raise margins, says the La Salle money manager. For example, in the third quarter, revenue dropped nearly 20% to $5.4 billion from $6.7 billion in the same period of 2013, but EPS from continuing operations rose to $1.17 from $1.06.

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Vital Signs

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DJTransportation	9198.20	+104.04	+1.14
DJUtilities	599.70	+3.55	+0.60
DJ65Stocks	6456.16	+31.31	+0.49
DJUSMarket	518.65	+0.99	+0.19
NYSEComp.	10955.41	-70.33	-0.64
NYSEMKTComp.	2544.47	-77.14	-2.94
S&P500	2067.56	+4.06	+0.20
S&PMidCap	1442.63	-1.76	-0.12
S&PSmallCap	676.82	-0.54	-0.08
Nasdaq	4791.63	+78.66	+1.67
ValueLine(arith.)	4640.23	-10.78	-0.23
Russell2000	1173.23	+0.81	+0.07
DJUSTSMFloat	21463.11	+40.25	+0.19

	Last Week	Week Earlier
NYSE		
Advances	1,768	1,949
Declines	1,475	1,287
Unchanged	48	60
NewHighs	477	401
NewLows	194	123
AvDailyVol(mil)	2,893.4	3,364.8
Dollar		
(Finexspotindex)	88.22	88.31
T-Bond		

(CBTnearbyfutures)	144-020	142-000
Crude Oil		
(NYMlightsweetcrude)	66.15	76.51
Inflation KR-CRB		
(FuturesPriceIndex)	254.37	269.11
Gold		
(CMXnearbyfutures)	1175.20	1197.50

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DOW JONES
NEWSWIRES

The Trader: Dow Hits Another Record High, As Oil Plunges -- Barron's

2,120 字
2014 年 11 月 29 日 05:05
Dow Jones Institutional News
DJDN
M3
英文

(FROM BARRON'S 12/1/14)
By Vito J. Racanelli
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29 Nov 2014 00:05 ET The Trader: Dow Hits Another Record High, As Oil -2-

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	Last Week	Week Earlier
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Advances	1,768	1,949
Declines	1,475	1,287
Unchanged	48	60
NewHighs	477	401
NewLows	194	123
AvDailyVol(mil)	2,893.4	3,364.8
Dollar		

(Finexspotindex)	88.22	88.31
T-Bond		
(CBTnearbyfutures)	144-020	142-000
Crude Oil		
(NYMlightsweetcrude)	66.15	76.51
Inflation KR-CRB		
(FuturesPriceIndex)	254.37	269.11
Gold		
(CMXnearbyfutures)	1175.20	1197.50

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(END) Dow Jones Newswires

November 29, 2014 00:05 ET (05:05 GMT)

文件 DJDN000020141129eabt000d7

DOW JONES
NEWSWIRES

Nordic Stocks Seen Opening Just Higher -- Market Talk

181 字
2014 年 11 月 26 日 07:36
Dow Jones Institutional News
DJDN
英文

0736 GMT [Dow Jones] Nordic markets are seen opening slightly higher Wednesday with IG calling the OMXS30 up 0.2% at around 1470. "S&P500 closed unchanged yesterday ending a three-day run," says SEB. "Heading towards Thanksgiving trading volumes were thin and a tight daily range." US data was mixed and Asian markets are generally marginally higher, it adds. In focus today will be European Commission president Jean-Claude Juncker's presentation of the European Fund investment programme, but ahead of that, regional eyes are on Swedish consumer confidence, trade balance and Norwegian unemployment. The US data calendar is really heavy ahead of Thanksgiving tomorrow and includes durable goods orders, initial jobless claims, personal income and spending, Chicago PMI, University of Michigan confidence and pending home sales. OMXS30 closed at 1467.36, OMXN40 at 1408.22 and OBX at 554.25.

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(END) Dow Jones Newswires

November 26, 2014 02:36 ET (07:36 GMT)

文件 DJDN000020141126eabq000w2

BARRON'S

MARKET WEEK
Stocks --- The Trader: Indexes Hit New Highs in a Market Melt-up

By Vito J. Racanelli
2,014 字
2014 年 11 月 24 日
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With another strong close last week, the U.S. stock market has produced a melt-up, soaring 13% from its Oct. 15 lows in little more than a month. Both major indexes finished at all-time highs Friday. There is a palpable sense among market participants that equities will likely rally through to year end, historically a bullish period for stocks.

Beaten-down sectors such as materials and energy led the way. Trading activity was lackluster. The rally's proximate causes were monetary-easing developments in China and Europe on Friday. Yet there appears to be a growing appreciation for what the big decline in oil prices might mean for the U.S. economy.

Should that drop in energy prices be sustained, says Jason Weisberg, a partner at Seaport Securities, it will have "collateral benefits" across many sectors. It's good for corporate margins -- excluding energy firms -- and is an effective tax cut for consumers, he says. "A significant cost in people's lives has gone down and they will be able to spend on things they have put off," adds Weisberg, who's betting on a good fourth quarter of consumer spending.

The Chinese central bank surprised investors Friday by reducing one-year benchmark lending rates --the first drop in more than two years --in an attempt to stimulate faster growth. The same day European Central Bank president Mario Draghi said the ECB was prepared to do more to expand asset purchases, which inject liquidity into euro-zone economies. The ECB said it started buying asset-backed securities to encourage banks to make loans and spur economic growth.

Last week the Dow Jones Industrial Average jumped 175 points or 1% to 17,810.06 and the S&P 500 index rose 24 or 1.2% to 2,063.50. Both were new highs. The Nasdaq Composite index rose 24 or 0.5% to 4712.97. The Russell 2000 index finished at 1172.42, little changed. The small-cap index has outperformed the big caps since mid-October's lows.

It was another central-bank-fueled run, says Keith Bliss, director of sales at broker-dealer Cuttone. "Any time you've got one of the top five central banks signaling easing, the trade is simple, up." It's clear to investors, too, that the big central banks, including the Federal Reserve, will remain accommodative.

There's been a change in investment direction, adds Michael Marrale, head of research, sales, and trading at Investment Technology Group. "A lot of cash left the market in the massive de-risking" by both institutional and individual investors in the October decline, he says. Some, but not all, has come back, and the focus now is U.S. small caps instead of European and emerging-market names, Marrale says.

Schlumberger's Allure

The 30% plunge in crude since June to $76.51 per barrel has sent oil-service companies down even further, more than 35% in some cases. Although there isn't a consensus on where oil will stabilize, there is one beaten-up stock emerging as potential good value: Schlumberger (ticker: SLB).

That it is the biggest and best operator in the oil-service business means its stock deserves a fresh look after a slide from $119 to Friday's $97.87, an 18% drop. It was off 25% at one point, and last week it jumped 3% on higher oil prices. History suggests that when Schlumberger drops that much, investors should take notice.

It's considered the industry's gold standard for good reason. The Houston-based firm sports the best profit margins, the strongest sustained earnings-per-share growth, an excellent balance sheet, and the highest price/earnings ratio. It's No. 1 or 2 in most of the businesses in which it participates.

The revenue base is diverse geographically -- Schlumberger operates in more than 85 countries -- and by business. North America makes up 31% of sales; Europe and Africa, 27%; the Middle East and Asia, 24%, and Latin America, 17%. By division, the drilling businesses contributed 38%; production services, such as well completion, 35%; and reservoir characterization, such as seismic data, 27%.

We published an upbeat cover story on Schlumberger three months ago ("Right on Target," Aug. 18) when shares were $106.)

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The stock trades at 15.4 times analyst consensus EPS estimates of $6.33 next year, a big discount to a 10-year median forward P/E of about 22, according to Thomson Reuters. Bears say that next year's EPS estimate -- which has dropped from $7 early in 2015 -- will continue to slide with oil.

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Here's another bullish factor. Many investors don't realize that the recent merger deal between Halliburton (HAL), the No. 2 global oil-services player, and Baker Hughes (BHI), the No. 3, is a positive both short- and long-term for Schlumberger.

Bears see the merged companies as a bigger, tougher competitor, but antitrust battles and likely asset sales will distract the two firms' management for the better part of 2015, if not longer, says Weary. Longer-term, the merger could result in a duopoly, which is good for oil-service pricing, though not for their E&P customers.

If crude drops further, that would hurt Schlumberger's stock. But this is a high-quality name trading at significantly less than its usual premium valuation. Eventually, oil will rebound, and so will Schlumberger.

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Wall Street doesn't think much of Keysight Technologies (KEYS), an electronic- measurement equipment and software maker, but that could be a contrary indicator. Only a few analysts follow this mid-cap, spun off from Agilent Technologies (A) Nov. 3; most of them don't rate it a Buy.

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Indeed, studies show spinoffs are generally successful two to three years out, because the separated managements are better able to focus on their own businesses and on shareholder value. Costs come down, operating performance improves, and that gets reflected in the stock price.

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Everything will be increasingly connected to the Internet, from parking meters that adjust their rates to refrigerators that tell you the milk has gone bad. In January, Cisco Systems (CSCO) CEO John Chambers predicted a potential benefit of $19 trillion in new economic activity that the IoT can generate by 2020 through an explosion of mobile devices and data usage and connectivity (see "The Next Industrial Revolution," Oct. 13).

If that vision is correct, all the new equipment that goes into the IoT "will have to be tested" and Keysight will get its share, Terril adds.

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Terril expects about $450 million to $475 million in free cash flow (FCF) next year or $2.75 per share, for a yield of 9% and a multiple of 11 times FCF per share. The money manager thinks FCF will rise to $525 million to $550 million in fiscal 2016, and that Keysight deserves a 13 multiple, which would value the stock around $40.

Spin-Off Research puts a $36 value on Keysight, using undemanding valuations that are in line with peers: 2.6 times fiscal 2015 sales and 12.4 times fiscal 2015 earnings before interest, depreciation, and amortization (Ebitda). Moreover, at around 18%-21%, Keysight has better operating margins than the 15%-16% of rivals, according to Spin-Off. It also has a conservative balance sheet, with $400 million in net debt.

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DJ65Stocks	6424.85	+58.42	+0.92
DJUSMarket	517.66	+5.77	+1.13
NYSEComp.	11025.74	+145.11	+1.33
NYSEMKTComp.	2621.62	+37.36	+1.45
S&P500	2063.50	+23.68	+1.16
S&PMidCap	1444.39	+13.54	+0.95
S&PSmallCap	677.36	-2.00	-0.29
Nasdaq	4712.97	+24.43	+0.52
ValueLine(arith.)	4651.01	+43.52	+0.94
Russell2000	1172.42	-1.39	-0.12
DJUSTSMFloat	21422.86	+223.41	+1.05

	Last Week	Week Earlier
NYSE		
Advances	1,949	1,534
Declines	1,287	1,726
Unchanged	60	36
NewHighs	401	458
NewLows	123	116
AvDailyVol(mil)	3,364.8	3,204.4
Dollar		
(Finexspotindex)	88.28	87.53
T-Bond		
(CBTnearbyfutures)	142-000	141-220
Crude Oil		
(NYMlightsweetcrude)	76.51	75.82

Inflation KR-CRB		
(FuturesPriceIndex)	269.11	266.79
Gold		
(CMXnearbyfutures)	1197.50	1185.00

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文件 B000000020141122eabo00013

DOW JONES
NEWSWIRES

The Trader: Indexes Hit New Highs In A Market Melt-up

2,062 字
2014 年 11 月 22 日 05:09
Dow Jones Institutional News
DJDN
M3
英文

(FROM BARRON'S 11/24/14)
By Vito J. Racanelli

With another strong close last week, the U.S. stock market has produced a melt-up, soaring 13% from its Oct. 15 lows in little more than a month. Both major indexes finished at all-time highs Friday. There is a palpable sense among market participants that equities will likely rally through to year end, historically a bullish period for stocks.

Beaten-down sectors such as materials and energy led the way. Trading activity was lackluster. The rally's proximate causes were monetary-easing developments in China and Europe on Friday. Yet there appears to be a growing appreciation for what the big decline in oil prices might mean for the U.S. economy.

Should that drop in energy prices be sustained, says Jason Weisberg, a partner at Seaport Securities, it will have "collateral benefits" across many sectors. It's good for corporate margins -- excluding energy firms -- and is an effective tax cut for consumers, he says. "A significant cost in people's lives has gone down and they will be able to spend on things they have put off," adds Weisberg, who's betting on a good fourth quarter of consumer spending.

The Chinese central bank surprised investors Friday by reducing one-year benchmark lending rates --the first drop in more than two years --in an attempt to stimulate faster growth. The same day European Central Bank president Mario Draghi said the ECB was prepared to do more to expand asset purchases, which inject liquidity into euro-zone economies. The ECB said it started buying asset-backed securities to encourage banks to make loans and spur economic growth.

Last week the Dow Jones Industrial Average jumped 175 points or 1% to 17,810.06 and the S&P 500 index rose 24 or 1.2% to 2,063.50. Both were new highs. The Nasdaq Composite index rose 24 or 0.5% to 4712.97. The Russell 2000 index finished at 1172.42, little changed. The small-cap index has outperformed the big caps since mid-October's lows.

It was another central-bank-fueled run, says Keith Bliss, director of sales at broker-dealer Cuttone. "Any time you've got one of the top five central banks signaling easing, the trade is simple, up." It's clear to investors, too, that the big central banks, including the Federal Reserve, will remain accommodative.

There's been a change in investment direction, adds Michael Marrale, head of research, sales, and trading at Investment Technology Group. "A lot of cash left the market in the massive de-risking" by both institutional and individual investors in the October decline, he says. Some, but not all, has come back, and the focus now is U.S. small caps instead of European and emerging-market names, Marrale says.

Schlumberger's Allure

The 30% plunge in crude since June to $76.51 per barrel has sent oil-service companies down even further, more than 35% in some cases. Although there isn't a consensus on where oil will stabilize, there is one beaten-up stock emerging as potential good value: Schlumberger (ticker: SLB).

That it is the biggest and best operator in the oil-service business means its stock deserves a fresh look after a slide from $119 to Friday's $97.87, an 18% drop. It was off 25% at one point, and last week it jumped 3% on higher oil prices. History suggests that when Schlumberger drops that much, investors should take notice.

It's considered the industry's gold standard for good reason. The Houston-based firm sports the best profit margins, the strongest sustained earnings-per-share growth, an excellent balance sheet, and the highest price/earnings ratio. It's No. 1 or 2 in most of the businesses in which it participates.

The revenue base is diverse geographically -- Schlumberger operates in more than 85 countries -- and by business. North America makes up 31% of sales; Europe and Africa, 27%; the Middle East and Asia, 24%, and Latin America, 17%. By division, the drilling businesses contributed 38%; production services, such as well completion, 35%; and reservoir characterization, such as seismic data, 27%.

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22 Nov 2014 00:09 ET The Trader: Indexes Hit New Highs In A Market -2-

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(END) Dow Jones Newswires

November 22, 2014 00:09 ET (05:09 GMT)

文件 DJDN000020141122eabm000d8

DOW JONES
NEWSWIRES

Press Release: BMO Financial Group Announces Estimated Annual Reinvested Distributions for BMO Exchange Traded Funds

1,539 字
2014 年 11 月 17 日 13:00
Dow Jones Institutional News
DJDN
英文

BMO Financial Group Announces Estimated Annual Reinvested Distributions for BMO Exchange Traded Funds

TORONTO, ONTARIO--(Marketwired - Nov 17, 2014) - BMO Financial Group today announced the estimated 2014 annual reinvested distributions for BMO Exchange Traded Funds (ETFs).(1) These annual reinvested distributions generally represent realized capital gains within the ETFs or special dividends received by the ETFs and are paid to unitholders as required to ensure that the BMO ETFs are not liable for ordinary income tax.(2)

Unitholders of record at close of business on December 30, 2014 will receive the 2014 annual reinvested distributions. The final year end distribution amounts, as well as the ongoing cash distribution amounts, will be announced on or about December 17, 2014. The actual taxable amounts, including the tax characteristics, will be reported in early 2015.

Please note that these are estimated annual reinvested distributions only and have been calculated based upon forward-looking information as of October 15, 2014.(3) If the forward-looking information changes, the estimated annual reinvested distributions may also change. These estimates are for the annual reinvested distributions only and do not include estimates of ongoing cash distribution amounts.

Details of the per unit estimated annual reinvested distribution amounts are as follows:

BMO ETF	Ticker	Estimated Reinvested Distribution ($)
BMO Aggregate Bond Index ETF	ZAG	0.000000
BMO Discount Bond Index ETF	ZDB	0.014186
BMO Ultra Short-Term Bond ETF	ZST	0.000000
BMO Short Federal Bond Index ETF	ZFS	0.000000
BMO Mid Federal Bond Index ETF	ZFM	0.000000
BMO Long Federal Bond Index ETF	ZFL	0.000000
BMO Real Return Bond Index ETF	ZRR	0.000000
BMO Short Provincial Bond Index ETF	ZPS	0.000000
BMO Mid Provincial Bond Index ETF	ZMP	0.000000
BMO Long Provincial Bond Index ETF	ZPL	0.000000
BMO Short Corporate Bond Index ETF	ZCS	0.000000

BMO Mid Corporate Bond Index ETF	ZCM	0.007702
BMO Long Corporate Bond Index ETF	ZLC	0.000000
BMO Short-Term US IG Corporate Bond Hedged to CAD Index ETF	ZSU	0.000000
BMO Mid-Term US IG Corporate Bond Index ETF	ZIC	0.076211
BMO Mid-Term US IG Corporate Bond Index ETF (US Dollar Units)	ZIC-U	0.063138
BMO Mid-Term US IG Corporate Bond Hedged to CAD Index ETF	ZMU	0.000000
BMO High Yield US Corporate Bond Hedged to CAD Index ETF	ZHY	0.000000
BMO Floating Rate High Yield ETF	ZFH	0.000000
BMO 2015 Corporate Bond Target Maturity ETF	ZXB	0.000000
BMO 2020 Corporate Bond Target Maturity ETF	ZXC	0.178674
BMO 2025 Corporate Bond Target Maturity ETF	ZXD	0.096606
BMO Emerging Markets Bond Hedged to CAD Index ETF	ZEF	0.000000
BMO S&P/TSX Laddered Preferred Share Index ETF	ZPR	0.000000
BMO Monthly Income ETF	ZMI	0.471162
BMO Covered Call Canadian Banks ETF	ZWB	0.000000
BMO Covered Call Utilities ETF	ZWU	0.000000
BMO Covered Call Dow Jones Industrial Average Hedged to CAD ETF	ZWA	0.000000
BMO US High Dividend Covered Call ETF	ZWH	0.000000
BMO S&P/TSX Capped Composite Index ETF	ZCN	0.137139
BMO Canadian Dividend ETF	ZDV	0.052085
BMO Low Volatility Canadian Equity ETF	ZLB	0.705000
BMO Dow Jones Industrial Average Hedged to CAD Index ETF	ZDJ	0.000000
BMO S&P 500 Index ETF	ZSP	0.056782
BMO S&P 500 Index ETF (US Dollar Units)	ZSP-U	0.091566

BMO S&P 500 Hedged to CAD Index ETF	ZUE	0.000000
BMO US Dividend ETF	ZDY	0.345107
BMO US Dividend ETF (US Dollar Units)	ZDY-U	0.414445
BMO US Dividend Hedged to CAD ETF	ZUD	0.000000
BMO Low Volatility US Equity ETF	ZLU	0.277313
BMO Low Volatility US Equity ETF (US Dollar Units)	ZLU-U	0.263419
BMO MSCI EAFE Index ETF	ZEA	0.112193
BMO MSCI EAFE Hedged to CAD Index ETF	ZDM	0.000000
BMO MSCI Europe High Quality Hedged to CAD Index ETF	ZEQ	0.669159
BMO MSCI Emerging Markets Index ETF	ZEM	0.014357
BMO China Equity Index ETF	ZCH	0.000000
BMO India Equity Index ETF	ZID	0.000000
BMO S&P/TSX Equal Weight Banks Index ETF	ZEB	0.016447

BMO S&P/TSX Equal Weight Oil & Gas Index ETF	ZEO	0.201221
BMO Equal Weight Utilities Index ETF	ZUT	0.000000
BMO Equal Weight REITs Index ETF	ZRE	0.095582
BMO S&P/TSX Equal Weight Industrials Index ETF	ZIN	0.836194
BMONASDAQ 100 Equity Hedged to CAD Index ETF	ZQQ	0.000000
BMO Equal Weight U.S. Health Care Hedged to CAD Index ETF	ZUH	1.155592
BMO Equal Weight U.S. Banks Index ETF	ZBK	0.029806
BMO Equal Weight U.S. Banks Hedged to CAD Index ETF	ZUB	0.000000
BMO Global Infrastructure Index ETF	ZGI	0.350661
BMO S&P/TSX Equal Weight Global Base Metals Hedged to CAD Index ETF	ZMT	0.000000

BMO S&P/TSX Equal Weight Global Gold Index ETF	ZGD	0.000000
BMO Junior Gold Index ETF	ZJG	0.000000
BMO Junior Oil Index ETF	ZJO	0.007824
BMO Junior Gas Index ETF	ZJN	0.304513

Further information about BMO ETF Products can be found at www.bmo.com/etfs.

Commissions, management fees and expenses all may be associated with investments in exchange traded funds. Please read the prospectus before investing. Exchange traded funds are not guaranteed, their values change frequently and past performance may not be repeated.

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About BMO Exchange Traded Funds (ETFs)

Established in May 2009, BMO Financial Group's ETF business is a leading ETF provider in Canada. BMO ETFs provide Canadian investors with broader choices and greater access to an innovative portfolio of investment products.

About BMO Financial Group

Established in 1817 as Bank of Montreal, BMO Financial Group is a highly diversified financial services organization based in North America. The bank offers a broad range of retail banking, wealth management and investment banking products and services to more than 12 million customers. BMO Financial Group had more than $586 billion and approximately 47,000 employees as at July 31, 2014.

(1) BMO ETFs are administered and managed by BMO Asset Management Inc., an investment fund manager and portfolio manager and a separate legal entity from Bank of Montreal.

(2) Premium income as a result of covered call writing has been distributed monthly as a cash distribution.

(3) Forward-looking information:

This notice contains forward-looking statements with respect to the estimated annual distributions for the ETFs. By their nature, these forward-looking statements involve risks and uncertainties that could cause the actual distributions to differ materially from those contemplated by the forward-looking statements. Material factors that could cause the actual distributions to differ from the estimated distributions include, but are not limited to: the actual amounts of distributions received by the ETFs; portfolio transactions; and subscription and redemption activity.

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(END) Dow Jones Newswires

November 17, 2014 08:00 ET (13:00 GMT)

文件 DJDN000020141117eabh001f6

Home
Don’t Fight Powerful Stock-Market Trends

By Zachary Karabell
1,449 字
2014 年 11 月 14 日
Barron's Online
BON
英文

Unless you have been living under a proverbial rock for the past few weeks (though unlikely if you are reading this), you know that the midterm elections in the United States saw a Republican sweep, with enough senatorial seats gained to take control of the Senate, more seats added to their majority in the House, and a few extra governorships picked up along the way.

Investors, of course, immediately began to ask what the implications might be for markets. That can seem like a variant of “yes, but what does this have to do with me” question. Investors can often be faulted for trying to game out market moves from real world events that should matter on their own right, from wars to disease (hence those tone-deaf television segments about “stocks to own after an oil spill” or “which companies benefit from ISIS?”).

Still, politics matter to markets because they can shape the regulatory and legislative framework that impact businesses, and hence why so many of us are so quick to look at what the potential effects of the midterms on stocks, bonds, interest rates, wages, and earnings.

What goes up may not go down The short answer is that stocks have done extraordinarily well in the one and two years following midterm elections, and since 1970, with the exception of the two years post-2006 (which encompass the beginning of the financial crisis of 2008-2009), U.S. equities have never gone down. The average gain in equities since 1901 is in the high single digits.

It would be hard to find a stronger trend. Since the 1970s, in the one year following midterm elections, stocks are up an average of 14.5%. For the combined two years, the average is 24.9%. If you take out the declines of 2008, the average is 30%. Going back even farther, the averages are only slightly less gaudy.

You would be hard pressed to find a more powerful pattern. And it holds, as Standard & Poor's helpfully charted, regardless of whether there is a split Congress, a unified Congress under one party with a president in the White House of a different party, or a unified Congress and a White House controlled by the same party. Stocks went up the one and two years following.

Especially relevant for the next two years: The best scenario for equities has been when there is a unified Congress under the Republican Party and a White House controlled by a Democrat. That is what we will have for the next two years, and since 1945, that has been true for just eight years. But those eight years have averaged 15.1% equity market returns.

The pattern is less clear for bonds. In fact, there isn't one. The past precedent for equities is strong. The past precedent for bonds doesn't exist.

What the next two years might hold It's a powerful equity pattern. That doesn't mean it will hold, of course, and nowhere does the line "past performance is no guarantee of future results" hold more true. Just because something went up in the past in certain conditions in no way means that it will again in the future.

But this unusually strong past pattern does support other arguments for why equities might continue their run of the past five years.

Take third quarter earnings, which the bulk of companies have recently reported. According to FactSet, earnings grew by over 7%, rather more than expected, and revenue grew more than 4% for the companies of the S&P500, and those numbers were higher still if the negative drag of the consumer discretionary sector is taken out. That compares to national GDP growth in the U.S. of less than 2.5% and not substantially more than that globally. Even without central banks in the equation (which they are, but not as much perhaps as many investors appear to believe), it should not be so surprising that stocks are doing well in the U.S. and sovereign bonds are still at very low yields.

But it is still curious why equities have been strong so often after midterm elections through radically different periods economically and historically. One reason could be that investors have a chemical (and at times immature) aversion to uncertainty, and looming elections are a recipe for uncertainty. Who will win? What will they do? Faced with that unknown, many investors hedge their bets, or wait until the election is settled. Then, once the outcome is clear, any outcome, they begin to return to the market and look for opportunities.

It also may be that investors get just as distracted by the noise of elections as the media and the chattering classes. That noise can obscure and distort how other, non-political information gets filtered. Of course, in U.S. midterm elections, not many people actually vote. This time, about 36% of the electorate voted, and of those, 52% voted Republican, which meant that the winning party won with 18% of the eligible vote. That is hardly unusual for the midterms. Even so, political news dominates in the month before, along with the usual hyperventilating hyperbole. Perhaps that weighs on investing decisions in incalculable yet tangible ways.

As for why stocks then do better with a split government characterized by a Democrat in the White House and a Republican Congress—that will have to remain unanswered, especially given that it has only been true for a grand total of eight years.

What might lie ahead Given the particular dynamics of this period, it is difficult to see how much might change in Washington itself as a result of the recent election. As many have noted, this group of Republicans and the particular Democrat in the White House do not seem eager to find common ground for needed legislation. The picture in state house and state governments is less grim, but what will happen is more of a state-by-state story than a national narrative that has explicit or clear investing implications.

There are three areas cited as propitious for some action: movement on negotiating stalled trade pacts such as the Trans-Pacific Partnership; movement on U.S. domestic energy regulations including authorization for the much-debated Keystone Pipeline from Canada to the Gulf of Mexico; and a revision of the corporate tax code that would see the overall rate decrease to be more in-line with international averages and a closing of loopholes that would result in more overall corporate tax being collected.

Also mulled, but in our view much less likely, are some movement on immigration reform and meaningful changes to the Affordable Care Act (a.k.a Obamacare). And even in the three areas above where the chances of movement appear decent, the sheer partisan and acrimonious climate of contemporary Washington may just preclude even that.

We are left, then, with a static and locked political scene with a key element of uncertainty removed. While it is unclear whether the federal government will act incrementally on the issues, it is clear that the federal government is not about to enact sweeping new taxes, expansive new regulations, or innovative new approaches to the continued challenge of wages and jobs. As a result, investor and market attention will and should focus primarily on whether companies are delivering sustainable financial returns, led by skilled management and driven by growing end-markets.

On that score, markets are at the least poised to continue the trends of the past years, with low rates (perhaps not as low as the Fed likely begins raising short-term rates sometime in 2015) and strong earnings. While this bull market has been robust since mid-2009, we should not forget that since 2000, equities have hardly been on a bull run, with the Nasdaq still below its all-time high set in March 2000 and the other indices only a tad above that. Multiples are hardly egregious, and as mentioned, rates are low.

Past performance and past trends are not at all a guarantee of future trends. But for the next two years, it is difficult to make the case that the trend of past midterm elections will be broken. As long as the global financial system does not encounter a crisis, equities seem likely to continue their rise, as they have in all but one case after midterms over many, many decades.

Karabell is head of global strategy at Envestnet, a leading provider of wealth management technology and services to investment advisors.

Comments? E-mail us at editors@barrons.com

文件 BON0000020141114eabe000m9

BARRON'S

MARKET WEEK
Stocks --- The Trader: Optimism Lifts Stock Indexes to New Highs

By Vito J. Racanelli
2,050 字
2014 年 11 月 10 日
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Though still below their 52-week peak of $69.50, the Battle Creek, Mich., firm's shares have drifted almost 10% higher in recent weeks, to $63.66. The stock's valuation has moved up and now seems high for a company facing strong head winds next year.

Notwithstanding the good EPS, the third quarter was weak in most ways. Organic sales growth was poor, and much of the earnings gain came on lower selling, general, and administrative expenses and a lower tax rate. Cost cuts are laudable, but they don't justify Kellogg's above-market valuation when sales are soggy.

In the third quarter, Kellogg sales fell 2%, to $3.6 billion, and operating profit dropped to $365 million from $504 million. The company expects EPS of $3.88 to $3.96 this year, up slightly from $3.77 in 2013. The consensus is for $4.07 next year.

Revenue in North America, Kellogg's most important geographic area, was weaker than expected in the quarter, down 4.2%. The morning-foods business, the single biggest by operating profit, was off 4.7%. Even U.S. snacks dropped 4.2%. Longer-term trends aren't going Kellogg's way, either. For the nine months, sales slid to $11.1 billion from $11.3 billion, while diluted EPS was $2.56, versus $2.70 in the corresponding 2013 period. And the U.S. morning-foods business's operating profit dropped 18% in 2014's first nine months.

Lately, the cereals unit has been able to push through higher prices, but this, along with rising milk prices, has damped sales. More importantly, the category is fighting a consumer move toward higher-protein foods, such as yogurt and protein bars, in the morning, as theories about the connection between weight gain and grains gain favor.

The major head wind for Kellogg, says veteran food-business analyst Jonathan Feeney, of Athlos Research, is this decline in the company's single biggest product area, which, to boot, normally has the highest operating margin. The high-end consumer is moving to protein in the morning, while the low and middle end has had to endure higher prices, he adds.

Even with a bigger marketing budget and some new products, the cereal sales needle shows little sign of climbing soon. Kellogg representative Kris Charles says in an e-mailed statement that the company has "a lot of activity planned intended to address the performance of the cereal business." While improvements there "could take some time, we are seeing good growth in some other segments."

Kellogg faces other challenges, too. Its investment needs are substantial and will likely take a good chunk out of the projected savings-- $425 million to $475 million annually by 2018-- of Project K, a four-year efficiency program announced one year ago, Kellogg estimates the after-tax cost of this program at $900 million to $1.1 billion.

Kellogg, whose shares trade at nearly 16 times 2015 consensus EPS estimates, does sell at a discount to a richly valued peer group. But its lackluster prospects in 2015 probably deserve a multiple lower than its historical 15 times. Over the past decade, EPS growth has dropped from 5% to 10% annually to below 5% and now is negative. Analysts' EPS projections have been coming down all year and will likely continue to do so for at least the next quarter or two.

The major caveat to our thesis is that Kellogg, with a stock market cap of $22.6 billion, is not so big that it can't be bought. A surprise offer from a larger food company that thinks it could cut costs better and faster than Kellogg isn't impossible. Even so, the W.K. Kellogg Foundation Trust owns a slug of shares, about 20%, depends on the dividends, and could block a hostile tender.

The 3% dividend yield looks appetizing but it's not enough, given the uncertainty about 2015, and it's not clear that Kellogg will meet even lowered expectations for 2015. While it's tempting to buy ahead of a potential turnaround, "you're still being asked to pay an above-average price for below-average fundamentals," adds Feeney.

Short of a bear market, Kellogg shares might be headed for an extended period of underperformance.

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The shares jumped from $10 to $18 before falling back to $8.56. We again weighed in favorably on Sept. 20 ("Genworth: Why It Could Surge 80%"), with the stock at $13.19, and offered a price target of $26, arguing that the market was too pessimistic about the health-care problems.

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DJUtilities	603.08	+6.15	+1.03
DJ65Stocks	6359.30	+87.11	+1.39
DJUSMarket	510.01	+3.25	+0.64
NYSEComp.	10864.58	+19.58	+0.18
NYSEMKTComp.	2584.65	+7.19	+0.28
S&P500	2031.92	+13.87	+0.69
S&PMidCap	1430.07	+11.36	+0.80
S&PSmallCap	679.06	-0.44	-0.06
Nasdaq	4632.53	+1.79	+0.04
ValueLine(arith.)	4595.63	+24.11	+0.53
Russell2000	1173.32	-0.19	-0.02
DJUSTSMFloat	21124.41	+124.93	+0.59

	Last Week	Week Earlier
NYSE		
Advances	1,798	2,440
Declines	1,451	813
Unchanged	48	40
NewHighs	540	441
NewLows	172	156
AvDailyVol(mil)	3,631.0	3,711.1
Dollar		
(Finexspotindex)	87.64	86.92

T-Bond		
(CBTnearbyfutures)	141-210	141-030
Crude Oil		
(NYMlightsweetcrude)	78.65	80.54
Inflation KR-CRB		
(FuturesPriceIndex)	270.66	271.96
Gold		
(CMXnearbyfutures)	1169.60	1171.10

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The Trader: Optimism Lifts Stock Indexes To New Highs -- Barron's

2,164 字
2014 年 11 月 8 日 05:08
Dow Jones Institutional News
DJDN
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(FROM BARRON'S 11/10/14)
By Vito J. Racanelli
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8 Nov 2014 00:08 ET The Trader: Optimism Lifts Stock Indexes To New -2-

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DJ65Stocks	6359.30	+87.11	+1.39
DJUSMarket	510.01	+3.25	+0.64
NYSEComp.	10864.58	+19.58	+0.18
NYSEMKTComp.	2584.65	+7.19	+0.28
S&P500	2031.92	+13.87	+0.69
S&PMidCap	1430.07	+11.36	+0.80
S&PSmallCap	679.06	-0.44	-0.06
Nasdaq	4632.53	+1.79	+0.04
ValueLine(arith.)	4595.63	+24.11	+0.53
Russell2000	1173.32	-0.19	-0.02
DJUSTSMFloat	21124.41	+124.93	+0.59

	Last Week	Week Earlier
NYSE		
Advances	1,798	2,440
Declines	1,451	813
Unchanged	48	40
NewHighs	540	441
NewLows	172	156
AvDailyVol(mil)	3,631.0	3,711.1
Dollar		
(Finexspotindex)	87.64	86.92

T-Bond (CBTnearbyfutures)	141-210	141-030
Crude Oil (NYMlightsweetcrude)	78.65	80.54
Inflation KR-CRB (FuturesPriceIndex)	270.66	271.96
Gold (CMXnearbyfutures)	1169.60	1171.10

(END) Dow Jones Newswires

November 08, 2014 00:08 ET (05:08 GMT)

文件 DJDN000020141108eab8000e5

DOW JONES
NEWSWIRES

Hong Kong Stocks Seen Higher as S&P500 Sets Record...Again -- Market Talk

187 字
2014 年 11 月 6 日 01:27
Dow Jones Institutional News
DJDN
英文

0127 GMT [Dow Jones] Hong Kong equities are seen moving higher in the morning session with global indexes likely to set the tone in the absence of data releases from China and the S&P 500 setting fresh highs after the US mid-term elections. The Hang Seng Index fell 0.6% to 23,695.62 yesterday, the third consecutive day of losses, while index futures rise 0.1% ahead of the market open.

Optimism around US economic data is helping to sustain investor confidence in spite of falling commodity prices, says Capital Economics: "Despite the weakness in the euro-zone and continued slowdown in China, there is nothing in the other, more direct evidence--such as the PMIs--to suggest that the world economy as a whole is collapsing." Traders are taking positions ahead of interest rate decisions from the Bank of England and the European Central Bank later today. (gregor.hunter@wsj.com; Twitter: @gregorhunter)

Editor: KLH

(END) Dow Jones Newswires

November 05, 2014 20:27 ET (01:27 GMT)

文件 DJDN000020141106eab600050

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NEWSWIRES

Hong Kong Stocks Seen Higher as S&P500 Sets Record...Again -- Market Talk

1,844 字
2014 年 11 月 6 日 01:27
Dow Jones Institutional News
DJDN
英文

0127 GMT [Dow Jones] Hong Kong equities are seen moving higher in the morning session with global indexes likely to set the tone in the absence of data releases from China and the S&P 500 setting fresh highs after the US mid-term elections. The Hang Seng Index fell 0.6% to 23,695.62 yesterday, the third consecutive day of losses, while index futures rise 0.1% ahead of the market open. Optimism around US economic data is helping to sustain investor confidence in spite of falling commodity prices, says Capital Economics: "Despite the weakness in the euro-zone and continued slowdown in China, there is nothing in the other, more direct evidence--such as the PMIs--to suggest that the world economy as a whole is collapsing." Traders are taking positions ahead of interest rate decisions from the Bank of England and the European Central Bank later today. (gregor.hunter@wsj.com; Twitter: @gregorhunter)

Editor: KLH

0127 GMT [Dow Jones] USD/PHP has re-engaged the daily Bollinger uptrend channel and risen past the round-figure trading barrier at 45.00 after USD/JPY surged again Wednesday. But the climb of the U.S. dollar versus the Philippine peso may be gradual as traders heed the central bank's warning that it will intervene if currency volatility is deemed excessive. The base of the Bollinger uptrend channel now supports USD/PHP at 44.91, providing a base off which the dollar could aim for the 2014 peak of 45.50. Several regional USD/Asia currency pairs have already hit multi-year highs, led by the seemingly unstoppable rise of USD/JPY. USD/PHP is now 45.01 from its Wednesday close of 44.97. (ewen.chew@wsj.com)

Editor: MNG

0124 GMT [Dow Jones] The Singapore dollar hit a 2.5-year low of 1.2976 on Wednesday after the Japanese yen fell past another round-figure trading barrier at 115. The next historical checkpoint for USD/SGD is the Jan. 2012 peak of 1.3005. USD/SGD could keep climbing as pack leader USD/JPY shows little sign of stopping. The Bank of Japan has taken a firm stance on its inflation-beating monetary easing, vowing to stay on course till its targets are met. The Singapore dollar is a proxy for the Japanese yen because the Monetary Authority of Singapore has the yen as a component of its trade-weighted currency exchange basket model--used to determine fair value for its currency. USD/SGD is now 1.2950 versus its Wednesday close of 1.2936. (ewen.chew@wsj.com)

Editor: MNG

0116 GMT [Dow Jones] USD/MYR is on its way to the 2014-high of 3.3465. If this mark is exceeded, the Malaysia ringgit will be at its weakest versus the U.S. dollar since May 2010. The continued ascent of USD/JPY is to blame for regional Asian currency weakness. As the Bank of Japan affirmed Wednesday its commitment to do what it takes to raise inflation levels, the yen fell again. Malaysia's central bank will announce its monetary policy decision at 1000 GMT. Analysts expect Bank Negara to keep rates on hold as it takes a wait-and-see approach to fuel-subsidy related inflation effects which might have a one-off effect. USD/MYR is now 3.400 versus its Wednesday close of 3.3410. (ewen.chew@wsj.com)

Editor: MNG

0115 GMT [Dow Jones] USD/KRW has been dragged higher again by the rally in USD/JPY, which got a second wind after Wednesday's speech by the governor of Bank of Japan. The South Korea won could record a new 2014 low if it weakens past February's 1,089.9. The weekly chart suggests technical upside momentum could increase if USD/KRW closes Friday above the top of the Ichimoku Cloud resistance zone at 1,092. The likelihood of further U.S. dollar strength will be even stronger if USD/KRW ends the week above the 200-week moving average at 1,095. The correlation between the South Korean won and the yen is especially strong due to the South Korean central bank's well-known intervention policies to keep its currency relatively weaker than that of trade rival Japan. USD/KRW is at 1,088.0 vs. Wednesday's close of 1,083.6. (ewen.chew@wsj.com)

0112 GMT [Dow Jones] The USD continues to strengthen across the board and weakness in rival currencies after a slew of events and data later Thursday may help accelerate USD gains, says J.P. Morgan in a morning note. For instance, "it is possible that the USD/JPY will surpass 115" as a result of a possible decline in the EUR/USD after the outcome of the ECB's policy board meeting at 1245 GMT, as well as a potential fall in GBP/USD after U.K. industrial output at 0930 GMT. The USD/JPY is at 114.68 vs. 114.75 late Wednesday in New York. (hiroyuki.kachi@wsj.com)

0107 GMT [Dow Jones] EUR/GBP is likely to consolidate with a soft tone Thursday as markets await the Bank of England and European Central Bank interest rate decisions. Daily chart is negative-biased as MACD indicator is bearish, slow stochastic measure is staying suppressed at oversold levels, while the five-day moving average is below the 15-day moving average and declining. Support is at 0.7805-0.7795 band (Wednesday's low-Monday's low); a breach would target 0.7781 (Oct. 2 low), then 0.7758-0.7753 (Sept. 30 two-year low-July 23, 2012 swing low) and 0.7692 (Oct. 20, 2008 swing low). Resistance is at 0.7864 (Wednesday's high); a breach would temper the negative near-term view, targeting 0.7886 (Friday's high), then 0.7904-0.7913 band (Oct. 30 high-Oct. 29 high). Spot EUR/GBP is at 0.7817. (jerry.tan@wsj.com)

Editor: KLH

0053 GMT [Dow Jones] USD/CAD is likely to consolidate Thursday after hitting a five-year high of 1.1466 on Wednesday. The pair is supported by positive dollar sentiment, but the upside is limited by an overnight rally in oil prices from three-year lows, and Loonie demand on a buoyant CAD/JPY cross amid weak yen and positive risk sentiment. The daily chart is mixed as the MACD & stochastic indicators are bullish, and the five-day moving average is above the 15-day moving average and advancing; but a bearish shooting-star candlestick pattern was completed Wednesday. Support is at 1.1367 (Wednesday's low); a breach would target 1.1336 (Tuesday's low), then 1.1261 (Monday's low). But a rise above 1.1466 would reinstate the positive near-term view, exposing upside to 1.1666 (61.8% Fibonacci retracement of decline from March 9, 2009, high of 1.3063 to July 26, 2011, low of 0.9403), then to 1.1724 (July 8, 2009, reaction high). Spot USD/CAD is at 1.1395. (jerry.tan@wsj.com)

0048 GMT [Dow Jones] USD/CHF is likely to trade with a bullish bias Thursday, supported by positive dollar sentiment and softer-than-expected Switzerland October CPI data. But USD/CHF gains are tempered by franc demand on buoyant CHF/JPY cross amid weak yen sentiment. Daily chart is positive-biased as MACD indicator bullish, slow stochastic measure stays elevated at over bought levels, five-day moving average above 15-day moving average and advancing. Resistance is at 0.9662 (Wednesday's high); a breach would target 0.9695 (Monday's near-16-month high), then 0.9751 (July 9, 2013 swing high). Support is at 0.9626 (hourly chart), then at 0.9578 (Tuesday's low); a breach would turn the near-term view negative, targeting 0.9553 (Friday's low), then 0.9539 (Oct. 30 low). Spot USD/CHF is at 0.9637. (jerry.tan@wsj.com)

Editor: KLH

0046 GMT [Dow Jones] GBP/USD is likely to consolidate Thursday after hitting a near-one-year low of 1.5867 on Wednesday as markets await the Bank of England interest rate decision due at 1200 GMT. GBP sentiment was dented overnight by weaker-than-expected CIPS/Markit U.K. October services PMI data. The pair was also weighed by positive dollar sentiment, but the downside was limited by sterling demand on a soft EUR/GBP cross and on a buoyant GBP/JPY cross amid a weak yen and positive risk sentiment. The daily chart is negative-biased as the slow stochastic measure is bearish, and the five- & 15-day moving averages are declining. A drop below 1.5867 would target 1.5852 (Nov. 12, 2012, reaction low), then 1.5720 (61.8% Fibonacci retracement of 1.4812-1.7191 July 9, 2013-July 15, 2014, advance). Resistance is at 1.6021 (Wednesday's high); a breach would target 1.6038 (Oct. 30 high), then 1.6161 (Oct. 29 high). Spot GBP/USD is at 1.5970. (jerry.tan@wsj.com)

0031 GMT [Dow Jones] The USD/JPY may get a boost from hedge funds building up their JPY short positions after the BOJ stimulus and the GPIF's investment plan Friday, says Nomura Securities chief FX strategist Yunosuke Ikeda in a morning note. In a hearing with London-based hedge funds, Mr. Ikeda reports their JPY short positions on average have risen to the point where they are about 50-60% of their peak in

May last year, compared with a mere 20% just before the events. "They are putting more emphasis on fund outflow by the GPIF and other pension funds," prompting a major hedge fund to consider JPY shorts as part of their core strategy along with USD long positions. A positive reading of U.S. jobs data Friday may help the USD/JPY easily cross 115, says Mr. Ikeda. The pair is now at 114.63.(hiroyuki.kachi@wsj.com)

Editor SXS

0028 GMT [Dow Jones] CSR Ltd. (CSR) is a story about delivering on expectations such as the turnaround of its Viridian glass business, capitalizing on growth opportunities including M&A and exposure to a recovery in Australia's construction industry, says Credit Suisse. "However, following 44% relative outperformance over the past 12 months, the good news story appears adequately reflected in the share price," says Credit Suisse, which downgrades the stock to neutral. It says CSR is trading on a multiple of 16.3 times earnings, and the stock's last trade at A$3.55 offers only around 10% upside to its price target of A$3.90/share. "We would be buyers of the stock on any material pullback," Credit Suisse says. (david.winning@wsj.com; @dwinningWSJ)

(END) Dow Jones Newswires

November 05, 2014 20:27 ET (01:27 GMT)

文件 DJDN000020141106eab60007p

BARRON'S

MARKET WEEK
Stocks --- The Trader: A Halloween Rally Sends Stocks to Record

By Vito J. Racanelli
2,115 字
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Additionally, markets welcomed news Thursday that the U.S. third quarter gross domestic product rose at a higher-than-expected 3.5% annual rate. That assuaged investor fears after the Fed also said Wednesday that, as long anticipated, it ended its monthly quantitative-easing program. Continued strong third-quarter earnings from Corporate America also bolstered investor enthusiasm.

Both the Dow Jones Industrial Average, up 585 points or 3.5% to 17,390.52 last week, and the Standard & Poor's 500 index, which gained 54, or 2.7%, to 2018.05, finished at all-time highs. The Dow rose 2% in October, the S&P 500 2.3%. The Nasdaq Composite index added 147 or 3.3% last week to 4630.72.

"The Fed's upbeat view of the economy says the long-term U.S. expansion is on track and calmed any fears about the end of QE," says Anthony Valeri, an LPL Financial market strategist. The Bank of Japan's surprise move will boost slow global growth, he adds.

That slow growth led to the earlier big drop, says Dan Greenhaus, BTIG's chief global strategist. It's been a powerful snapback, helped by good earnings, which are countering fears about plunging oil prices, weak global growth, and a strong dollar. With over 360 companies in the S&P 500 having reported third-quarter results, profits are up 7.2% and revenue 3.9%, says Sheraz Mian, Zacks' director of research. The improving tone of the reports has been a subtle, constructive factor, adds TD Ameritrade chief strategist J.J. Kinahan. Big banks in particular, except for Citigroup (ticker: C), are positive and not talking about road blocks, he says.

Thomas Lee, co-founder of Fundstrat Global Advisors, says that institutional investors remain cautious despite the market recovery. That augurs well, he adds, for the near-term as markets head into November, the beginning of the historically auspicious November-to-April season for stocks.

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Taking a Ride with Ferrari

Can't afford a new red Ferrari? You soon might be able to buy shares in the luxury sports-car maker itself. Expect the stock's valuation to be high-powered, too. Last week, Fiat Chrysler Automobiles (FCAU), which owns 90% of Ferrari, said it will sell a 10% stake in an initial public offering, in 2015. Few details were given.

This was part of a flurry of news, including plans for an up to 100 million Fiat Chrysler share offering and a $2.5 billion convertible bond, that FCA says will bring in some 4 billion euros ($5 billion) to improve its liquidity. Backing out the share and bond values from the total suggests that FCA expects 1 billion euros for the 10% Ferrari stake. The capital increase would also bolster Fiat Chrysler's 48 billion euros, five-year investment program, aimed at raising annual sales to seven million cars in 2018 from an expected 4.7 million in 2014.

Valuations for Ferrari vary widely, and Fiat CEO Sergio Marchionne has said it could be worth 10 billion euros. But then he would. Among other things, it's unclear what cash and debt Ferrari will carry. Analysts value Ferrari anywhere from 5 billion euros to 8 billion euros. Ferrari produces just 3% of FCA's total sales, yet the lowest estimate would be half of FCA's 10.9 billion euro market cap.

Ferrari posted 2.3 billion euros in revenue last year, up 5%, even as it purposely cut unit sales 5%, to 6,922, to ensure scarcity. Earnings before interest, depreciation, and amortization was about 650 million euros, while net profit was around 246 million euros. In the first nine months of 2014, revenue reached 2 billion euros, so it will likely be another banner year.

There are few comparables to what is arguably the world's most valuable sports-car brand. Most other super-luxury auto makers, such as Lamborghini or Rolls Royce, are part of larger corporate groups. When Porsche, now a Volkswagen (VLKAY) unit, was independent, its P/E ratio ranged from eight at the bottom of cycles to 22 times in heady 2000. Today, BMW (BAMXY) has a forward P/E of nine. A fair number for Ferrari would be 17, producing a basic value of 4.25 billion euros.

Other factors, however, may add a premium. Among them: good growth prospects, thanks to a burgeoning class of high-net-worth individuals around the world. And there's brand power: In a study by Brand Finance, Ferrari topped a list of 500 companies, including Coca-Cola. Ferrari will exploit that by pushing its merchandising.

Ironically, Ferrari's biggest problem has been on the race track, where it hasn't won a Formula One World Drivers Championship since 2007. Should that continue, it could hurt the brand. Factoring all this together, along with cash that Ferrari will likely start with, a 6 billion euro price tag seems reasonable.

As for Fiat Chrysler Automobiles, the distribution of its remaining 80% of Ferrari directly to shareholders would mean that the car maker is handing off most of Ferrari's value to them -- not surprising, given that the Agnelli family, which controls about 30% of FCA, would benefit greatly from this. The distribution plan should support FCA's stock, which jumped 21% last week, to $11.46.

FCA's recent results have improved, but like all mass car producers, it faces global head winds. In the third quarter, unit sales rose 10%, to 1.1 million, thanks to a 20% rise in North America. Revenue was 23.6 billion euros, up from 20.7 billion euros, but net profit was flat at 188 million euros. Net industrial debt is 11.4 billion euros, relatively high versus its peers.

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Yet Italy continues to struggle in an economic funk, while Brazil, another important Fiat market, needs to perk up. FCA's stock trades at 9.4 times analysts' consensus expectation of 91 euro cents a share next year, a bit rich considering that the company's margins are half its peers'. For the stock to rise significantly by next year, both the European and South American auto markets would have to accelerate or investors would have to rev up their valuation of Ferrari.

The Case for a MasTec Revival

At $28.64, infrastructure contractor MasTec (ticker: MTZ) has lost most of its gains since 2012. The stock is significantly below its high of $45 this year, and the market cap has been sliced to $2.5 billion from $3.9 billion. The Coral Gables, Fla.-based firm, with 83% of its business in communications and oil and gas construction, from wireless phone towers to pipelines, has been hit by a double whammy.

Management and investors were "blindsided," by the May-announced AT&T (T) merger with DirecTV (DTV) -- both big customers -- and a pause in telecom revenue, which accounts for 45% of MasTec's total, says Steven Howard, a managing director at Morgan Stanley Wealth Management, which owns the shares. In June, MasTec reduced guidance. More recently, lower energy prices have folks worried about that side of the business, which produces about 38% of sales; they fear a second down leg in the stock.

However, the trends that will benefit MasTec, particularly in wireless and fiber to the home, aren't over by a long shot, and this stock could rise 25% or more in the next 12 to 18 months as the company's resilient business reasserts itself.

Thursday, MasTec reported that third- quarter revenue rose 3.2%, to $1.31 billion. Net income from continuing operations fell to $45.7 million, or 53 cents per diluted share, from $49.9 million, or 59 cents, thanks mainly to a 7% drop in communications revenue.

The slowdown is temporary and "long- term, the telecom side buildout isn't going to stop," says Rajesh Varma, a portfolio manager with DNCA Finance, which has been buying shares recently. Wireless communications are exploding, he adds, "the operators have no choice" but to expand, and capital expenditures will resume good growth in short order. It might take a few more quarters, but the growth will be faster than investors expect, he maintains.

Pro forma, the merged AT&T and DirecTV account for about a third of MasTec's revenue. That's a risk, but "MasTec management is on top of things, has an excellent industry reputation, and a good relationship with both," Howard says.

Varma notes that lower oil prices don't help, but "oil goes up and down." Longer term, thanks to the shale revolution, analysts expect something on the order of $250 billion to $500 billion in energy infrastructure construction over the next decade or two. MasTec, whose energy sales have grown rapidly since 2008, will get its share.

A lot of "near-termism" is hitting this stock, Howard says, and with lowered expectations, the shares have been "derisked." The bottlenecks in wireless transmission growth will be resolved. In energy, MasTec is in end markets, such as pipelines, that are growing faster than the economy, he observes, and investors will be surprised at how resilient the business will be in the long term. Operating margins can return to near 10% next year from 9% this year, he contends. In 2007, they were 6.3%.

Even after a recent bounce from $21, the stock trades at 12.7 times analysts' expectations of $2.24 in 2015, a price/earnings ratio near the lower end of its long-term range. MasTec has shown a decade of generally steady sales and earnings-per-share growth, with the understandable exception of 2009. Varma applies MasTec's long-term median 15 P/E to his estimate of $2.30 to $2.40 EPS in 2015, for fair value of about $35. He says the company's $1.2 billion debt load is manageable.

There's also an expanding opportunity for MasTec in Mexico and Canada in coming years. "You don't need a heroic multiple for the stock to rise; just no recession," Howard adds. That good third-quarter U.S. GDP growth bodes well for MasTec.

Vital Signs

	Friday's Close	Week's Change	Week's % Chg.
DJIndustrials	17390.52	+585.11	+3.48
DJTransportation	8755.51	+186.53	+2.18
DJUtilities	596.93	+13.23	+2.27
DJ65Stocks	6272.19	+176.96	+2.90
DJUSMarket	506.77	+13.56	+2.75
NYSEComp.	10845.00	+262.38	+2.48
NYSEMKTComp.	2577.46	+69.45	+2.77
S&P500	2018.05	+53.47	+2.72
S&PMidCap	1418.71	+41.38	+3.00
S&PSmallCap	679.50	+33.70	+5.22
Nasdaq	4630.74	+147.03	+3.28
ValueLine(arith.)	4571.52	+154.61	+3.50
Russell2000	1173.51	+54.68	+4.89
DJUSTSMFloat	20999.49	+581.44	+2.85

	Last Week	Week Earlier
NYSE		
Advances	2,440	r2,577
Declines	813	r692
Unchanged	40	r23
NewHighs	441	214
NewLows	156	101
AvDailyVol(mil)	3,711.1	3,548.8
Dollar		
(Finexspotindex)	86.91	85.73
T-Bond		
(CBTnearbyfutures)	141-030	141-230
Crude Oil		
(NYMlightsweetcrude)	80.54	81.01

Inflation KR-CRB		
(FuturesPriceIndex)	271.96	270.22
Gold		
(CMXnearbyfutures)	1171.10	1231.20

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The Trader: A Halloween Rally Sends Stocks To Record -- Barron's -3-

2,149 字
2014 年 11 月 3 日 00:55
Dow Jones Newswires Chinese (English)
RTNW
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(FROM BARRON'S 11/3/14)

By Vito J. Racanelli

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The Trader: A Halloween Rally Sends Stocks To Record -- Barron's -3- -2-

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NYSEComp.	10845.00	+262.38	+2.48
NYSEMKTComp.	2577.46	+69.45	+2.77
S&P500	2018.05	+53.47	+2.72
S&PMidCap	1418.71	+41.38	+3.00
S&PSmallCap	679.50	+33.70	+5.22
Nasdaq	4630.74	+147.03	+3.28
ValueLine(arith.)	4571.52	+154.61	+3.50
Russell2000	1173.51	+54.68	+4.89
DJUSTSMFloat	20999.49	+581.44	+2.85

	Last Week	Week Earlier
NYSE		
Advances	2,440	r2,577
Declines	813	r692
Unchanged	40	r23
NewHighs	441	214
NewLows	156	101
AvDailyVol(mil)	3,711.1	3,548.8
Dollar		
(Finexspotindex)	86.91	85.73
T-Bond		
(CBTnearbyfutures)	141-030	141-230

Crude Oil		
(NYMlightsweetcrude)	80.54	81.01
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2,151 字
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2,149 字
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2,147 字
2014 年 11 月 1 日 04:08
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"The Fed's upbeat view of the economy says the long-term U.S. expansion is on track and calmed any fears about the end of QE," says Anthony Valeri, an LPL Financial market strategist. The Bank of Japan's surprise move will boost slow global growth, he adds.

That slow growth led to the earlier big drop, says Dan Greenhaus, BTIG's chief global strategist. It's been a powerful snapback, helped by good earnings, which are countering fears about plunging oil prices, weak global growth, and a strong dollar. With over 360 companies in the S&P 500 having reported third-quarter results, profits are up 7.2% and revenue 3.9%, says Sheraz Mian, Zacks' director of research. The improving tone of the reports has been a subtle, constructive factor, adds TD Ameritrade chief strategist J.J. Kinahan. Big banks in particular, except for Citigroup (ticker: C), are positive and not talking about road blocks, he says.

Thomas Lee, co-founder of Fundstrat Global Advisors, says that institutional investors remain cautious despite the market recovery. That augurs well, he adds, for the near-term as markets head into November, the beginning of the historically auspicious November-to-April season for stocks.

Conspiracy theorists might wonder about the Fed's timing in ending QE, which was followed within 48 hours by BOJ's bond-buying. Consider the baton passed.

In case anyone forgot, there's a national election in the U.S. Tuesday, but investors don't seem to care much about it.

Taking a Ride with Ferrari

Can't afford a new red Ferrari? You soon might be able to buy shares in the luxury sports-car maker itself. Expect the stock's valuation to be high-powered, too. Last week, Fiat Chrysler Automobiles (FCAU), which owns 90% of Ferrari, said it will sell a 10% stake in an initial public offering, in 2015. Few details were given.

This was part of a flurry of news, including plans for an up to 100 million Fiat Chrysler share offering and a $2.5 billion convertible bond, that FCA says will bring in some 4 billion euros ($5 billion) to improve its liquidity. Backing out the share and bond values from the total suggests that FCA expects 1 billion euros for the 10% Ferrari stake. The capital increase would also bolster Fiat Chrysler's 48 billion euros, five-year

investment program, aimed at raising annual sales to seven million cars in 2018 from an expected 4.7 million in 2014.

Valuations for Ferrari vary widely, and Fiat CEO Sergio Marchionne has said it could be worth 10 billion euros. But then he would. Among other things, it's unclear what cash and debt Ferrari will carry. Analysts value Ferrari anywhere from 5 billion euros to 8 billion euros. Ferrari produces just 3% of FCA's total sales, yet the lowest estimate would be half of FCA's 10.9 billion euro market cap.

Ferrari posted 2.3 billion euros in revenue last year, up 5%, even as it purposely cut unit sales 5%, to 6,922, to ensure scarcity. Earnings before interest, depreciation, and amortization was about 650 million euros, while net profit was around 246 million euros. In the first nine months of 2014, revenue reached 2 billion euros, so it will likely be another banner year.

There are few comparables to what is arguably the world's most valuable sports-car brand. Most other super-luxury auto makers, such as Lamborghini or Rolls Royce, are part of larger corporate groups. When Porsche, now a Volkswagen (VLKAY) unit, was independent, its P/E ratio ranged from eight at the bottom of cycles to 22 times in heady 2000. Today, BMW (BAMXY) has a forward P/E of nine. A fair number for Ferrari would be 17, producing a basic value of 4.25 billion euros.

Other factors, however, may add a premium. Among them: good growth prospects, thanks to a burgeoning class of high-net-worth individuals around the world. And there's brand power: In a study by Brand Finance, Ferrari topped a list of 500 companies, including Coca-Cola. Ferrari will exploit that by pushing its merchandising.

Ironically, Ferrari's biggest problem has been on the race track, where it hasn't won a Formula One World Drivers Championship since 2007. Should that continue, it could hurt the brand. Factoring all this together, along with cash that Ferrari will likely start with, a 6 billion euro price tag seems reasonable.

As for Fiat Chrysler Automobiles, the distribution of its remaining 80% of Ferrari directly to shareholders would mean that the car maker is handing off most of Ferrari's value to them -- not surprising, given that the Agnelli family, which controls about 30% of FCA, would benefit greatly from this. The distribution plan should support FCA's stock, which jumped 21% last week, to $11.46.

FCA's recent results have improved, but like all mass car producers, it faces global head winds. In the third quarter, unit sales rose 10%, to 1.1 million, thanks to a 20% rise in North America. Revenue was 23.6 billion euros, up from 20.7 billion euros, but net profit was flat at 188 million euros. Net industrial debt is 11.4 billion euros, relatively high versus its peers.

Should the bull market race on, our Ferrari valuation might prove too low, which would add more value to FCA. Marchionne is a tough-minded exec who has improved both Fiat and Chrysler beyond expectations. The capital transactions announced last week provide maneuvering room.

Yet Italy continues to struggle in an economic funk, while Brazil, another important Fiat market, needs to perk up. FCA's stock trades at 9.4 times analysts' consensus expectation of 91 euro cents a share next year, a bit rich considering that the company's margins are half its peers'. For the stock to rise significantly by next year, both the European and South American auto markets would have to accelerate or investors would have to rev up their valuation of Ferrari.

The Case for a MasTec Revival

At $28.64, infrastructure contractor MasTec (ticker: MTZ) has lost most of its gains since 2012. The stock is significantly below its high of $45 this year, and the market cap has been sliced to $2.5 billion from $3.9 billion. The Coral Gables, Fla.-based firm, with 83% of its business in communications and oil and gas construction, from wireless phone towers to pipelines, has been hit by a double whammy.

Management and investors were "blindsided," by the May-announced AT&T (T) merger with DirecTV (DTV) -- both big customers -- and a pause in telecom revenue, which accounts for 45% of MasTec's total, says Steven Howard, a managing director at Morgan Stanley Wealth Management, which owns the shares. In June, MasTec reduced guidance. More recently, lower energy prices have folks worried about that side of the business, which produces about 38% of sales; they fear a second down leg in the stock.

However, the trends that will benefit MasTec, particularly in wireless and fiber to the home, aren't over by a long shot, and this stock could rise 25% or more in the next 12 to 18 months as the company's resilient business reasserts itself.

Thursday, MasTec reported that third- quarter revenue rose 3.2%, to $1.31 billion. Net income from continuing operations fell to $45.7 million, or 53 cents per diluted share, from $49.9 million, or 59 cents, thanks mainly to a 7% drop in communications revenue.

The slowdown is temporary and "long- term, the telecom side buildout isn't going to stop," says Rajesh Varma, a portfolio manager with DNCA Finance, which has been buying shares recently. Wireless communications are exploding, he adds, "the operators have no choice" but to expand, and capital expenditures will resume good growth in short order. It might take a few more quarters, but the growth will be faster than investors expect, he maintains.

Pro forma, the merged AT&T and DirecTV account for about a third of MasTec's revenue. That's a risk, but "MasTec management is on top of things, has an excellent industry reputation, and a good relationship with both," Howard says.

Varma notes that lower oil prices don't help, but "oil goes up and down." Longer term, thanks to the shale revolution, analysts expect something on the order of $250 billion to $500 billion in energy infrastructure construction over the next decade or two. MasTec, whose energy sales have grown rapidly since 2008, will get its share.

A lot of "near-termism" is hitting this stock, Howard says, and with lowered expectations, the shares have been "derisked." The bottlenecks in wireless transmission growth will be resolved. In energy, MasTec is in end markets, such as pipelines, that are growing faster than the economy, he observes, and investors will be surprised at how resilient the business will be in the long term. Operating margins can return to near 10% next year from 9% this year, he contends. In 2007, they were 6.3%.

1 Nov 2014 00:08 ET The Trader: A Halloween Rally Sends Stocks To -2-

Even after a recent bounce from $21, the stock trades at 12.7 times analysts' expectations of $2.24 in 2015, a price/earnings ratio near the lower end of its long-term range. MasTec has shown a decade of generally steady sales and earnings-per-share growth, with the understandable exception of 2009. Varma applies MasTec's long-term median 15 P/E to his estimate of $2.30 to $2.40 EPS in 2015, for fair value of about $35. He says the company's $1.2 billion debt load is manageable.

There's also an expanding opportunity for MasTec in Mexico and Canada in coming years. "You don't need a heroic multiple for the stock to rise; just no recession," Howard adds. That good third-quarter U.S. GDP growth bodes well for MasTec.

Vital Signs

	Friday's Close	Week's Change	Week's % Chg.
DJIndustrials	17390.52	+585.11	+3.48
DJTransportation	8755.51	+186.53	+2.18
DJUtilities	596.93	+13.23	+2.27
DJ65Stocks	6272.19	+176.96	+2.90
DJUSMarket	506.77	+13.56	+2.75
NYSEComp.	10845.00	+262.38	+2.48
NYSEMKTComp.	2577.46	+69.45	+2.77
S&P500	2018.05	+53.47	+2.72
S&PMidCap	1418.71	+41.38	+3.00
S&PSmallCap	679.50	+33.70	+5.22
Nasdaq	4630.74	+147.03	+3.28
ValueLine(arith.)	4571.52	+154.61	+3.50
Russell2000	1173.51	+54.68	+4.89
DJUSTSMFloat	20999.49	+581.44	+2.85

	Last Week	Week Earlier
NYSE		
Advances	2,440	r2,577
Declines	813	r692
Unchanged	40	r23
NewHighs	441	214
NewLows	156	101
AvDailyVol(mil)	3,711.1	3,548.8
Dollar (Finexspotindex)	86.91	85.73

T-Bond (CBTnearbyfutures)	141-030	141-230
Crude Oil (NYMlightsweetcrude)	80.54	81.01
Inflation KR-CRB (FuturesPriceIndex)	271.96	270.22
Gold (CMXnearbyfutures)	1171.10	1231.20

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November 01, 2014 00:08 ET (04:08 GMT)

文件 DJDN000020141101eab100023

BARRON'S

MARKET WEEK
Stocks --- The Trader: Stocks Rally on Upbeat Earnings Reports

By Vito J. Racanelli
2,054 字
2014 年 10 月 27 日
Barron's
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"Investors were buoyed by a combination of sentiment improving on better global economic figures and solid U.S. third-quarter earnings results," says Yousef Abbasi, a market strategist at JonesTrading.

In particular, the market was bolstered by profit reports from some of the biggest industrial names, continued good U.S. macroeconomic numbers, and better-than-expected -- if still unimpressive -- euro-zone and Chinese data.

The strong earnings news -- from the likes of Caterpillar (ticker: CAT), 3M (MMM), Microsoft (MSFT), and General Motors (GM) -- came later in the week and seemed to expunge the memory of the poor showings. The latter, for example, came from equally large mega-cap companies such as International Business Machines (IBM), Amazon (AMZN), AT&T (T), McDonald's (MCD), and Coca-Cola (KO). (More on Coke below and on IBM on page 18.)

In general, the third-quarter earnings season has shown healthy growth. With over 40% of the S&P 500 components reporting, some 75% have beaten earnings-per-share expectations and 60% revenue projections, above the five-year average, according to John Butters, an analyst with FactSet. EPS growth has averaged 7.1% and sales 5.1%.

The Dow Jones Industrial Average, which is filled with many of the above-named stocks, didn't do as well as the S&P. It rose 425 points or 2.6% to 16,805.41. The S&P 500 index gained 78, or 4.1%, to 1964.58. The Nasdaq Composite index added 225, or 5.3% to 4483.72, while the Russell 2000 picked up 3.4% to 1118.82. The MSCI World Index excluding the U.S. rose 2.2%.

The Chinese October flash HSBC/Markit manufacturing purchasing managers' index (PMI) inched up to 50.4 from 50.2 the previous month. Markit said its composite euro-zone PMI rose to 52.2 from 52 in September. Neither rise was big, but the upward direction surprised investors.

Despite last week's big rally, market sentiment still appears fragile after the roller-coaster rides of recent weeks. There's likely to be further volatility. It's fair to ask what might have happened to stocks last week if the poor earnings figures had mostly followed the stronger ones instead of preceding them.

Looking ahead, investors will be following Sunday's release of stress test results on euro-zone banks by the European Central Bank. Brazil holds elections the same day, which could influence emerging markets this week.

More earnings results will be released from over 100 companies in the S&P 500, so there will be plenty to chew on, including reports from the energy sector: ExxonMobil (XOM), Chevron (CHV), and ConocoPhilips (COP). Energy has been groaning under lower commodity prices, and the results could occasion "concerns that could sneak back into the market," Abbasi adds.

Maybe Coke's Not It

A year ago we suggested Coca-Cola's shares were undervalued at $39.61. It looked relatively cheap compared with its history then, trading at 18 times earnings, with an unparalleled global distribution system and brand power, and a track record of steadily increasing cash flow, dividends, stock buybacks, and earnings per share.

That worked for a while. The total return of 16% to Oct. 8 outperformed the market. But stock has since dropped, and the earnings report out last Tuesday is concerning. Coke said third-quarter volumes grew 1% and 2% in the nine-month period ended Sept. 30. EPS fell to 48 cents from 54 cents in the year-earlier period, hurt by a strong dollar and volume declines of 1% in North America and 5% in Europe.

Channing Smith, a managing director at Capital Advisors, says his firm sold all of its Coke holdings after the news. The quarter's 1% revenue drop was disheartening, he adds. A report from Morgan Stanley notes that Coke's organic sales growth has slowed for nine straight quarters. The global shift in consumer tastes away from carbonated and sugary drinks isn't news, but it seems to be getting worse, not better, he says.

On a conference call last week, Coke cited challenging macroeconomic conditions and said 2015 would be a "year of transition." "That tells me there isn't a lot management confidence in revenue growth," Smith says, and that whatever EPS progress will be made will come from buybacks and cost cuts.

At Friday's close of $41.03, Coke trades at 20 times this year's consensus EPS of $2.06 -- 12 months ago the Street had expected $2.22 for 2014 -- and 19.5 times 2015's $2.11 expectation.

Neither the multiple nor the earnings look to expand any time soon, so "you've got a flat stock at best," he says. When cost cuts are the conference call highlight of a company with a 20 P/E, "it's disappointing." There is a lack of catalysts that will turn this supertanker around in the intermediate term, he adds.

We agree. For the next 12 to 18 months, Coke is likely to underperform. There is a nice 3% dividend, but given the serious head winds, it's time to sell the shares, book a small gain, and deploy capital elsewhere.

Market Insurance

One place to look might be insurance. A soaring market last week brought its forward price/earnings ratio back to near 15, and the debate continues as to whether that's pricey.

But there are stocks that aren't expensive, and in volatile times, ballast is helpful. We looked for stocks with P/E ratios substantially below the market, good dividends, and in boring but steadily growing industries. The insurance sector comes to mind as a potential field of value.

Excluding property and casualty insurers, the group is down about 2% this year, suffering from the general drop in interest rates around the world. Insurers take their premiums and invest much of that in fixed-income assets to match their long-term liabilities, but lower rates means they get less revenue, and the spreads between income and liabilities narrows. That pressures earnings.

Yet well-run insurance companies are pretty steady. The three below have seen their shares fall sharply and could provide a safe haven and a double-digit total return for the next year or two.

Aflac (AFL) is a name we thought cheap in September 2012, when it was $46. The stock rose to $68 at the beginning of 2014, a period in which interest rates rose. Since then, however, rates have fallen, contrary to expectations, and so has Aflac stock, to $58.54 Friday.

Aflac gets three-quarters of its revenue from selling policies like supplemental insurance, disability, and other sickness plans in Japan. It sports an attractive long-term record of increasing sales, premiums, profits, and dividend growth. The Columbus, Ga.-based insurer, however, needs to invest part of its funds in Japanese government bonds, which are yielding a paltry 0.5%. And firms with significant international sales have also been shunned by investors of late.

Moreover, this year's EPS will likely be flat on last year's $6.18, which, in turn, was lower than 2012's, breaking a string of a dozen years of rising EPS. That has disenchanted some investors, but not Paul Nolte, a portfolio manager with Kingsview Asset Management, which has been buying shares under $60 for its clients.

The company suffers from worries about the strong dollar. And Aflac is expanding its sales structure, including buildings and sales staff, in both Japan and the U.S., and that costs money, another reason for the slower EPS growth this year, he points out.

The stock is down 12% this year while the market is up 6%. That discounts a lot of the concerns but doesn't give Aflac credit for "the benefits you'll see next year once the sales infrastructure build out is completed," according to Nolte.

The stock trades at 9 times 2015 estimates of $6.31, below its 10-year median P/E. It has a 2.5% dividend yield and a 25% payout ratio, so there's room to grow there, too, he says, adding, "You're not paying an exorbitant price for a stock that will aggressively raise the dividend and could earn about $7 to $7.50 by 2016." Nolte thinks the shares can go to the mid-$70s, a 30% rise.

The caveat on Aflac is its large exposure to one market, Japan, but that hasn't prevented it from growth in the past. The company reports Oct. 28, and it will be interesting to see what management has to say before jumping in.

Two other interesting insurers are Lincoln National (LNC) and Prudential Financial (PRU) both of whom, like Aflac, will be reporting in coming days. Since the market's high on Sept. 18, both are down 9%, to $50.60 and $84.58, respectively.

It pretty much corresponds to the acceleration in the interest rate drop since then, notes Thomas Weary, chief investment officer of money-manager Lau Associates, which owns shares of both insurers.

The long-term demographics and rate trends will support these high-quality, attractive stocks, he says. The baby-boomer generation in the U.S. has just begun to retire, and it will be a sharply rising population cohort among seniors for 20 to 30 years, from 16% in 2020 to 25% in 2050, he says.

As boomers move from breadwinners to retirement, insurers are shifting their emphasis from income protection through traditional life insurance to higher margin wealth accumulation offerings, like annuities and other retirement products to generate future income. That will help Lincoln and Prudential, Weary says. Additionally, interest rates have stubbornly remained low, but they will have to go up some time, he adds.

Lincoln is a leading producer of variable annuities with a strong distribution system in the U.S., the CIO says. The stock trades at 8 times next year's consensus estimates of $6.08 and has a price-to-book of ratio of 0.9, both lower than the company's long- term median and peer levels. Prudential also trades at eight times 2015 estimates and at a price to book of about one, below its historical median and peer levels.

Both are 10% secular growers, trade below book value, and have absolute and relative valuations attractive in a fully priced market, Weary adds. Interest rates will rise, "maybe not suddenly, not tomorrow, but eventually," he says. That will help insurers.

All three stocks rose last week, but they remain at attractive levels for long-term, income-seeking investors.

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Vital Signs

	Friday's Close	Week's Change	Week's % Chg.
DJIndustrials	16805.41	+425.00	+2.59
DJTransportation	8568.98	+421.14	+5.17
DJUtilities	583.70	+21.14	+3.76
DJ65Stocks	6095.23	+207.61	+3.53
DJUSMarket	493.20	+19.70	+4.16
NYSEComp.	10582.61	+332.07	+3.24
NYSEMKTComp.	2508.01	-22.42	-0.89
S&P500	1964.58	+77.82	+4.12
S&PMidCap	1377.33	+55.21	+4.18
S&PSmallCap	645.80	+21.11	+3.38
Nasdaq	4483.72	+225.28	+5.29
ValueLine(arith.)	4416.91	+161.09	+3.79
Russell2000	1118.82	+36.50	+3.37
DJUSTSMFloat	20418.04	+804.36	+4.10

	Last Week	Week Earlier
NYSE		
Advances	2,135	2,000
Declines	572	1,250
Unchanged	22	40
NewHighs	214	89
NewLows	101	813
AvDailyVol(mil)	3,548.8	4,921.8
Dollar		

(Finexspotindex)	85.73	85.20
T-Bond		
(CBTnearbyfutures)	141-230	142-290
Crude Oil		
(NYMlightsweetcrude)	81.01	82.75
Inflation KR-CRB		
(FuturesPriceIndex)	270.22	272.64
Gold		
(CMXnearbyfutures)	1231.20	1238.30

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文件 B000000020141025eaar00010

DOW JONES
NEWSWIRES

The Good News With a Bad Case of Volatility -- Barron's Asia

By Wayne Arnold
852 字
2014 年 10 月 27 日 02:12
Dow Jones Institutional News
DJDN
英文

To hear the financial community tell it, we are all about to die from an incredibly contagious, painful and frightening disease -- you guessed it, volatility.

Volatility has hit global financial markets and you, the investor, should be hiding under your bed, calling your broker and re-allocating your entire portfolio to minimize your exposure to this virulent pathogen.

There is after all, an awful lot to worry about: whether the Germans will maintain a spending sitzkrieg that slowly exsanguinates Europe's economy and hurls it into a new debt crisis; whether the Federal Reserve will raise rates abruptly or, worse, fire up the printing presses again; whether China's economy will slow too fast to keep its credit bubble from bursting; whether ISIS will capture Iraq's oil fields and turn to Saudi Arabia; and, of course, whether Ebola will rage uncontrolled around the world.

Whatever its inspiration, volatility can indeed be bad for investors and economies. Volatility makes it harder for companies to predict costs and plan expansion. That in turn can hurt economic growth by discouraging capital investment. Volatility also raises the cost of hedging, which hurts corporate profits and can sap stock prices.

Worst of all, volatility is infectious. Volatility makes it harder to predict returns for investors who borrow cash to buy securities -- or borrow securities to sell -- and so reduces risk appetite. Volatility can thus punish smaller companies and economies that investors consider more vulnerable to capital flows, such as India, Indonesia and New Zealand.

Yet even though markets have become more volatile in the past month, they're not, relatively speaking, all that volatile. In fact, the most remarkable thing about volatility lately is that it's bouncing back from some pretty breathtaking lows.

Volatility on the S&P500, for example, has soared to its highest since mid-2012, but that's only after it sank in July to its lowest in a decade. On this side of the Pacific, volatility is even less exciting. Volatility on Australian stocks has rocketed to the highest since the middle of last year - after sinking in June to its lowest since 2005. Similarly, Hong Kong's stock market has regained volatility on a par with April, after falling in June to the lowest since 2006.

So why all the hand-wringing over volatility? One explanation is that markets have short memories. Another is that volatility's comeback is a great marketing opportunity. While volatility is perilous for investors and companies, it is essential to traders, brokers and investment advisers, who profit from the higher volumes, greater uncertainty and wider spreads that volatility creates.

Until volatility began climbing in September, in fact, the most common complaint in the financial community was that volatility was too low. Traders were cursing the bull market in global markets created by the Fed's quantitative easing as the most despised rally in memory.

Finally, the flow of scary news stories has hit pay dirt. That's not entirely bad: keeping a higher supply of traders and brokers around increases liquidity and lowers costs for investors.

Investors can make a friend of volatility, too. One of the simplest and most popular ways is to buy securities tied to the Chicago Board Options Exchange Volatility Index, or VIX, which tracks volatility on the S&P500. There's even an ETF, the ProShares VIX Short-Term Futures ETF (SVXY), that seeks returns that correspond to the inverse of VIX. Investors can also buy VIX futures and options.

Rising volatility makes options on other indexes and individual stocks a more enticing option, too. The odds of any option suddenly bouncing into the money rise the higher the market's volatility does. Even if the option doesn't hit its strike price, investors can sell it for a profit long before its expiration.

Indeed, there's even a way to bet prices will bounce around without having to bet which way they'll bounce: buying a so-called straddle. Investors with a high tolerance for potential losses can sell a "strangle" -- a bet that prices will stay range-bound.

There are less exotic ways to profit from rising volatility. One is to buy stocks in the folks that stand to benefit the most -- stockbrokers like Japan's Daiwa Securities (8601.JP), Hong Kong Exchanges and Clearing (388.HK), or South Korea's Kiwoom Securities (039490.KS).

Then there's the old-fashioned way of taking advantage of volatility: get out from under the bed with cash at the ready to snap up the undervalued stocks created as panicked investors flee.

Correction: The ProShares Short Vix Short-Term Futures ETF (SVXY) seeks returns that correspond to the inverse of the Chicago Board Options Exchange Volatility Index, or VIX. An earlier version of this column said wrongly that it seeks to track the VIX.

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(END) Dow Jones Newswires

October 26, 2014 22:12 ET (02:12 GMT)

文件 DJDN000020141027eaar0004t

DOW JONES
NEWSWIRES

The Trader: Stocks Rally On Upbeat Earnings Reports -- Barron's

2,086 字
2014 年 10 月 27 日 01:11
Dow Jones Newswires Chinese (English)
RTNW
英文

(FROM BARRON'S 10/27/14)

By Vito J. Racanelli

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In particular, the market was bolstered by profit reports from some of the biggest industrial names, continued good U.S. macroeconomic numbers, and better-than-expected -- if still unimpressive -- euro-zone and Chinese data.

The strong earnings news -- from the likes of Caterpillar (ticker: CAT), 3M (MMM), Microsoft (MSFT), and General Motors (GM) -- came later in the week and seemed to expunge the memory of the poor showings. The latter, for example, came from equally large mega-cap companies such as International Business Machines (IBM), Amazon (AMZN), AT&T (T), McDonald's (MCD), and Coca-Cola (KO). (More on Coke below and on IBM on page 18.)

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We agree. For the next 12 to 18 months, Coke is likely to underperform. There is a nice 3% dividend, but given the serious head winds, it's time to sell the shares, book a small gain, and deploy capital elsewhere.

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Moreover, this year's EPS will likely be flat on last year's $6.18, which, in turn, was lower than 2012's, breaking a string of a dozen years of rising EPS. That has disenchanted some investors, but not Paul Nolte, a portfolio manager with Kingsview Asset Management, which has been buying shares under $60 for its clients.

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The Trader: Stocks Rally On Upbeat Earnings Reports -- Barron's -2-

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e-mail: vito.racanelli@barrons.com

Vital Signs

	Friday's Close	Week's Change	Week's % Chg.
DJIndustrials	16805.41	+425.00	+2.59
DJTransportation	8568.98	+421.14	+5.17
DJUtilities	583.70	+21.14	+3.76
DJ65Stocks	6095.23	+207.61	+3.53
DJUSMarket	493.20	+19.70	+4.16
NYSEComp.	10582.61	+332.07	+3.24
NYSEMKTComp.	2508.01	-22.42	-0.89
S&P500	1964.58	+77.82	+4.12
S&PMidCap	1377.33	+55.21	+4.18
S&PSmallCap	645.80	+21.11	+3.38
Nasdaq	4483.72	+225.28	+5.29
ValueLine(arith.)	4416.91	+161.09	+3.79
Russell2000	1118.82	+36.50	+3.37
DJUSTSMFloat	20418.04	+804.36	+4.10

	Last Week	Week Earlier
NYSE		
Advances	2,135	2,000
Declines	572	1,250
Unchanged	22	40
NewHighs	214	89
NewLows	101	813
AvDailyVol(mil)	3,548.8	4,921.8
Dollar		

(Finexspotindex)	85.73	85.20
T-Bond		
(CBTnearbyfutures)	141-230	142-290
Crude Oil		
(NYMlightsweetcrude)	81.01	82.75
Inflation KR-CRB		
(FuturesPriceIndex)	270.22	272.64
Gold		
(CMXnearbyfutures)	1231.20	1238.30

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(END) Dow Jones Newswires

27-10-14 0111GMT

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NEWSWIRES

The Trader: Stocks Rally On Upbeat Earnings Reports -- Barron's

2,085 字
2014 年 10 月 25 日 05:07
Dow Jones Institutional News
DJDN
M3
英文

(FROM BARRON'S 10/27/14)
By Vito J. Racanelli

Stocks bounced back last week in a powerful upswing that saw the Standard & Poor's 500 index soar 4.1%. The rise erased the deep losses of the previous week and then some. Equity markets around the world joined in the rally, up about 2%.

"Investors were buoyed by a combination of sentiment improving on better global economic figures and solid U.S. third-quarter earnings results," says Yousef Abbasi, a market strategist at JonesTrading.

In particular, the market was bolstered by profit reports from some of the biggest industrial names, continued good U.S. macroeconomic numbers, and better-than-expected -- if still unimpressive -- euro-zone and Chinese data.

The strong earnings news -- from the likes of Caterpillar (ticker: CAT), 3M (MMM), Microsoft (MSFT), and General Motors (GM) -- came later in the week and seemed to expunge the memory of the poor showings. The latter, for example, came from equally large mega-cap companies such as International Business Machines (IBM), Amazon (AMZN), AT&T (T), McDonald's (MCD), and Coca-Cola (KO). (More on Coke below and on IBM on page 18.)

In general, the third-quarter earnings season has shown healthy growth. With over 40% of the S&P 500 components reporting, some 75% have beaten earnings-per-share expectations and 60% revenue projections, above the five-year average, according to John Butters, an analyst with FactSet. EPS growth has averaged 7.1% and sales 5.1%.

The Dow Jones Industrial Average, which is filled with many of the above-named stocks, didn't do as well as the S&P. It rose 425 points or 2.6% to 16,805.41. The S&P 500 index gained 78, or 4.1%, to 1964.58. The Nasdaq Composite index added 225, or 5.3% to 4483.72, while the Russell 2000 picked up 3.4% to 1118.82. The MSCI World Index excluding the U.S. rose 2.2%.

The Chinese October flash HSBC/Markit manufacturing purchasing managers' index (PMI) inched up to 50.4 from 50.2 the previous month. Markit said its composite euro-zone PMI rose to 52.2 from 52 in September. Neither rise was big, but the upward direction surprised investors.

Despite last week's big rally, market sentiment still appears fragile after the roller-coaster rides of recent weeks. There's likely to be further volatility. It's fair to ask what might have happened to stocks last week if the poor earnings figures had mostly followed the stronger ones instead of preceding them.

Looking ahead, investors will be following Sunday's release of stress test results on euro-zone banks by the European Central Bank. Brazil holds elections the same day, which could influence emerging markets this week.

More earnings results will be released from over 100 companies in the S&P 500, so there will be plenty to chew on, including reports from the energy sector: ExxonMobil (XOM), Chevron (CHV), and ConocoPhilips (COP). Energy has been groaning under lower commodity prices, and the results could occasion "concerns that could sneak back into the market," Abbasi adds.

Maybe Coke's Not It

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25 Oct 2014 00:08 ET The Trader: Stocks Rally On Upbeat Earnings -2-

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NYSEComp.	10582.61	+332.07	+3.24
NYSEMKTComp.	2508.01	-22.42	-0.89
S&P500	1964.58	+77.82	+4.12
S&PMidCap	1377.33	+55.21	+4.18
S&PSmallCap	645.80	+21.11	+3.38
Nasdaq	4483.72	+225.28	+5.29
ValueLine(arith.)	4416.91	+161.09	+3.79
Russell2000	1118.82	+36.50	+3.37
DJUSTSMFloat	20418.04	+804.36	+4.10

	Last Week	Week Earlier
NYSE		
Advances	2,135	2,000
Declines	572	1,250
Unchanged	22	40
NewHighs	214	89
NewLows	101	813

AvDailyVol(mil)	3,548.8	4,921.8
Dollar		
(Finexspotindex)	85.73	85.20
T-Bond		
(CBTnearbyfutures)	141-230	142-290
Crude Oil		
(NYMlightsweetcrude)	81.01	82.75
Inflation KR-CRB		
(FuturesPriceIndex)	270.22	272.64
Gold		
(CMXnearbyfutures)	1231.20	1238.30

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(END) Dow Jones Newswires

October 25, 2014 00:08 ET (04:08 GMT)

文件 DJDN000020141025eaap00087

DOW JONES
NEWSWIRES

Why Goldman Sachs Downgraded Abercrombie & Fitch, American Eagle Outfitters -- Barron's Blog

By Ben Levisohn
443 字
2014 年 10 月 24 日 18:33
Dow Jones Institutional News
DJDN
英文

This should be a good time for consumers--and consumer stocks like Abercrombie & Fitch (ANF), American Eagle Outfitters (AEO) and Aeropostale (ARO)--given what should be a solid economic backdrop. But no dice.

Goldman Sachs' analyst Lindsay Drucker Mann and team don't quite know what's gone wrong but they don't think it will get better. They explain why:

We had expected that the improved consumer macro picture (jobs improving, gas prices declining) and a tighter apparel supply backdrop would support a cyclical recovery for well positioned companies. However, negative data points from a broad base of diverse apparel competitors points to the persistence of an overall soft environment. While stocks have underperformed over the last two months, this looks appropriate relative to industry softness.

As a result, Mann downgraded shares American Eagle Outfitters just five weeks after upgrading them, and cut Abercrombie & Fitch, as well. Mann explains why she downgraded American Eagle Outfitters...

We are downgrading AEO to Neutral from Buy. Since upgrading to Buy on September 18, shares are -7% vs. the S&P500 at -4%. Our upgrade was based on very strong pricing metrics and favorable markdown activity observed in August. We had expected this momentum would continue through holiday and drive robust upside to consensus metrics. Since then, metrics weakened in September and October, leaving us less optimistic a significant EPS beat is in store. We continue to see upside to consensus estimates as comps stabilize and merchandise margins recover, but the magnitude of upside now appears less material than we had originally expected. AEO's valuation suggests the market is already pricing in the healthy EPS growth that we anticipate in FY15, and risk reward is overall balanced.

...and why she slashed the rating of Abercrombie & Fitch:

We believe ANF could miss estimates due to: (1) deterioration in the high margin European business, (2) persistent weakness in the US, evidenced by seven consecutive quarters of negative same store sales growth, and (3) unfavorable currency movements negatively impacting 3Q and 4Q international sales on a year-over-year basis by 2% and 5%, respectively. We lower our 6-month price target to $27, which represents -18% downside and compares with +2% average upside for the group.

Shares of Abercrombie & Fitch has plunged 5.8% to $31.65 at 1:31 p.m. today, while American Eagle Outfitters has plummeted 8% to $12.69 and Aeropostale has slid 5.1% to $2.89.

More at Barron's Stocks to Watch blog, http://blogs.barrons.com/stockstowatchtoday/
(END) Dow Jones Newswires

October 24, 2014 13:33 ET (17:33 GMT)

文件 DJDN000020141024eaao002nn

THE WALL STREET JOURNAL.

Personal Finance

Stocks: How to Play Defense; Specialized Funds Designed to Hedge Risk May Not Be the Best Choice

By John F. Wasik
1,008 字
2014 年 10 月 24 日 13:43
The Wall Street Journal Online
WSJO
WSJ.com
英文

The stock market has been taking investors on a white-knuckle ride in recent weeks. Some of the ways investors try to manage volatility can be nerve-racking, too.

The S&P 500 has fallen more than 1% six times and risen more than 1% five times since the index hit an all-time high on Sept. 18. By contrast, there weren't any such single-day swings between Aug. 9 and Sept. 24.

Jittery investors are worried about the U.S. economic recovery, higher interest rates and slow growth in Europe, among other issues. Strong gains in recent years have boosted share prices and stoked concerns that stocks are priced too high.

The market upheaval has put a spotlight on strategies investors can use to try to protect themselves from steep losses in a downturn. For example, a handful of funds allow investors to profit from volatile moves and log gains when stocks fall.

But the share prices of such funds can just as quickly leap or fall. "You don't just plunk them in a portfolio for the long term," says Eric Dutram, an analyst who tracks exchange-traded funds at Zacks Investments, a research firm based in Chicago.

For investors who just want to smooth out a bumpy ride, the better bet may be a balanced fund that holds a mix of stocks and bonds. Here's what you need to know about each approach.

The wagers of fear. Financial whizzes look for signs of volatility in stock prices by watching the Chicago Board Options Exchange's Volatility Index, or VIX, informally known as the fear gauge.

The VIX tracks near-term volatility as measured by S&P 500 index options prices. A high VIX means stock prices are more likely to fluctuate—and often decline. As recently as July, the VIX was at its lowest level since 2007, before the financial crisis.

But the index has spiked recently, which has benefited investors in funds that track the VIX. The iPath S&P 500 VIX Short-Term Futures Exchange-Traded Note, which has $968 million invested, gained 15% over the past month, through Thursday, according to Chicago-based investment researcher Morningstar. Exchange-traded notes are debt instruments backed by the issuer that promise to pay a return based on the performance of a market measure.

A similar fund, the ProShares VIX Short-Term Futures ETF, which has $90 million invested, is up 14% over the same period.

The iPath note charges annual fees of 0.89%, or $89 on a $10,000 investment, while the ProShares fund charges 0.83%.

But such products also can lose big in periods of calm, such as when stocks are gaining steadily or basically flat, which makes them unsuitable for most buy-and-hold investors. The iPath note, for example, fell nearly 78% in 2012 and 67% last year. Even with its recent gains, the note is down 21% year to date, according to Morningstar.

The risks are real even for investors who watch their portfolios carefully, because it is difficult if not impossible to consistently predict when stocks will be calm or volatile.

Down is the new up. Some funds aim to profit when stocks drop. As with funds that benefit from volatility, however, the secret to success is the perilous art of timing your bets.

The ProShares Short S&P500 ETF, for example, offers investors the inverse of the daily return of the S&P 500, including dividends, minus fees. If the index loses 1% in a day, the fund should gain about 1%, and the profits and losses can diverge to some extent and compound over time for investors who hold the fund for longer periods.

For example, the ProShares fund is up 1.3% over the past month, through Thursday, while the S&P 500 has fallen 1.5% over the same period. But the fund is down 8.0% year to date, compared with a 7.3% return for the S&P 500. The fund has $1.8 billion in assets and charges annual fees of 0.89%.

The ProShares fund can help insulate investors. In 2008, during the financial crisis, the fund rose 39%. But it has dropped every year since, including a nearly 26% decline last year, as stocks recovered.

A similar ETF, the ProShares Short Dow30, places a narrower bet on the Dow Jones Industrial Average, which has lagged behind the S&P 500 this year.

Striking a balance. Investors who have no special insight into what the stock market will do nonetheless have ways to cushion their portfolios.

One of the simplest options is a balanced fund that holds chunks of both stocks and bonds in hopes that the stocks will provide growth and the bonds some measure of insurance because their prices often rise when stocks fall.

The Vanguard Balanced Index Fund, for example, had 56% of its assets in stocks such as Apple and Exxon Mobil, as of Sept. 30, and the rest in U.S. Treasurys and other bonds as well as some cash. The fund is down 0.3% over the past month, through Thursday, but up 5.9% year to date.

A similar fund, the Fidelity Balanced Fund, had 72% of its assets in stocks and the rest in bonds, cash and other investments as of Sept. 30. The fund is down 1% over the past month, but up 6.3% this year.

These types of funds have attracted wide interest. The Vanguard fund has $23.2 billion in assets and the Fidelity fund has $26.6 billion. The annual fee on Admiral shares of the Vanguard fund is 0.09%, and the fee is 0.58% for the Fidelity fund.

The returns on a balanced fund may not be anything to brag about. But if wild rides are what bother you, it may be a calmer place to park your money.

文件 WSJO000020141024eaao00337

DOW JONES
NEWSWIRES

Amazon Grocery Delivery Coming to More Cities -- Market Talk

1,552 字
2014 年 10 月 24 日 23:25
Dow Jones Institutional News
DJDN
英文

18:25 EDT - Amazon (AMZN) may soon be able to use the US Postal Service for grocery deliveries in Phoenix, Portland and Las Vegas, according to a filing by the Postal Regulatory Commission Thursday. The PRC gave approval in the filing for a two-year grocery delivery test by the USPS, starting in San Francisco, where the agency is already delivering groceries in the early morning for Amazon Fresh. The USPS can give advance notification to expand to new cities. While the Postal Service hasn't indicated whether Amazon will continue to partner with it for early-morning deliveries or expand to new cities, the San Francisco stint has now stretched past its initial 60-day trial. (laura.stevens@wsj.com)

18:14 EDT - The Financial Action Task Force, an international body that sets standards for anti-money laundering, says it is "deeply concerned" by terrorism financing and money laundering risks posed by the Islamic State. FATF says its experts will look into how funds and other assets are raised, moved and used by the Islamic State. U.S. officials estimate the Islamic State raises about $1M a day in black market oil sales. David Cohen, undersecretary of Treasury for terrorism and financial intelligence, said in a speech the group has taken at least $20M in ransom payments this year and brings in several million dollars per month through extortion. (samuel.rubenfeld@wsj.com; @srubenfeld)

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(END) Dow Jones Newswires

October 24, 2014 18:25 ET (22:25 GMT)

文件 DJDN000020141024eaao003ok

DOW JONES
NEWSWIRES

SEC Tactics Cause Counsel to Change Strategy -- Market Talk

1,599 字
2014 年 10 月 24 日 23:10
Dow Jones Institutional News
DJDN
英文

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(END) Dow Jones Newswires

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文件 DJDN000020141024eaao003mb

DOW JONES
NEWSWIRES

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141 字
2014 年 10 月 24 日 22:38
Dow Jones Institutional News
DJDN
英文

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16:14 EDT - Remember those edgy days for US stocks last week, when terms like "correction," and even "capitulation," were being tossed around? Feels kind of silly now, doesn't it, after S&P 500 vaults more than 4% higher for the week, Nasdaq Comp up 5.3% and blue chips up a relatively pedestrian 2.6%. All the worries of a global economic slowdown have faded -- though the risks still loom -- and investors are pleased with earnings reports that put companies on track to post roughly the same profit and sales growth they saw in 2Q, up about 7.5% and maybe 4%, respectively. DJIA up 127.51 to 16805.41, and Nasdaq Comp climbs 30.92 to 4483.72. S&P 500 ends 13.76 higher at 1964.58. (john.shipman@wsj.com)

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文件 DJDN000020141024eaao003j0

DOW JONES
NEWSWIRES

Press Release: Spectral's Monitr Announces Launch of Market News Analysis Platform for Investors

1,022 字
2014 年 10 月 22 日 13:50
Dow Jones Institutional News
DJDN
英文

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Monitr provides a significant advantage to investors by uncovering the news and information, in real time, that are influencing markets and the equities that are most impacted positively or negatively at any given time.

SEATTLE--(BUSINESS WIRE)--October 22, 2014--
Spectral Capital Corporation, (FCCN.QB), announced today that portfolio company Monitr has launched its financial market news analysis platform and service. The Monitr platform finds, aggregates and analyzes thousands of news articles and opinions daily, calculating the sentiment, trend and impact on equities, sectors and indices for each article or social media post in real time. The Monitr service provides analysis for over 7,000 publicly traded companies, major indices like the S&P500, Dow Jones and Russell 2000 and exchanges including the NYSE, Nasdaq and TSX.

Over the past decade, there has been an enormous increase in the production and distribution of financial news and opinion. The amount and flow of new information reporting and commenting on equities and markets has moved well beyond the consumption abilities of even the most advanced financial organization or retail investor. Monitr, leveraging the power of the cloud and its proprietary algorithms, aims to provide these investors and traders with the tools, data and services that will allow them to follow and analyze all the news, from all markets for all equities. Monitr users have a significant advantage by being able to uncover the news and information that are influencing markets and the equities that are most impacted positively or negatively at any given time.

The Monitr service is web-based making it easy to access from any desktop device or tablet. The service provides easy to interpret market visualization tools, competitor comparisons, portfolio management along with fine-grained analysis for equities, industries and sectors for the past 30 days. In addition to tools to follow, monitor and interpret market news, trends and sentiment, Monitr provides daily updates, real time alerts and signals via email and Twitter.

"Monitr is a very ambitious project and now that it is available to the public, it has the potential to be a game-changer for individual investors, as well as financial institutions and hedge funds," said Jenifer Osterwalder, Spectral CEO. "The use of technology has become integral in making informed investment decisions, and Monitr provides groundbreaking analysis of what, up until now, has been an underutilized market signal - news and opinion."

Immediate enhancements planned for Monitr include further development of the Monitr Rank algorithm, as well as refinement of the algorithms underlying the analysis of sentiment and the calculation of audience impact for news mentions. Enhancements to existing algorithms will bring even more precision to the analysis available on the Monitr platform.

"We know, based on early feedback, that Monitr is already an essential tool for professionals in financial markets. We are focused on making Monitr a need-to-have tool for every investor who strives to make data-driven investment decisions," commented Dennis Lutsky, Monitr founder and CEO.

In addition to individual accounts, Monitr is available to larger financial institutions via customizable data feeds and on the web as Software as a Service (SAAS).

For more information and to sign up for Monitr's free or paid services, visit www.monitr.com

ABOUT SPECTRAL:

Spectral Capital (FCCN) is a publicly traded technology startup accelerator that invests primarily in emerging and fast growth technology markets. We offer shareholders an ideal way to invest in early stage startups with the added benefit of investment liquidity through public exchanges. We acquire companies that are developing technologies and solutions to challenging business problems and needs. Spectral guides and mentors each new venture, keeping them on track and focused on growth. Spectral Capital has offices and operations in North America and Europe.

ABOUT MONITR:

Monitr is a technology and financial data services company. Monitr specializes in the analysis of news, opinion and social media to determine the aggregate sentiment and trends of equities, commodities and currencies across world markets. It offers these services direct to customers on the web as Software as a Service and via customized data feeds for financial institutions and hedge funds.

PRESS RELEASE FORWARD LOOKING STATEMENT:

This press release contains forward-looking statements (as defined in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended) concerning future events and the Company's growth and business strategy. Words such as "expects," "will," "intends," "plans," "believes," "anticipates," "hopes, " "estimates," and variations on such words and similar expressions are intended to identify forward-looking statements. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. These statements involve known and unknown risks and are based upon a number of assumptions and estimates that are inherently subject to significant uncertainties and contingencies, many of which are beyond the control of the Company. Actual results may differ materially from those expressed or implied by such forward-looking statements.

Factors that could cause actual results to differ materially include, but are not limited to, changes in the Company's business; competitive factors in the market(s) in which the Company operates; risks associated with operations outside the United States; and other factors listed from time to time in the Company's filings with the Securities and Exchange Commission. The Company expressly disclaims any obligations or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in the Company's expectations with respect thereto or any change in events, conditions or circumstances on which any statement is based.

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(END) Dow Jones Newswires

October 22, 2014 08:50 ET (12:50 GMT)

文件 DJDN000020141022eaam001nn

DOW JONES
NEWSWIRES

PRESS RELEASE: Spectral's Monitr Announces Launch of Market News Analysis Platform for Investors

1,073 字
2014 年 10 月 22 日 13:00
Dow Jones Newswires German
RTDJGE
英文

DGAP-News:
Spectral Capital Corporation / Key word(s): Miscellaneous
Spectral's Monitr Announces Launch of Market News Analysis Platform for Investors

22.10.2014 / 14:00

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Spectral's Monitr Announces Launch of Market News Analysis Platform for Investors

Monitr provides a significant advantage to investors by uncovering the news and information, in real time, that are influencing markets and the equities that are most impacted positively or negatively at any given time.

SEATTLE-(BUSINESS WIRE)-(October 22, 2014) Spectral Capital Corporation, (FCCN.QB), announced today that portfolio company Monitr has launched its financial market news analysis platform and service. The Monitr platform finds, aggregates and analyzes thousands of news articles and opinions daily, calculating the sentiment, trend and impact on equities, sectors and indices for each article or social media post in real time. The Monitr service provides analysis for over 7,000 publicly traded companies, major indices like the S&P500, Dow Jones and Russell 2000 and exchanges including the NYSE, Nasdaq and TSX.

Over the past decade, there has been an enormous increase in the production and distribution of financial news and opinion. The amount and flow of new information reporting and commenting on equities and markets has moved well beyond the consumption abilities of even the most advanced financial organization or retail investor. Monitr, leveraging the power of the cloud and its proprietary algorithms, aims to provide these investors and traders with the tools, data and services that will allow them to follow and analyze all the news, from all markets for all equities. Monitr users have a significant advantage by being able to uncover the news and information that are influencing markets and the equities that are most impacted positively or negatively at any given time.

The Monitr service is web-based making it easy to access from any desktop device or tablet. The service provides easy to interpret market visualization tools, competitor comparisons, portfolio management along with fine-grained analysis for equities, industries and sectors for the past 30 days. In addition to tools to follow, monitor and interpret market news, trends and sentiment, Monitr provides daily updates, real time alerts and signals via email and Twitter.

"Monitr is a very ambitious project and now that it is available to the public, it has the potential to be a game-changer for individual investors, as well as financial institutions and hedge funds," said Jenifer Osterwalder, Spectral CEO. "The use of technology has become integral in making informed investment decisions, and Monitr provides groundbreaking analysis of what, up until now, has been an underutilized market signal - news and opinion."

Immediate enhancements planned for Monitr include further development of the Monitr Rank algorithm, as well as refinement of the algorithms underlying the analysis of sentiment and the calculation of audience impact for news mentions. Enhancements to existing algorithms will bring even more precision to the analysis available on the Monitr platform.

"We know, based on early feedback, that Monitr is already an essential tool for professionals in financial markets. We are focused on making Monitr a need-to-have tool for every investor who strives to make data-driven investment decisions," commented Dennis Lutsky, Monitr founder and CEO.

In addition to individual accounts, Monitr is available to larger financial institutions via customizable data feeds and on the web as Software as a Service (SAAS).

For more information and to sign up for Monitr's free or paid services, visit www.monitr.com

ABOUT SPECTRAL:

Spectral Capital (FCCN) is a publicly traded technology startup accelerator that invests primarily in emerging and fast growth technology markets. We offer shareholders an ideal way to invest in early stage startups with the added benefit of investment liquidity through public exchanges. We acquire companies that are developing technologies and solutions to challenging business problems and needs. Spectral guides and mentors each new venture, keeping them on track and focused on growth. Spectral Capital has offices and operations in North America and Europe.

ABOUT MONITR:

Monitr is a technology and financial data services company. Monitr specializes in the analysis of news, opinion and social media to determine the aggregate sentiment and trends of equities, commodities and currencies across world markets. It offers these services direct to customers on the web as Software as a Service and via customized data feeds for financial institutions and hedge funds.

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contained herein to reflect any change in the Company's expectations with respect thereto or any change in events, conditions or circumstances on which any statement is based.

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206-262-7820

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292631 22.10.2014

(END) Dow Jones Newswires

22-10-14 1200GMT

文件 RTDJGE0020141022eaam000c6

DOW JONES
NEWSWIRES

Exchange Traded Funds Top 10 Volume Leaders

172 字
2014 年 10 月 21 日 22:32
Dow Jones Institutional News
DJDN
英文

STOCK (Symbol)		LAST	NET CHG	% CHG	VOL 100s
SPDR S&P 500	SPY	194.07	3.77	1.98	143,896,563
PwrShrs QQQ Tr Series 1	QQQ	96.87	2.48	2.63	51,025,694
Select Sector SPDR-Finl	XLF	22.87	0.42	1.87	50,709,913
iShares MSCI Emg Markets	EEM	41.01	0.17	0.42	48,377,643
iShares MSCI Brazil Cap	EWZ	41.69	-1.72	-3.96	42,814,013
iShares Russell 2000 ETF	IWM	110.53	1.79	1.65	41,147,175
iShares MSCI Japan ETF	EWJ	11.14	-0.02	-0.18	36,300,446
Select Sector SPDR-Energy	XLE	85.96	2.54	3.04	30,823,144
Direxion Daily Sm Bear 3x	TZA	16.10	-0.81	-4.79	23,675,739
ProShrs UltraShort S&P500	SDS	25.24	-1.03	-3.92	19,938,181

(END) Dow Jones Newswires

October 21, 2014 17:32 ET (21:32 GMT)

文件 DJDN000020141021eaal00413

BARRON'S

MARKET WEEK
Stocks --- The Trader: A Rocky Week Ends With a Rebound

By Vito J. Racanelli
2,036 字
2014 年 10 月 20 日
Barron's
B
M3
英文

Despite a big gain on Friday, stocks finished another wild and volatile week to the downside, the fourth consecutive lower weekly close, something that hasn't happened since August 2011. After the dust settled, the major indexes closed down about 1% for the week, though they'd been much lower at midweek. Trading volume was heavy.

The Dow Jones Industrial Average endured dizzying swings each day, with a 460-point move midday on Wednesday. That's when the market came closest to hitting a correction phase -- that is, down 10% from the highs. The Standard & Poor's 500 index fell to 1,820.66, or down 9.5% intraday from the all-time closing high of 2011.36, before closing on Wednesday down 7.4% from highs.

The potential spread of Ebola and fear of slowing global economic growth continue to dominate a long laundry list of investor concerns. (More on those worries, below.) That culminated in a race for the exits on Wednesday, when Treasury yields temporarily plunged below 2% and bond prices soared.

Last week, the Dow shed 164 points, or 1%, to 16,380.41, and the S&P 500 index lost 19, or 1%, to 1886.76. The correction level would be just above 1810. One positive sign is that beaten-down small-caps had a good week. Overall, the Nasdaq Composite index dropped 18, or 0.4%, to 4258.44, but the Russell 2000 rose 2.8%, to 1082.33.

Prior to Friday's recovery, the market churned on bad headlines, with little good news to offset it, says Michael Yoshikami, CEO of Destination Wealth Management. News about Ebola, the German economy, and U.S. economic data was generally bearish until Friday, when General Electric (ticker: GE) topped third-quarter earnings expectations. The White House's appointment on Friday of an "Ebola czar" also might have assuaged some investor worry, he adds.

Volatility is back, says Kim Forrest, senior equity analyst at Fort Pitt Capital Group. "People who once thought they had risk tolerance are finding out they don't," she says.

The market is getting to be like a daily soap opera, with unanswered questions at the end of each day that leave you hanging, she adds. "Will the global economy get better? Is Ebola going to spread? Stay tuned." At least the third-quarter earnings reports out so far have been supportive of stock prices, and the oil price drop could be a huge help to consumers, Forrest says.

Was last week's action the long-awaited correction? "It was a low, but I'm not sure it was the low," says a veteran trader. It's very clear that without quantitative easing to provide support, investors will have to get used to more volatility, he says.

The market gyrations of the past few weeks -- after a 21-month ride up to the highs of Sept. 18 -- have investors fearful and perplexed. The antidote is a dispassionate look at the economic facts and reasonable assumptions about what is likely to happen.

The scariest fear is Ebola. Perhaps it reminds investors of the 2011 movie Rise of the Planet of the Apes, in which the last scene shows multiplying vector lines tracing the global outbreak of a killer disease from an infected airline pilot.

There is a real-world template, however: Severe Acute Respiratory Syndrome, which killed roughly 1,000 people and roiled markets in 2003. Admittedly, Ebola is worse. There are about 9,000 cases so far, according to the World Health Organization, approximately half fatal. This is a terrible human tragedy but Ebola's transmission -- through bodily fluids -- appears to be more difficult than SARS.

Talk of an eventual 10,000 new cases per week grabs headlines but appears to be exaggerated. The cost will be high in human terms, but so far there is nothing to suggest it won't eventually be contained.

The next worry is deflation in Europe spreading to the rest of the world. First, sustained deflation is not common and Europe isn't there yet. True, the euro zone is recessionary in some countries and basically is showing no growth as a whole.

"Yet, how is this different?" asks Chris Hyzy, chief investment officer of U.S. Trust. The euro-zone economy has shown 1% growth to 1% contraction for the past three years. On the margin, Europe is a negative factor, adds Dan Morris, global investment strategist at TIAA-CREF, but the U.S. isn't a trade-dependent economy. U.S. exports are about 13% of gross domestic product, half of Germany's ratio.

Europe demands a policy response, which will happen, says Phil Orlando, the chief equity strategist at Federated Investors. Some see Europe's woes compounded by unease about a Chinese "hard landing," but that's nothing new, and China continues to grow at about 7%, he points out.

The end of quantitative easing this month and the expected rise in U.S. interest rates next year has some perturbed. This isn't new. The Fed's accommodative policies suppressed volatility, but quantitative easing is going to end, and whether the Fed raises rates in June or December next year makes no difference right now, says David Kotok, chief investment officer at Cumberland Advisors. Investors will have to get accustomed to more volatility than has been the case until recently, he adds.

There's also a debate about the strength of the U.S. economy, with little evidence of the sustainable 3% to 4% GDP expansion more typical of bona fide recoveries. But how bad is that? RBC Capital Markets chief U.S. market strategist Jonathan Golub agrees the recovery is disappointing and "will continue to be so." But that means the business cycle will be elongated, he says.

Recessions cause bear markets, and they follow economic excess, not weakness. "If we stay in the 2% to 3% growth rate," then companies will stay vigilant on costs and earnings per share can grow 8% to 9%, including buybacks, with double-digit equity returns when dividends are thrown in, he says.

Political unrest and military conflicts still afflict the world: Ukraine, the Middle East, Hong Kong, to name the biggest. This kind of risk rarely goes away, and could worsen, but short of a war it's more likely to cause spikes than sustained moves.

Some wring their hands over the strong dollar and falling crude prices. While big U.S. multinationals will indeed see some translation and perhaps even transactional costs from a mighty greenback, it also means overseas expenses will drop. Lower crude prices hurt the energy sector, but benefit just about everyone else. In both cases, the net effect should be positive for the U.S. stock market.

So far, stocks haven't corrected. It's been close, with a 9.5% drop intraday. Volatility will continue, but a bear market (a 20% drop from highs) this year isn't supported by facts and assumptions. The market trades at a price/earnings ratio of 14 times next year's bottom-up analyst consensus, just below the historical average P/E and not particularly demanding.

Investors should watch two near-term catalysts, adds Federated's Orlando. Third-quarter earnings have been strong, with just 20% of the S&P 500 reporting. The rest of the reports will be important. On Nov. 25, we'll get a preliminary look at U.S. third-quarter GDP. Investors should think about taking advantage of opportunities the near-correction presents.

Giving UTX a Second Look

United Technologies (ticker: UTX) ticks several boxes of market anxieties. Airline traffic might slow on Ebola outbreaks? UTX makes Pratt & Whitney engines, and commercial and military aerospace products and services are 54% of its total revenue. The global economy might slow down? UTX, with Otis Elevators and commercial-building products and services, gets more than 60% of its consolidated sales from overseas.

It's no wonder that while the market is down 6% from all-time highs, UTX shares are down 16% from highs and at one point were nearly in bear-market territory, down 19%, at $97.30. After a small jump Friday, the stock closed at $101.53, compared with $121 just a few months ago in April.

At this level, however, UTX's drop seems to discount much of the potential damage from the head winds. Both the stock valuation and the dividend yield of 2.3% -- above the 10-year Treasury bond -- are starting to look attractive, says Henry Smith, chief investment officer of Haverford Trust, which owns a UTX stake.

Besides the above-mentioned issues, a strong dollar and euro-zone economic stagnation, in particular, are a concern, he says. For UTX, fears of an international slowdown may be overblown. China has been growing at

7.5% for two years, and investors are still worried about a "hard landing," argues the portfolio manager. "Europe's been a basket case for years," he adds.

The $93 billion market-cap company has generated a decade-long track record of double-digit earnings growth, through thick and thin, with steadily increasing dividends, even through the 2008 financial crisis.

UTX has done a great job of positioning itself in the long-term trend of energy efficiency both in buildings and jet engines, Smith says, and neither of those trends are going away. This member of the Dow Jones Industrial Average is a high-quality company with a diversified and relatively steady revenue base, he adds.

UTX isn't a purely cyclical firm, thanks to the increasing portion of sales from servicing all the building equipment and jet engines it has sold around the world over the years, he says. Services and aftermarket sales combined make up about 43% of revenue, and "UTX is becoming less reliant on the sale of original equipment and therefore less cyclical," he says.

With the stock trading at 14.8 times the consensus earnings per share estimate of $6.85 this year, the valuation is below its long-term median of 15.6 times. UTX also sports a strong balance sheet, with net debt at 30% of total capital.

If the broad market continues its descent, UTX won't be immune, but given the relative stability of its service revenue, the shares probably won't go down as much. For the long-term investor, the prospect of a double-digit total return annually from UTX seems a realistic expectation. And if market worries recede and the market snaps back, then UTX should outperform.

UTX reports third-quarter results Tuesday, and investors might wait for more guidance from the firm. Should management cite dollar and international sales concerns, the stock could drop some more, but it would be a "better buying opportunity," says Smith. And if not, it's still attractive, he adds.

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e-mail: vito.racanelli@barrons.com

Vital Signs

	Friday's Close	Week's Change	Week's % Chg.
DJIndustrials	16380.41	-163.69	-0.99
DJTransportation	8147.84	+254.58	+3.23
DJUtilities	562.56	+0.89	+0.16
DJ65Stocks	5887.62	+22.39	+0.38
DJUSMarket	473.50	-3.18	-0.67
NYSEComp.	10250.54	-42.60	-0.41
NYSEMKTComp.	2530.43	+48.38	+1.95
S&P500	1886.76	-19.37	-1.02
S&PMidCap	1322.12	+17.53	+1.34
S&PSmallCap	624.69	+13.79	+2.26
Nasdaq	4258.44	-17.80	-0.42
ValueLine(arith.)	4255.82	+65.86	+1.57
Russell2000	1082.33	+29.00	+2.75
DJUSTSMFloat	19613.68	-98.31	-0.50

	Last Week	Week Earlier
NYSE		
Advances	2,000	801
Declines	1,250	2,453
Unchanged	40	30
NewHighs	89	103
NewLows	813	565
AvDailyVol(mil)	4,921.8	4,035.1
Dollar (Finexspotindex)	85.11	85.91
T-Bond (CBTnearbyfutures)	142-290	141-090

Crude Oil		
(NYMlightsweetcrude)	82.75	85.82
Inflation KR-CRB		
(FuturesPriceIndex)	272.64	275.60
Gold		
(CMXnearbyfutures)	1238.30	1221.00

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文件 B000000020141018eaak00011

DOW JONES
NEWSWIRES

Charts Don't Vindicate Bulls Yet- Barclays - -- Market Talk

107 字
2014 年 10 月 20 日 11:10
Dow Jones Institutional News
DJDN
英文

1010 GMT [Dow Jones]--The UK clearer notes the S&P500, US bonds and USD/JPY all rallied towards the end of last week and posted similar reversal patterns on the charts. While these patterns point to capitulation, confirmation will only come with a positive close this week in all three. USD/JPY now 107.15, S&P500 future +0.3%, 10-yr US yield 2.21%. gary.stride@dowjones.com

Contact us in London. +44-20-7842-9464
markettalk@wsj.com

(END) Dow Jones Newswires

October 20, 2014 06:10 ET (10:10 GMT)

文件 DJDN000020141020eaak0013q

DOW JONES
NEWSWIRES

Sears Still Searching the Couch for Coins -- Market Talk
1,539 字
2014 年 10 月 20 日 11:49
Dow Jones Institutional News
DJDN
英文

6:49 EDT - This morning's store-leasing announcement isn't the only cash-raising effort Sears (SHLD) has. It just separately disclosed a plan to sell up to $625M of 8%-yielding 5-year debt and 5-year warrants to buy stock at Friday's closing price of $28.41. That level is 42% above last week's low--highlighting just how volatile the stock has been. SHLD's market cap is at $3.7B and the offering is being made in proportion to current shareholders' stakes. CEO Edward Lampert and his hedge-fund business, which collectively own just under half of SHLD "intend to exercise their pro-rata portion" of the deal, while 24%-owner Fairholme expects some if its clients will also participate. But will these cash-raising efforts be enough to soothe investor concerns? SHLD remains inactive premarket. (kevin.kingsbury@wsj.com; @kevinkingsbury)

1023 GMT [Dow Jones]--Germany will likely avoid a recession. At least that's the conclusion that one can draw from Monday's Bundesbank monthly bulletin. The bank said that industrial production probably was a drag on growth in the third quarter, but consumer spending did pretty well. This means the economy either was flat in the third quarter or even grew a little, the bank said. Still, there's no doubt that Germany isn't the growth motor that it was expected to be. Last week, the government significantly slashed its growth forecasts for this year and next, leading economic think tanks did likewise the week before. Germany is Europe's largest economy and has been a shining star on the continent even amid the debt crisis and recession that have weighed on other eurozone states. Therefore a slowing Germany remains a serious item of concern for the eurozone. (todd.buell@wsj.com)

Contact us in London. +44-20-7842-9464
markettalk@wsj.com
1021 GMT As Europe tries to jumpstart growth, investors are punishing countries that haven't tackled important economic reforms, namely France and Italy, according to Barclays. "In France, improvements to cost competitiveness have disappointed thus far. Not enough is in the pipeline to improve labour market flexibility, which should represent the pivotal reform," says the bank. In Italy, labour market and justice reforms are underway, but more attention needs to be paid to private-sector wage bargaining deregulation, it says. (chiara.albanese@wsj.com @chiaraalbanese)

Contact us in London. +44-20-7842-9464
markettalk@wsj.com
1010 GMT [Dow Jones]--The UK clearer notes the S&P500, US bonds and USD/JPY all rallied towards the end of last week and posted similar reversal patterns on the charts. While these patterns point to capitulation, confirmation will only come with a positive close this week in all three. USD/JPY now 107.15, S&P500 future +0.3%, 10-yr US yield 2.21%. gary.stride@dowjones.com

Contact us in London. +44-20-7842-9464
markettalk@wsj.com

1000 GMT [Dow Jones] OCBC says any decision by President Joko to back away from raising fuel prices to cut costly subsidies will set a bad tone for his government, OCBC says. "If Jokowi is seen as backing away from a subsidy cut--either by delaying the price hike to next year or by opting for an inconsequential increment this year--the market will not take kindly to the news," economist Wellian Wiranto says in a research note. Advisers to Widodo say he could raise fuel prices about 50% to lower subsidies, which are increasingly cutting into the country's ability to fund infrastructure building and other efforts, but Widodo has not confirmed any moves. But anything less than a bold move would raise concern about "just how reformist he is [and] on whether he has been spooked enough by the scare tactics of the parliamentary opposition to dwindle and have an ineffectual tenure in office," Wiranto said. An increase in prices would lead to inflation of more than 8% by year's end, leading the central bank to likely raise rates, he adds. (ben.otto@wsj.com; Twitter: @benottoWSJ)

Editor JSM

0954 GMT [Dow Jones]--The rise in Italian industrial orders in August, the first in four months, should be taken with a pinch of salt. August is a month when traditionally Italy shuts down, including factories, as workers head to the beaches to cool off. Because of this, even small swings in orders can almost snowball the overall data. August is a "particular" and "problem" month every year says an official from the statistical office Istat. September numbers will be more meaningful of which way the economy is really heading. (liam.moloney@dowjones.com)

Contact us in London. +44-20-7842-9464
markettalk@wsj.com

0952 GMT [Dow Jones] Thailand's finance ministry is considering allowing private lenders to provide small loans and charge as much as 36% interest to tackle problems that stem from loans from what is termed the informal sector--also known as loan sharks. Under the ministry's new proposal, registered private lenders can provide instant loans of up to 120,000 baht or $3,700 to those in need, with interest rates between 30-36% per year, says Finance Minister Sommai Phasee. The measure--called nano finance--will be an option for low-income earners who have trouble refinancing the debts borrowed from loan sharks, who charge far higher rates, Sommai says. "This measure won't increase the country's high household debt. It will help ease people's financial burden caused by informal-sector loans," he says. (warangkana.chomchuen@wsj.com)

Editor: KLH

0911 GMT Turkey should benefit from falling oil prices and U.S. Treasury yields, Bank of America Merrill Lynch economists David Hauner and Turker Hamzaoglu. Investors, however, are having second thoughts, they say. A stronger US dollar makes it harder to fund the current account deficit, while the flip side to lower oil prices is that economc growth is slowing sharply in Turkey's two main export destinations, Europe, and the Middle East and North Africa. The economists conclude: "Turkey's large funding need leaves it vulnerable to a funding squeeze if the European Central Bank fails to deliver on expectations." (emre.peker@wsj.com)

Contact us in London. +44-20-7842-9464
markettalk@wsj.com

0903 GMT [Dow Jones]--Selling EUR/JPY is Morgan Stanley's forex trade of the week. The bank cites limited yen weakness as Japanese authorities moderate their bearish rhetoric, while the euro is weighed by low inflation, low growth and an accommodative ECB. Now at 136.75, the bank targets 131.50, with a protective stop up at 138.50. (gary.stride@wsj.com)

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markettalk@wsj.com

0859 GMT [Dow Jones] The USD/PHP is lower Monday, with gains in the stock market and improved risk appetite favoring PHP. The currency pair is at 44.82 after settling late Friday at 44.91. "It appears to be risk-on again. I think the statement of [IMF managing director Christine] Lagarde that the market moved too wildly on their assessment of a global slowdown also helped investor sentiment," says a local bank trader. Volume is moderate. Traders expect the USD/PHP to stay within the 44.60-45.00 range in the near-term. (cris.larano@dowjones.com)

Editor: KLH

0848 GMT [Dow Jones] Taiwan's export orders hit a new high in September, up 12.7% at $43.31 billion, after posting record sales of semiconductors and mobile devices. The government says overseas orders may surpass $44 billion in October, which will be another record. "Orders from Apple are mind-blowingly strong," says Yuanta Investment economist Aidan Wang. "The strength of orders from developed economies and China suggest that this year's holiday demand is going to be stronger, and more broad-based, than many of us had expected," Wang adds. He also says while Chinese demand remains a swing factor to global trade, he believes Beijing's accommodative policy will probably prevent the economy from slowing too quickly, which is positive to Taiwan which received one-quarter of overseas orders from China. (aries.poon@wsj.com)

Editor JSM
0843 GMT [Dow Jones]--U.S. Treasurys edge higher in light trade Monday as equity markets fail to capitalize on Friday's positive momentum and slip into negative territory. The 10-year yields 2.188% and the December contract is 3/32 higher at 127-235. There's a light economic calendar in the coming week, with the CPI report on Wednesday the main release. Analysts at Morgan Stanley look for the core to show a more normal 0.2% gain after the surprising flat reading in August. The Fed will be entering its pre-meeting quiet period ahead of the October FOMC 28-29 meeting. (nick.cawley@wsj.com)

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markettalk@wsj.com
(END) Dow Jones Newswires

October 20, 2014 06:49 ET (10:49 GMT)

文件 DJDN000020141020eaak0012i

DOW JONES
NEWSWIRES

Treasury Bonds Up After Two Days of Selling -- Market Talk

1,350 字
2014 年 10 月 20 日 13:40
Dow Jones Institutional News
DJDN
英文

8:40 EDT - Treasury bonds rise for the first time in three sessions on haven demand. European stocks are lower and German and UK government bond yields declined. Investors' focus remains on the uncertainty over the global growth outlook, especially faltering growth in the eurozone and alarmingly low inflation, which sparked sharp price swing in financial markets and broad selloff in stocks last week. The 10-year note is 5/32 higher, yielding 2.179%. (min.zeng@wsj.com; @minzengwsj)

8:36 EDT - Record Canadian wholesale sales of machinery and equipment may be a sign businesses are stepping up investments, one of the two key segments the central bank is counting on to drive economic growth (the other is exports). Monthly wholesale sales rose unexpectedly by 0.2% in August to C$53.07B spearheaded by a 3.6% jump in the machinery, equipment and supplies sector to a record C$11.34B, Statistics Canada said. Sales of computers and communication equipment rose for the fourth time in five months. Sales of construction, forestry, mining and industrial equipment were up for the first time in three months. (nirmala.menon@wsj.com, @NirmalaMenon)

8:36 EDT - A 0.1% gain in August wholesale sales in Canada suggest the sector may have added a bit to the month's GDP. That's a small positive as indicators including manufacturing sales suggest a weighing down of August GDP. Economists use sales volume to estimate monthly growth. (nirmala.menon@wsj.com; @Nirmala Menon)

1233 GMT [Dow Jones]--Last week the bank's currency indictors were steadfastly bearish on USD and GBP and bullish EUR and JPY, but on Monday they're more mixed. This is likely a sign that the market has now entered into a period of choppy range-trading, rather than having a strong directional trend, it says. gary.stride@dowjones.com

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6:53 EDT - Pressures from food and housing costs are likely to keep Brazil's near-term inflation above the central bank's target range. The mid-month reading is expected to post a rolling 12-month increase of 6.64%, according to a survey of 10 economists by WSJ, compared with mid-September's 6.62%. The data are due Tuesday. (rogerio.jelmayer@wsj.com)

6:49 EDT - This morning's store-leasing announcement isn't the only cash-raising effort Sears (SHLD) has. It just separately disclosed a plan to sell up to $625M of 8%-yielding 5-year debt and 5-year warrants to buy stock at Friday's closing price of $28.41. That level is 42% above last week's low--highlighting just how volatile the stock has been. SHLD's market cap is at $3.7B and the offering is being made in proportion to current shareholders' stakes. CEO Edward Lampert and his hedge-fund business, which collectively own just under half of SHLD "intend to exercise their pro-rata portion" of the deal, while 24%-owner Fairholme expects some if its clients will also participate. But will these cash-raising efforts be enough to soothe investor concerns? SHLD remains inactive premarket. (kevin.kingsbury@wsj.com; @kevinkingsbury)

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(END) Dow Jones Newswires

October 20, 2014 08:40 ET (12:40 GMT)

文件 DJDN000020141020eaak001iv

DOW JONES
NEWSWIRES

Standard Bk Currency Indicators Lose Conviction - -- Market Talk

1,540 字
2014 年 10 月 20 日 13:33
Dow Jones Institutional News
DJDN
英文

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Editor JSM
0954 GMT [Dow Jones]--The rise in Italian industrial orders in August, the first in four months, should be taken with a pinch of salt. August is a month when traditionally Italy shuts down, including factories, as workers head to the beaches to cool off. Because of this, even small swings in orders can almost snowball the overall data. August is a "particular" and "problem" month every year says an official from the statistical office Istat. September numbers will be more meaningful of which way the economy is really heading. (liam.moloney@dowjones.com)

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Editor: KLH
(END) Dow Jones Newswires

October 20, 2014 08:33 ET (12:33 GMT)

文件 DJDN000020141020eaak001lc

DOW JONES
NEWSWIRES

Charts Don't Vindicate Bulls Yet- Barclays - -- Market Talk

1,522 字
2014 年 10 月 20 日 11:10
Dow Jones Institutional News
DJDN
英文

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Editor: KLH
0911 GMT Turkey should benefit from falling oil prices and U.S. Treasury yields, Bank of America Merrill Lynch economists David Hauner and Turker Hamzaoglu. Investors, however, are having second thoughts, they say. A stronger US dollar makes it harder to fund the current account deficit, while the flip side to lower oil prices is that economc growth is slowing sharply in Turkey's two main export destinations, Europe, and the

Middle East and North Africa. The economists conclude: "Turkey's large funding need leaves it vulnerable to a funding squeeze if the European Central Bank fails to deliver on expectations." (emre.peker@wsj.com)

Contact us in London. +44-20-7842-9464
markettalk@wsj.com
0903 GMT [Dow Jones]--Selling EUR/JPY is Morgan Stanley's forex trade of the week. The bank cites limited yen weakness as Japanese authorities moderate their bearish rhetoric, while the euro is weighed by low inflation, low growth and an accommodative ECB. Now at 136.75, the bank targets 131.50, with a protective stop up at 138.50. (gary.stride@wsj.com)

Contact us in London. +44-20-7842-9464
markettalk@wsj.com

0859 GMT [Dow Jones] The USD/PHP is lower Monday, with gains in the stock market and improved risk appetite favoring PHP. The currency pair is at 44.82 after settling late Friday at 44.91. "It appears to be risk-on again. I think the statement of [IMF managing director Christine] Lagarde that the market moved too wildly on their assessment of a global slowdown also helped investor sentiment," says a local bank trader. Volume is moderate. Traders expect the USD/PHP to stay within the 44.60-45.00 range in the near-term. (cris.larano@dowjones.com)

Editor: KLH

0848 GMT [Dow Jones] Taiwan's export orders hit a new high in September, up 12.7% at $43.31 billion, after posting record sales of semiconductors and mobile devices. The government says overseas orders may surpass $44 billion in October, which will be another record. "Orders from Apple are mind-blowingly strong," says Yuanta Investment economist Aidan Wang. "The strength of orders from developed economies and China suggest that this year's holiday demand is going to be stronger, and more broad-based, than many of us had expected," Wang adds. He also says while Chinese demand remains a swing factor to global trade, he believes Beijing's accommodative policy will probably prevent the economy from slowing too quickly, which is positive to Taiwan which received one-quarter of overseas orders from China. (aries.poon@wsj.com)

Editor JSM
0843 GMT [Dow Jones]--U.S. Treasurys edge higher in light trade Monday as equity markets fail to capitalize on Friday's positive momentum and slip into negative territory. The 10-year yields 2.188% and the December contract is 3/32 higher at 127-235. There's a light economic calendar in the coming week, with the CPI report on Wednesday the main release. Analysts at Morgan Stanley look for the core to show a more normal 0.2% gain after the surprising flat reading in August. The Fed will be entering its pre-meeting quiet period ahead of the October FOMC 28-29 meeting. (nick.cawley@wsj.com)

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markettalk@wsj.com
0840 GMT [Dow Jones]--Turkey's central bank is not in a hurry to ease its monetary policy stance amid economic growth concerns, as it grapples with heightened volatility and uncertainty, Erste GroupEconomist Nilufer Sezgin says. "There is plenty of room to tighten the monetary policy stance, but limited room to loosen within the current interest rate corridor," she says. Adds policymakers are poised on Thursday to hold steady their corridor, ranging from the overnight borrowing rate of 7.5% to the overnight lending rate of 11.25%, and the 8.25% benchmark one-week repo rate. Still, Ms. Sezgin warns that there's "not much flexibility left" in tackling the lira's volatility after Turkey's currency underperformed peers by 1% in the last three months. (emre.peker@wsj.com)

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0835 GMT [Dow Jones] The USD/TWD is a tad lower at 30.415 compared with 30.421 at the close of Friday's onshore session but analysts say the tepid turnover shows most investors are still in a conservative mode after the recent volatile swings in the U.S. stock market. "The pair is likely to stay relatively stable in the next few sessions given [there are] no big catalysts on the horizon, but market confidence is still shaky," says a local trader, who says exporter selling of the greenback around 30.400 and importers buying around 30.38 kept the pair in a narrow range. He tips the pair to stay in a thin band of 30.35-30.40 Tuesday. (jenny.hsu@wsj.com)

Editor JSM

0819 GMT [Dow Jones] Taiwan government bonds fall, reflecting Friday's losses in U.S. Treasurys while rebounding local stocks also weigh on bond-investor sentiment, says a local trader. The trader says, however, the outlook of local bonds remains positive as local stocks are unlikely to rise sharply to recent highs due to lingering uncertainties over slowing global economy. "Falling oil prices indicate a low inflation environment in the near term that will also likely favor local bonds," the trader says, adding that bargain hunting is expected to intensify if local bonds fall further. The most-traded five-year bond yield rises to 1.1620% from 1.1300% late Friday. Taiwan shares end 1.8% higher. (fanny.liu@wsj.com)

Editor JSM
(END) Dow Jones Newswires

October 20, 2014 06:10 ET (10:10 GMT)

文件 DJDN000020141020eaak0013r

DOW JONES
NEWSWIRES

The Trader: A Rocky Week Ends With A Rebound -- Barron's

2,076 字
2014 年 10 月 18 日 05:08
Dow Jones Institutional News
DJDN
M3
英文

(FROM BARRON'S 10/20/14)
By Vito J. Racanelli

Despite a big gain on Friday, stocks finished another wild and volatile week to the downside, the fourth consecutive lower weekly close, something that hasn't happened since August 2011. After the dust settled, the major indexes closed down about 1% for the week, though they'd been much lower at midweek. Trading volume was heavy.

The Dow Jones Industrial Average endured dizzying swings each day, with a 460-point move midday on Wednesday. That's when the market came closest to hitting a correction phase -- that is, down 10% from the highs. The Standard & Poor's 500 index fell to 1,820.66, or down 9.5% intraday from the all-time closing high of 2011.36, before closing on Wednesday down 7.4% from highs.

The potential spread of Ebola and fear of slowing global economic growth continue to dominate a long laundry list of investor concerns. (More on those worries, below.) That culminated in a race for the exits on Wednesday, when Treasury yields temporarily plunged below 2% and bond prices soared.

Last week, the Dow shed 164 points, or 1%, to 16,380.41, and the S&P 500 index lost 19, or 1%, to 1886.76. The correction level would be just above 1810. One positive sign is that beaten-down small-caps had a good week. Overall, the Nasdaq Composite index dropped 18, or 0.4%, to 4258.44, but the Russell 2000 rose 2.8%, to 1082.33.

Prior to Friday's recovery, the market churned on bad headlines, with little good news to offset it, says Michael Yoshikami, CEO of Destination Wealth Management. News about Ebola, the German economy, and U.S. economic data was generally bearish until Friday, when General Electric (ticker: GE) topped third-quarter earnings expectations. The White House's appointment on Friday of an "Ebola czar" also might have assuaged some investor worry, he adds.

Volatility is back, says Kim Forrest, senior equity analyst at Fort Pitt Capital Group. "People who once thought they had risk tolerance are finding out they don't," she says.

The market is getting to be like a daily soap opera, with unanswered questions at the end of each day that leave you hanging, she adds. "Will the global economy get better? Is Ebola going to spread? Stay tuned." At least the third-quarter earnings reports out so far have been supportive of stock prices, and the oil price drop could be a huge help to consumers, Forrest says.

Was last week's action the long-awaited correction? "It was a low, but I'm not sure it was the low," says a veteran trader. It's very clear that without quantitative easing to provide support, investors will have to get used to more volatility, he says.

The market gyrations of the past few weeks -- after a 21-month ride up to the highs of Sept. 18 -- have investors fearful and perplexed. The antidote is a dispassionate look at the economic facts and reasonable assumptions about what is likely to happen.

The scariest fear is Ebola. Perhaps it reminds investors of the 2011 movie Rise of the Planet of the Apes, in which the last scene shows multiplying vector lines tracing the global outbreak of a killer disease from an infected airline pilot.

There is a real-world template, however: Severe Acute Respiratory Syndrome, which killed roughly 1,000 people and roiled markets in 2003. Admittedly, Ebola is worse. There are about 9,000 cases so far, according to the World Health Organization, approximately half fatal. This is a terrible human tragedy but Ebola's transmission -- through bodily fluids -- appears to be more difficult than SARS.

Talk of an eventual 10,000 new cases per week grabs headlines but appears to be exaggerated. The cost will be high in human terms, but so far there is nothing to suggest it won't eventually be contained.

The next worry is deflation in Europe spreading to the rest of the world. First, sustained deflation is not common and Europe isn't there yet. True, the euro zone is recessionary in some countries and basically is showing no growth as a whole.

"Yet, how is this different?" asks Chris Hyzy, chief investment officer of U.S. Trust. The euro-zone economy has shown 1% growth to 1% contraction for the past three years. On the margin, Europe is a negative factor, adds Dan Morris, global investment strategist at TIAA-CREF, but the U.S. isn't a trade-dependent economy. U.S. exports are about 13% of gross domestic product, half of Germany's ratio.

Europe demands a policy response, which will happen, says Phil Orlando, the chief equity strategist at Federated Investors. Some see Europe's woes compounded by unease about a Chinese "hard landing," but that's nothing new, and China continues to grow at about 7%, he points out.

The end of quantitative easing this month and the expected rise in U.S. interest rates next year has some perturbed. This isn't new. The Fed's accommodative policies suppressed volatility, but quantitative easing is going to end, and whether the Fed raises rates in June or December next year makes no difference right now, says David Kotok, chief investment officer at Cumberland Advisors. Investors will have to get accustomed to more volatility than has been the case until recently, he adds.

There's also a debate about the strength of the U.S. economy, with little evidence of the sustainable 3% to 4% GDP expansion more typical of bona fide recoveries. But how bad is that? RBC Capital Markets chief U.S. market strategist Jonathan Golub agrees the recovery is disappointing and "will continue to be so." But that means the business cycle will be elongated, he says.

Recessions cause bear markets, and they follow economic excess, not weakness. "If we stay in the 2% to 3% growth rate," then companies will stay vigilant on costs and earnings per share can grow 8% to 9%, including buybacks, with double-digit equity returns when dividends are thrown in, he says.

Political unrest and military conflicts still afflict the world: Ukraine, the Middle East, Hong Kong, to name the biggest. This kind of risk rarely goes away, and could worsen, but short of a war it's more likely to cause spikes than sustained moves.

Some wring their hands over the strong dollar and falling crude prices. While big U.S. multinationals will indeed see some translation and perhaps even transactional costs from a mighty greenback, it also means overseas expenses will drop. Lower crude prices hurt the energy sector, but benefit just about everyone else. In both cases, the net effect should be positive for the U.S. stock market.

So far, stocks haven't corrected. It's been close, with a 9.5% drop intraday. Volatility will continue, but a bear market (a 20% drop from highs) this year isn't supported by facts and assumptions. The market trades at a price/earnings ratio of 14 times next year's bottom-up analyst consensus, just below the historical average P/E and not particularly demanding.

Investors should watch two near-term catalysts, adds Federated's Orlando. Third-quarter earnings have been strong, with just 20% of the S&P 500 reporting. The rest of the reports will be important. On Nov. 25, we'll get a preliminary look at U.S. third-quarter GDP. Investors should think about taking advantage of opportunities the near-correction presents.

Giving UTX a Second Look

United Technologies (ticker: UTX) ticks several boxes of market anxieties. Airline traffic might slow on Ebola outbreaks? UTX makes Pratt & Whitney engines, and commercial and military aerospace products and services are 54% of its total revenue. The global economy might slow down? UTX, with Otis Elevators and commercial-building products and services, gets more than 60% of its consolidated sales from overseas.

It's no wonder that while the market is down 6% from all-time highs, UTX shares are down 16% from highs and at one point were nearly in bear-market territory, down 19%, at $97.30. After a small jump Friday, the stock closed at $101.53, compared with $121 just a few months ago in April.

At this level, however, UTX's drop seems to discount much of the potential damage from the head winds. Both the stock valuation and the dividend yield of 2.3% -- above the 10-year Treasury bond -- are starting to look attractive, says Henry Smith, chief investment officer of Haverford Trust, which owns a UTX stake.

Besides the above-mentioned issues, a strong dollar and euro-zone economic stagnation, in particular, are a concern, he says. For UTX, fears of an international slowdown may be overblown. China has been growing at

7.5% for two years, and investors are still worried about a "hard landing," argues the portfolio manager. "Europe's been a basket case for years," he adds.

The $93 billion market-cap company has generated a decade-long track record of double-digit earnings growth, through thick and thin, with steadily increasing dividends, even through the 2008 financial crisis.

UTX has done a great job of positioning itself in the long-term trend of energy efficiency both in buildings and jet engines, Smith says, and neither of those trends are going away. This member of the Dow Jones Industrial Average is a high-quality company with a diversified and relatively steady revenue base, he adds.

UTX isn't a purely cyclical firm, thanks to the increasing portion of sales from servicing all the building equipment and jet engines it has sold around the world over the years, he says. Services and aftermarket sales combined make up about 43% of revenue, and "UTX is becoming less reliant on the sale of original equipment and therefore less cyclical," he says.

With the stock trading at 14.8 times the consensus earnings per share estimate of $6.85 this year, the valuation is below its long-term median of 15.6 times. UTX also sports a strong balance sheet, with net debt at 30% of total capital.

18 Oct 2014 00:08 ET The Trader: A Rocky Week Ends With A Rebound -- -2-

If the broad market continues its descent, UTX won't be immune, but given the relative stability of its service revenue, the shares probably won't go down as much. For the long-term investor, the prospect of a double-digit total return annually from UTX seems a realistic expectation. And if market worries recede and the market snaps back, then UTX should outperform.

UTX reports third-quarter results Tuesday, and investors might wait for more guidance from the firm. Should management cite dollar and international sales concerns, the stock could drop some more, but it would be a "better buying opportunity," says Smith. And if not, it's still attractive, he adds.

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Vital Signs

	Friday's Close	Week's Change	Week's % Chg.
DJIndustrials	16380.41	-163.69	-0.99
DJTransportation	8147.84	+254.58	+3.23
DJUtilities	562.56	+0.89	+0.16
DJ65Stocks	5887.62	+22.39	+0.38
DJUSMarket	473.50	-3.18	-0.67
NYSEComp.	10250.54	-42.60	-0.41
NYSEMKTComp.	2530.43	+48.38	+1.95
S&P500	1886.76	-19.37	-1.02
S&PMidCap	1322.12	+17.53	+1.34
S&PSmallCap	624.69	+13.79	+2.26
Nasdaq	4258.44	-17.80	-0.42
ValueLine(arith.)	4255.82	+65.86	+1.57
Russell2000	1082.33	+29.00	+2.75
DJUSTSMFloat	19613.68	-98.31	-0.50

	Last Week	Week Earlier
NYSE		
Advances	2,000	801
Declines	1,250	2,453
Unchanged	40	30
NewHighs	89	103
NewLows	813	565
AvDailyVol(mil)	4,921.8	4,035.1
Dollar		
(Finexspotindex)	85.11	85.91
T-Bond		
(CBTnearbyfutures)	142-290	141-090

Crude Oil		
(NYMlightsweetcrude)	82.75	85.82
Inflation KR-CRB		
(FuturesPriceIndex)	272.64	275.60
Gold		
(CMXnearbyfutures)	1238.30	1221.00

(END) Dow Jones Newswires

October 18, 2014 00:08 ET (04:08 GMT)

文件 DJDN000020141018eaai0004v

DOW JONES
NEWSWIRES

European Markets Hammered Again: What Investors Think

By Josie Cox
515 字
2014 年 10 月 16 日 13:56
Dow Jones Institutional News
DJDN
英文

" Sheer panic," is what one investor calls it and others don't seem to disagree. Here's a quick round up of what investors think about the relentless global market sell off on Thursday.

Philip Lawlor , partner at Smith & Williamson Investment Management LLP, with about GBP15 billion ($24 billion) of assets:

After the alarming selloff across global markets on Wednesday, everyone thought that on Thursday we'd see at least a bit of a bounce. That, however, is far from the case. We're facing a very serious situation and there are huge question marks everywhere. As we all know, uncertainty is the enemy of markets. It's a perfect storm of geopolitics, Ebola, economics resulting in sheer panic. After two and a half years, this is the first time that U.S. equity markets are starting to look oversold and we're now seriously looking at buying U.S. stocks again.

UBS Wealth Management's Chief Investment Office:

Market sell-offs of this scale are not unprecedented -- indeed this is the fourteenth greater-than-5% sell-off in the S&P500 since the rally began in 2009. There have been two 10% sell-offs. Yet, what is different about this sell-off is that it is coming from a higher level of valuations, potentially giving rise to increased market nervousness around individual pieces of economic data. Our overweight positioning is now concentrated in U.S. -- the region of the world with the most positive economic growth impulse -- and we are overweight both U.S. equities and U.S. high yield credit. We also remain overweight the U.S. dollar relative to the euro: even if the Fed adopts a more dovish stance it is still likely to increase rates significantly earlier than the ECB.

Ewan McAlpine, portfolio manager at Royal London Asset Management, with about GBP77 billion of assets:

The government bond markets are clearly mispriced and investors continue to pay too high a price for low returns. Poor economic data are to blame for some of the move in bonds, but the market has also suffered a fall in liquidity due to changes in some investors' risk appetite, which has led them to cut their positions and in turn has led to further lower yields.

Stephanie Flanders, Chief Market Strategist for Europe, at J.P. Morgan Asset Management, with about $1.7 trillion of assets:

This week's market volatility shows investors are looking for the global economy to come good on the reasonable growth expectations that have been built into market prices. The U.S. economy has more or less delivered, but large parts of the world have not, especially Europe, and inflation seems to be stuck on a downward path globally. In response to these developments a correction is not fundamentally surprising and--given the structural reduction in liquidity in some markets--it is likely to be exaggerated. But it is not unhealthy from a long term perspective.

(END) Dow Jones Newswires

October 16, 2014 08:56 ET (12:56 GMT)

文件 DJDN000020141016eaag001y0

European Markets Hammered Again: What Investors Think
WSJ Blogs, 2014 年 10 月 16 日 13:56, 1509 字, By Josie Cox, (英文)
“ Sheer panic,” is what one investor calls it and others don’t seem to disagree. Here’s a quick round up of what investors think about the relentless global market sell off on Thursday.
文件 WCWSJB0020141016eaag002ut

NEWSWIRES
DOW JONES

Heard on the Street
Watch Corporate Bonds for Clues to Markets' Meltdown

By RICHARD BARLEY
539 字
2014 年 10 月 16 日 11:39
Dow Jones Top North American Equities Stories
DJTNAE
英文

The reversal in markets in October has been sharp. But is it the start of something more sinister, or is it just a scare? Investors should watch the corporate bond markets for an answer.

Equity markets have given investors a rough ride. The S&P500 is down 6.6% from its September peak; Europe has fared even worse with the Stoxx Europe 600 down 8.4%. The market has flipped from worrying about the U.S. Federal Reserve starting to tighten policy to worrying about the global outlook for growth. Government bond yields have plummeted, inflation is low and falling, oil prices are collapsing and a string of extremely poor economic data from Germany has spooked investors.

But it isn't clear that so much has changed in the big picture. The German industrial data for August has been distorted by holiday patterns; September's numbers should show a bounce. Lower oil prices may mechanically feed lower headline inflation, but will also put more cash in consumers' pockets. Lower sovereign bond yields signal concern, but also ease financial conditions.

An indicator of how worried investors really are might come from the corporate debt markets. High-yield bonds in the U.S. and Europe have suffered along with equities. But investment-grade bonds have remained remarkably stable.

If global financial markets are headed for more trouble, then investment-grade corporate bonds could be the canary in the coal mine. So far they have exhibited few signs of worry. The yield spread between U.S. corporate bonds and Treasurys has widened just 0.1 percentage point in the past month, Barclays data show. Even this has only been because corporate debt has failed to keep up with the rally in government paper: yields have fallen.

In Europe, the market has been even more resilient, with spreads little changed from a month ago and yields lower. And Europe is really the market to watch: it is where growth is being questioned most. If European corporate bond spreads start to widen in earnest, then that spells trouble as it would signal a downturn in the fortunes of major companies. That said, even stable spreads might not be reason for optimism on stocks: corporate bonds fare better with slow growth than equities.

Conversely, high-yield bonds could yet offer reason for hope. In the U.S., yields have hit a high for the year of 6.3%; junk bonds now offer a pickup of 4.7 percentage points over similar-maturity Treasurys. Given the better growth outlook for the U.S., which should mean that defaults remain limited, that pickup could look attractive. The market is likely to be volatile, since high-yield bonds often suffer as the interest-rate cycle turns. But if investors start buying, that would indicate underlying confidence in the economy's future.

So far, investors have been voting with their feet. Money has been piling into investment-grade bond funds. If corporate bond markets don't crack, equity investors can still hunker down and hope that September and October's pain will pass.

Write to Richard Barley at richard.barley@wsj.com

文件 DJTNAE1120141016eaag00029

DOW JONES
NEWSWIRES

Thai Central Bank Says It Watches Household Debt Closely -- Market Talk

1,701 字
2014 年 10 月 16 日 10:19
Dow Jones Institutional News
DJDN
英文

0919 GMT [Dow Jones] The Bank of Thailand's governor says the Thai central bank is watching closely the impact of the country's high household debt on financial vulnerability. Thailand's household debt has reached 83% of the country's gross domestic product and is especially high among low-income earners, Prasarn Trairatvorakul says. "It's not going to fall dramatically in the next few years and it's going to take time" to reduce, Prasarn says. However, the debt rate isn't worrying, at least compared with the past few years when the pace of debt expanded at a rate of 10% to 20% per year, he says. The bank also doesn't see a signal yet that high household debt has any impact on quality of loan. (warangkana.chomchuen@wsj.com)

Editor: KLH
0908 GMT [Dow Jones]--Morgan Stanley thinks markets are now driven more by general positioning than by an asset's valuation or medium-term prospects. So, if equity markets continue to slide, the bank expects the USD may lose further ground, but if it did, would re-establish a long position. Says it would buy versus European currencies given their deflation-risk background and the chance of monetary policy easing.
gary.stride@dowjones.com

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markettalk@wsj.com

0908 GMT [Dow Jones] The city's hospitality industry may be hit with its worst performance in a decade as a nearly three-week demonstration has prompted cancellations of hotel bookings, says lawmaker Yiu Si-wing who represents the tourism industry. Yiu says October and November are typically the peak season for the hotel industry as many business travelers come to the city for trade fairs and exhibitions. Occupancy rates at many high-end hotels typically climb above 90% during such peak periods, but "this year some business travelers have decided to cut short their trips or even cancel them due to safety concerns," says Yiu. He notes occupancy rates at the city's hotels, which averaged 70%-80% in October, could fall to 50%-- the lowest in a decade, if the massive protests remain unresolved next month. "Continuous weakness in demand would lead to a shortage of liquidity and possible closure of some small travel agencies, which account for more than 90% of Hong Kong's 1,700 travel agencies," he adds. (joanne.chiu@wsj.com)

Editor JSM
0904 GMT [Dow Jones]--The eurozone's trade surplus was wider in August than a year earlier, coming in at EUR9.2 billion versus EUR7.3 billion. But the worrying news was in the detail. Seasonally adjusted, exports fell for the third straight month, by 0.9%. So the larger surplus was driven by a slump in imports, which were down 3.1% on a seasonally adjusted basis. So far, no sign of that weakening euro coming to the rescue of eurozone exporters, although you could see it as boosting those who compete with imports, if you were a glass-half-full type. (paul.hannon@wsj.com. Twitter: @PaulHannon29)

Contact us in London. +44-20-7842-9464
markettalk@wsj.com
0902 GMT [Dow Jones]--While Eurostat confirmed that the eurozone's annual rate of inflation eased to a fresh, five-year low of 0.3% in September, the new and worrying figure was for the European Union as a whole--all 28 members--which showed a drop to 0.4% from 0.5% in August, bringing it to its lowest level since September 2009. Eight EU members saw prices fall in the 12 months to September, five within the eurozone, three not. That underlines the fact that this is not just an ECB problem, with most other central banks having to grapple with similar challenges, perhaps including the BOE. It is, after all, a single market for goods and

services (although not so much services). A small comfort for the ECB will be that Eurostat revised up its estimate of core inflation--that's excluding food, energy, alcohol and tobacco--to 0.8% from 0.7%. (paul.hannon@wsj.com; Twitter: @PaulHannon29)

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0901 GMT Egypt is the best reform story among MSCI EM countries, according to Renaissance Capital. "South Africa, Russia, Turkey, Greece, Poland, Czech Republic, Qatar and the UAE are not reforming as much, or at all in some cases," says Charles Robertson. Meanwhile adds Hungary is likely to embark on some pretty radical welfare state reforms but investors have to bear political risk. "Egypt is the most under-banked country in DM, EM, FM or the beyond frontier countries we cover. Just 9.7% of Egyptians had a bank account in 2011," he adds.(chiara.albanese@wsj.com @chiaraalbanese)

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0858 GMT [Dow Jones]--The ECB's asset quality review is sensible as a measure to regain trust in European banks, Raiffeisen Bank International's CFO Martin Gruell says. "The increased capital requirements are of course a challenge for many banks," he says. However "the bureaucracy is the essential point....[It's] a burden for banks in terms of capacity and costs," he adds. While Mr. Gruell sees increased capital requirements as sensible, he questions the speed that the increases were put in place. "There isn't currently a credit crunch, but when [the increases] continue it could lead to a credit crunch in certain markets," Mr. Gruell says. (nicole.lundeen@wsj.com; @nicole_lundeen)

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0854 GMT [Dow Jones] Profit on the sale of diesel by India's state-run fuel retailers has risen to 3.56 rupees a litre, thanks to the fall in global crude oil prices. The profit of the state-run retailers--which include Indian Oil (530965.BY), Bharat Petroleum (500547.BY) and Hindustan Petroleum (500104.BY)--is up from gains of 1.90 a liter two weeks ago, India's oil ministry said Thursday. The government requires retailers to sell diesel to the public at a set price. Usually this means they have to take a loss on the sales, and are then reimbursed by the state. However, as oil prices drop, the retailers are now able to sell profitably at the state-mandated level. Analysts expect the government to soon announce a plan to free diesel pricing from state-controls. That would be a positive for retailers and would also ease the government's fuel subsidy bill. (saurabh.chaturvedi@wsj.com; Twitter: @journosaurabh)

Editor JSM

0852 GMT [Dow Jones] Hong Kong equities remain depressed in the afternoon session, with mixed Chinese lending data doing little to counteract a slump in markets across the region. Data from the mainland provided support, but fleetingly, as Chinese foreign direct investment "bounced back strongly and came well ahead of expectations...with a 1.9% rise in September, its first positive print since June," says IG. But bank lending data was a definitively mixed bag: "Loan supply was better than expected," says Goldman Sachs. The brokerage adds that M2 growth was slightly below market expectations and monetary conditions measured by growth in total social funding--the broadest measure of credit, which includes shadow banking--was still tight. The Hang Seng Index closes down 1% at 22,900.94, hitting the lowest level since June, while H-shares' attempts at a rally in the afternoon fails; the Hang SengChina Enterprises Index ends the day down 1% at 10,185.55, a five-month low. (gregor.hunter@wsj.com; Twitter: @gregorhunter)

Editor JSM
0850 GMT [Dow Jones]--U.S. Treasurys move higher in London, despite a modest rebound in the equity markets, as traders try to fully explain Wednesday's whipsaw market. Analysts at Bank of America Merrill Lynch believe 'position capitulation' was the root cause of the problem highlighting that, by late morning, 2.5 million contracts had already traded in the 10-year futures contract, more than 1.5 times the typical daily volume. Ahead, September industrial production, Philly Fed and NAHB housing index while Fed President's Plosser, Lockhart, Kocherlakota and Bullard all give their opinions. The December Treasury contract is 7/32 higher at 128-25 and the 10-year yields 2.062%. (nick.cawley@wsj.com)

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0845 GMT [Dow Jones] As Japan's biggest life insurance companies reveal investment plans for the second half of the fiscal year over the next few weeks, market focus will be on whether these massive investors are upping exposure to foreign currency risk. Insurers have upped foreign bond purchases in recent months due to rock-bottom yields at home, and an anticipated U.S. rate increase could push them to make more of those buys unhedged against currency fluctuations. Mitsui Life Insurance Co. said Thursday that it will add about Y10 billion in unhedged foreign debt in the second half of the fiscal year through March. "We're forecasting yen weakness and with the possibility of a rate hike in the U.S., the difference between short-term rates in the U.S. and Japan could increase, which would push up hedging costs," said investment planning head Yoichiro Matsuta.(eleanor.warnock@wsj.com)

Editor: KLH
0843 GMT [Dow Jones]--After Wednesday's flash crash in the markets, Societe Generale's Kit Juckes says the lows seen in Treasury yields (10-yr 1.8650%) and the S&P500 (1820) need to hold to steady global sentiment. In currencies, he sees the most vulnerable as those where positions are greatest, so fading a bounce in GBP is more favored than in AUD, EUR or NZD, while a further JPY short squeeze cannot be ruled out. gary.stride@dowjones.com

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(END) Dow Jones Newswires

October 16, 2014 05:19 ET (09:19 GMT)

文件 DJDN000020141016eaag000yr

DOW JONES
NEWSWIRES

EU Inflation Falls to 5-Year Low -- Market Talk

1,700 字
2014 年 10 月 16 日 10:02
Dow Jones Institutional News
DJDN
英文

0902 GMT [Dow Jones]--While Eurostat confirmed that the eurozone's annual rate of inflation eased to a fresh, five-year low of 0.3% in September, the new and worrying figure was for the European Union as a whole--all 28 members--which showed a drop to 0.4% from 0.5% in August, bringing it to its lowest level since September 2009. Eight EU members saw prices fall in the 12 months to September, five within the eurozone, three not. That underlines the fact that this is not just an ECB problem, with most other central banks having to grapple with similar challenges, perhaps including the BOE. It is, after all, a single market for goods and services (although not so much services). A small comfort for the ECB will be that Eurostat revised up its estimate of core inflation--that's excluding food, energy, alcohol and tobacco--to 0.8% from 0.7%. (paul.hannon@wsj.com; Twitter: @PaulHannon29)

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markettalk@wsj.com

0839 GMT [Dow Jones] In a major bureaucratic reshuffle, India's government Thursday named Rajiv Mehrishi, a senior official from the northwestern state of Rajasthan, as new economic affairs secretary. He will replace Arvind Mayaram, who has been reassigned to the Tourism Ministry, according to a government statement. Mehrishi will be responsible for formulating major economic policies and will also be the main official coordinating with the country's central bank. Though transfers aren't unusual, sources in the ministry said Finance Minister Arun Jaitley and others in the government may have also been unhappy about Mayaram travelling for most of the last two months when Jaitley was hospitalized for diabetes treatment. (prasanta.sahu@wsj.com, Twitter: @pksahu9)

Editor: KLH

0826 GMT [Dow Jones] Southeast Asia corporations are showing a strong appetite for acquisitions, says a Capital Confidence Barometer survey by Ernst & Young. In its survey of 1,600 firms worldwide, 53% of the 120 Southeast Asian firms polled said they expect to pursue M&A in the next 12 months. That's the highest percentage over the past two years and a sharp 24% increase from six months ago. The survey shows that 72% of the firms in Southeast Asia said that they are working on at least two or more deals in their pipeline, with most of the targets being in the middle market category with a value of $50 million or less. "As the region gathers economic momentum and prepares itself to embrace the Asean Economic Community, there is opportunity for businesses to consolidate and grow," says Harsha Basnayake, Asean Managing Partner for Transaction Advisory Services at Ernst & Young. (venkat.pr@wsj.com)

Editor: KLH
0823 GMT [Dow Jones]--Greek bonds continue to fall Thursday, showing no respite after Wednesday's heavy losses. The 10-year now yields over 8%--yields rise as prices fall--up 30 bps in early trade and back to levels last seen in early May. Political uncertainty over the possibility of earlier than expected elections and scepticism about a bailout exit plan fuelled the fall, say analysts at Societe Generale, while the ongoing deterioration of growth prospects in Europe helped to sustain losses. (nick.cawley@wsj.com)

Contact us in London. +44-20-7842-9464
markettalk@wsj.com

0805 GMT [Dow Jones] Salaries in Malaysia have increased in key professional industries over the past 12 months with the biggest gains in the Banking and Finance Sector, where wages rose 10% to 25%, according to a survey by a leading recruitment agency. The survey by Kelly Services Malaysia also showed that Sales & Marketing workers saw gains of 10% to 20%, while the Logistics & Warehousing Sector had an increase of 10% to 15%. The Engineering Sector posted salary growth of as much as 10% in specific jobs. Kelly Services Malaysia managing director Kamal Karanth said "These gains show that Malaysia's job market is not only robust but is pushing people up the value chain." The survey, compiled annually since 2005 is an industry focused guide that is indicative of actual transactions between employers and employees.(celine.fernandez@wsj.com)

Editor: KLH
(END) Dow Jones Newswires

October 16, 2014 05:02 ET (09:02 GMT)

文件 DJDN000020141016eaag00116

DOW JONES
NEWSWIRES

Hong Kong Stocks Drop; Mixed China Data Can't Save the Day -- Market Talk

1,459 字
2014 年 10 月 16 日 09:52
Dow Jones Institutional News
DJDN
英文

0852 GMT [Dow Jones] Hong Kong equities remain depressed in the afternoon session, with mixed Chinese lending data doing little to counteract a slump in markets across the region. Data from the mainland provided support, but fleetingly, as Chinese foreign direct investment "bounced back strongly and came well ahead of expectations...with a 1.9% rise in September, its first positive print since June," says IG. But bank lending data was a definitively mixed bag: "Loan supply was better than expected," says Goldman Sachs. The brokerage adds that M2 growth was slightly below market expectations and monetary conditions measured by growth in total social funding--the broadest measure of credit, which includes shadow banking--was still tight. The Hang Seng Index closes down 1% at 22,900.94, hitting the lowest level since June, while H-shares' attempts at a rally in the afternoon fails; the Hang SengChina Enterprises Index ends the day down 1% at 10,185.55, a five-month low.

(gregor.hunter@wsj.com; Twitter: @gregorhunter)

Editor JSM
0850 GMT [Dow Jones]--U.S. Treasurys move higher in London, despite a modest rebound in the equity markets, as traders try to fully explain Wednesday's whipsaw market. Analysts at Bank of America Merrill Lynch believe 'position capitulation' was the root cause of the problem highlighting that, by late morning, 2.5 million contracts had already traded in the 10-year futures contract, more than 1.5 times the typical daily volume. Ahead, September industrial production, Philly Fed and NAHB housing index while Fed President's Plosser, Lockhart, Kocherlakota and Bullard all give their opinions. The December Treasury contract is 7/32 higher at 128-25 and the 10-year yields 2.062%. (nick.cawley@wsj.com)

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markettalk@wsj.com

0845 GMT [Dow Jones] As Japan's biggest life insurance companies reveal investment plans for the second half of the fiscal year over the next few weeks, market focus will be on whether these massive investors are upping exposure to foreign currency risk. Insurers have upped foreign bond purchases in recent months due to rock-bottom yields at home, and an anticipated U.S. rate increase could push them to make more of those buys unhedged against currency fluctuations. Mitsui Life Insurance Co. said Thursday that it will add about Y10 billion in unhedged foreign debt in the second half of the fiscal year through March. "We're forecasting yen weakness and with the possibility of a rate hike in the U.S., the difference between short-term rates in the U.S. and Japan could increase, which would push up hedging costs," said investment planning head Yoichiro Matsuta.(eleanor.warnock@wsj.com)

Editor: KLH
0843 GMT [Dow Jones]--After Wednesday's flash crash in the markets, Societe Generale's Kit Juckes says the lows seen in Treasury yields (10-yr 1.8650%) and the S&P500 (1820) need to hold to steady global sentiment. In currencies, he sees the most vulnerable as those where positions are greatest, so fading a bounce in GBP is more favored than in AUD, EUR or NZD, while a further JPY short squeeze cannot be ruled out. gary.stride@dowjones.com

Contact us in London. +44-20-7842-9464
markettalk@wsj.com

0839 GMT [Dow Jones] In a major bureaucratic reshuffle, India's government Thursday named Rajiv Mehrishi, a senior official from the northwestern state of Rajasthan, as new economic affairs secretary. He will replace Arvind Mayaram, who has been reassigned to the Tourism Ministry, according to a government statement. Mehrishi will be responsible for formulating major economic policies and will also be the main official coordinating with the country's central bank. Though transfers aren't unusual, sources in the ministry said Finance Minister Arun Jaitley and others in the government may have also been unhappy about Mayaram travelling for most of the last two months when Jaitley was hospitalized for diabetes treatment. (prasanta.sahu@wsj.com, Twitter: @pksahu9)

Editor: KLH

0826 GMT [Dow Jones] Southeast Asia corporations are showing a strong appetite for acquisitions, says a Capital Confidence Barometer survey by Ernst & Young. In its survey of 1,600 firms worldwide, 53% of the 120 Southeast Asian firms polled said they expect to pursue M&A in the next 12 months. That's the highest percentage over the past two years and a sharp 24% increase from six months ago. The survey shows that 72% of the firms in Southeast Asia said that they are working on at least two or more deals in their pipeline, with most of the targets being in the middle market category with a value of $50 million or less. "As the region gathers economic momentum and prepares itself to embrace the Asean Economic Community, there is opportunity for businesses to consolidate and grow," says Harsha Basnayake, Asean Managing Partner for Transaction Advisory Services at Ernst & Young. (venkat.pr@wsj.com)

Editor: KLH
0823 GMT [Dow Jones]--Greek bonds continue to fall Thursday, showing no respite after Wednesday's heavy losses. The 10-year now yields over 8%--yields rise as prices fall--up 30 bps in early trade and back to levels last seen in early May. Political uncertainty over the possibility of earlier than expected elections and scepticism about a bailout exit plan fuelled the fall, say analysts at Societe Generale, while the ongoing deterioration of growth prospects in Europe helped to sustain losses. (nick.cawley@wsj.com)

Contact us in London. +44-20-7842-9464
markettalk@wsj.com

0805 GMT [Dow Jones] Salaries in Malaysia have increased in key professional industries over the past 12 months with the biggest gains in the Banking and Finance Sector, where wages rose 10% to 25%, according to a survey by a leading recruitment agency. The survey by Kelly Services Malaysia also showed that Sales & Marketing workers saw gains of 10% to 20%, while the Logistics & Warehousing Sector had an increase of 10% to 15%. The Engineering Sector posted salary growth of as much as 10% in specific jobs. Kelly Services Malaysia managing director Kamal Karanth said "These gains show that Malaysia's job market is not only robust but is pushing people up the value chain." The survey, compiled annually since 2005 is an industry focused guide that is indicative of actual transactions between employers and employees.(celine.fernandez@wsj.com)

Editor: KLH

The headline "Taiwan Shares Close up Slightly but Funds Are Losing Faith -- Market Talk," at 0705 GMT, should have said the Taiwan market closed down. Instead it misstated that shares closed up.

0726 GMT [Dow Jones] China government bonds are steady despite stronger-than-expected national credit data, as investors still expect the central bank to further ease monetary conditions. The seven-day government bond yield is down one basis point to 3.79%. "There is also some profit-taking pressure in bonds after their consecutive gains in the last two sessions, but the bonds' general strong trend remains since the PBOC may further ease its policies," says a Shanghai-based trader. Chinese banks issued 857.2 billion yuan ($138.3 billion) of new loans in September, up from 702.5 billion yuan in August.
(wynne.wang@dowjones.com)

Editor JSM
0723 GMT [Dow Jones]--It will probably take more significant lira gains before the Turkish central bank is tempted to loosen its monetary settings, which means the currency can continue its modest outperformance

in the Emerging Market space, says Turk Ekonomi Bankasi. Eurozone and U.S, data are likely to dominate market proceedings today, however. USD/TRY is now at 2.2672. (yeliz.candemir@wsj.com)

Contact us in London. +44-20-7842-9464
markettalk@wsj.com
0719 GMT [Dow Jones]--Spanish bonds remain relatively resilient amid all the recent gyrations in risk assets and core fixed income markets and this is a supportive factor for its bond auction Thursday, says Citi. The bonds on offer at the auction offer value versus the domestic yield curve, while another supportive factor is the the prospect of an upgrade on Friday by Moody's given the Baa2 rating is on positive outlook. Spain auctions EUR2.5-EUR3.5 billion of the 2.75% October 2024 and 5.15% October 2028 bonds, with results due between 0830 GMT and 0845 GMT. (emese.bartha@wsj.com; @EmeseBartha)

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October 16, 2014 04:52 ET (08:52 GMT)

文件 DJDN000020141016eaag000y3

DOW JONES
NEWSWIRES

U.S. Yields, S&P Key For Sentiment - SocGen - -- Market Talk

122 字
2014 年 10 月 16 日 09:43
Dow Jones Institutional News
DJDN
英文

0843 GMT [Dow Jones]--After Wednesday's flash crash in the markets, Societe Generale's Kit Juckes says the lows seen in Treasury yields (10-yr 1.8650%) and the S&P500 (1820) need to hold to steady global sentiment. In currencies, he sees the most vulnerable as those where positions are greatest, so fading a bounce in GBP is more favored than in AUD, EUR or NZD, while a further JPY short squeeze cannot be ruled out. gary.stride@dowjones.com

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(END) Dow Jones Newswires

October 16, 2014 04:43 ET (08:43 GMT)

文件 DJDN000020141016eaag000xt

DOW JONES
NEWSWIRES

Small Caps Lead Stocks Higher; Too Early to Get Excited? -- Barron's Blog

By Ben Levisohn
556 字
2014 年 10 月 14 日 17:30
Dow Jones Institutional News
DJDN
英文

Bears took an early run at the markets gains today, but bulls not only came out ahead but have pushed stocks even higher--for now.

The S&P 500 has risen 0.9% to 1,892.35 at 12:29 p.m. today, while the Dow Jones Industrial Average has gained 107.01 points, or 0.7%, to 16,428.08. The Nasdaq Composite has advanced 1.3% to 4,267.08 and the small-company Russell 2000 has jumped 2.4% to 1,074.23. But with most of the selling happening at the end of the day, it's probably too early to get excited.

If you read the papers--or this blog, for that matter--you know that reasons for the recent selloff include fears of a rate hike, jitters about deflation, and concerns about European growth, or the lack thereof. The folks at Birinyi Associates, however, admit to having little idea what's really been driving stocks lower:

We have often likened the bull market to a drive across the country and said that it was presumptuous to leave New York on a Mon-day and assume you would arrive, on time, in LA for an 8:00 PM Saturday dinner reservation. The trip would have some detours, some bad weather, a flat tire along with some beautiful days and light traffic.

The stock market has had a detour and investors are -- and should be -- concerned. We continue to expect higher prices but recognize that there are significant issues which should be addressed. Our biggest concern is that we are not sure as to what is happening...

A faltering world economy is a valid concern, although China's continued growth has regularly been questioned since their Olympics. Now Germany and France have replaced Greece and Spain as economies of concern and the market has, rightly so, taken notice.

The biggest question we have is oil. No commodity is more tracked, analyzed, and discussed and yet all of a sudden we have a glut and a surplus? The combination of Europe, oil, Ebola, as well as Hong Kong and the continuing irresolution of Ukraine are overwhelming and disconcerting.

RBC's Jonathan Golub and team predict the Vix will fall, stocks will rise and the stocks of small companies will outperform those of large ones"

Investor concerns regarding global growth have pushed the market lower and the VIX to a multi-year high. The data shows a strong inverse correlation between volatility and U.S. stock prices. Historically, every 7% move in the VIX has corresponded with a 1% move in the S&P500, and an even greater move in Small Caps...

Mini spikes in the VIX are quite normal; larger spikes tend to be driven by recessions or systemic risk issues...Market delivers above-average returns following volatility spikes.

What are above average returns? When the Vix spikes above 20%, the S&P 500 has averaged a return of 6.4% during the following three months, while the Russell 2000 has returned 8%.

Is anyone willing to bet on those averages?

More at Barron's Stocks to Watch blog,
http://blogs.barrons.com/stockstowatchtoday/
(END) Dow Jones Newswires

October 14, 2014 12:30 ET (16:30 GMT)

文件 DJDN000020141014eaae002sg

DOW JONES
NEWSWIRES

Nordic Stocks Seen Opening Lower -- Market Talk

192 字
2014 年 10 月 14 日 07:37
Dow Jones Institutional News
DJDN
英文

0637 GMT [Dow Jones] Nordic markets are seen opening lower agaain Tuesday with IG calling the OMXS30 down 0.8% at around 1284. "As before, worries about global growth are likely to explain the depressed stock market mood," says SEB. "Equity markets in the US continued lower yesterday with S&P 500 declining by 1.7%. Yesterday's performance makes the last three trading days the worst since 2011 with a total loss of 4.8% and with S&P500 now below its 200-day moving average," it adds. "Weak growth combined with the United States increasing oil production to the highest level in 30 years is proving to be a toxic cocktail for oil prices, that continued lower yesterday." Swedish and UK inflation, plus German ZEW and the EU finance ministers meeting are all of interest today. OMXS30 closed at 1294.64, OMXN40 at 1276.18 and OBX at 508.22. (dominic.chopping@wsj.com)

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(END) Dow Jones Newswires

October 14, 2014 02:37 ET (06:37 GMT)

文件 DJDN000020141014eaae000b2

BARRON'S

MARKET WEEK
Stocks --- The Trader: Slammed by Growth Fears, Stocks Tumble 3%

By Vito J. Racanelli
2,052 字
2014 年 10 月 13 日
Barron's
B
M3
英文

Stock prices were whipsawed in a wild week of trading, ultimately falling over 3% on worsening worries about slowing global economic growth. By Friday's close, the market was down 5% from highs, halfway to a correction.

As bad as that was, many industries particularly exposed to such fears received an even bigger beat-down. As crude-oil prices fell into bear-market territory on Wednesday, down over 20% from highs, oil and gas shares shed 8% last week. Semiconductors lost 9%, most of that after bellwether Microchip Technology (ticker: MCHP) lowered quarterly sales guidance, led by a revenue miss in China. Auto makers fell 8%, as Ford Motor (F) said that September sales in China declined 4%. Airline stocks were whacked 10% on growing Ebola fears, and agricultural-products firms lost 9% on continuing drops in commodity prices.

That news fed the global growth anxiety, says Stephen Massocca, a portfolio manager at Wedbush Equity Management. "I felt like I went 13 rounds with Mike Tyson every day last week."

Perhaps that's an exaggeration, but in recent weeks plenty of money managers have complained of the pain to this columnist. Just one in five active fund managers is outperforming year to date, according to an Oct. 9 report from Bank of America Merrill Lynch.

The simplest measure of volatility was that Wednesday was the best day of the year for the Dow Jones Industrial Average, up 275 points, and was promptly followed by the worst day, down 335 on Thursday. The last time the index had a back-to-back largest point gain and drop of the year was in 1997 -- in October, of course.

Last week, the Dow surrendered 466 points or 2.7%, to 16,554.10, and the Standard & Poor's 500 index lost 62 or 3.1%, to 1906.13. The Nasdaq Composite index lost nearly 200 or 4.5%, to 4276.24. The Russell 2000 fell 4.7%, to 1053.32.

How bad the volatility seems depends on your time frame, says Thomas Villalta, director of investment research at Covenant Multifamily Offices. "It's more than people have been used to lately" but still low compared to gyrations in 2011. "There's no sense of panic," he says.

Friday's decline didn't show the "buy on dips" mentality that has supported the market previously, adds Tim Ghriskey, chief investment officer of Solaris Asset Management. As third-quarter earnings begin to come out, investor focus should move to profits from global issues, he says.

Friday's late-day weakness doesn't bode well for the market this week.

The Case for a Lagging GE

Quietly, General Electric (GE) has become the worst performer in the Dow Jones Industrial Average this year, down 13% while the index is flat. With a large financial-earnings component, GE was badly impacted by the 2008 crisis. Revenues have been stuck around $146 billion and net profit margins, at about 9%, in the past two years.

Lately, lower energy prices weigh on the stock because the oil and gas division is about 12% of sales. Also, with half of its revenue coming from overseas, the higher dollar has taken a toll. Earnings per share grew at high single-digit percentages in 2012 and 2013, but Wall Street sees middle single-digit percentage growth ahead.

Many of these concerns are cyclical, however. At this low level, the stock would seem to discount many of the head winds, but not reflect GE's gradual move to a more-industrial focus, one less reliant on financial earnings. By 2016, 75% of operating-segment earnings will come from industrial businesses, up from 66% last year. As that transpires over the next 12 to 18 months, the stock could rise to $30 from $24.27 on Friday, for 25% total return.

Some investors probably don't realize that where GE Capital once contributed over 40% of profits before the crisis, it's slowly diminishing, says Matt Dmytryszyn, a portfolio manager at La Salle Street Capital, which recently added GE shares to its longstanding stake. GE Capital now contributes 34%.

For example, this year GE closed the sale of NBC; spun out 15% of Synchrony Financial (SYF), its North American retail finance business, with the rest next year; and recently agreed to buy the energy businesses of France's Alstom (ALSGY). Last month, GE signed a deal to sell the white-goods appliance business that made it a household name.

In the first half of 2014, GE Capital produced 33% of operating segment profit, 29% in the second quarter. As GE gets more industrial, it should lead to a valuation closer to the higher multiples that industrial firms get. In the second quarter, revenues rose 3%, to $36 billion, and net income, 13%, to $3.54 billion or 35 cents per diluted share. Its order backlog rose $23 billion, to $246 billion.

The moves to de-emphasize finance and get out of lower-margin businesses like appliances will take risk out of the balance sheet, Dmytryszyn says. He likes the plans to raise GE margins by reducing to 12% in 2016 from 17% in 2012 the ratio of selling, general, and administrative expenses to industrial sales. Part of that will come from cost cuts and part from higher sales, thanks to the addition of businesses that will be growing fast and the removal of slower-growing divisions.

Since much of the improvement comes from self-help moves, Dmytryszyn has confidence in GE's ability to achieve improved margins.

Jack De Gan, a money manager at Harbor Advisory, points out there's a robust 3.6% dividend. After a three cents per-share dividend increase to 25 cents -- generally expected -- in the fourth quarter, the yield would be about 4%. Harbor Advisory owns GE shares, and De Gan has been buying GE for new clients.

Add to the dividend yield the 6% to 8% earnings-per-share growth over the next couple of years, and De Gan sees the stock over $30 in 12 to 18 months. A high-quality stock with stable growth should be pretty attractive in this volatile market to a conservative income-oriented investor.

GE trades at less than 14 times 2015 EPS expectations of $1.81, up from projections of $1.68 this year. That's a significant discount to its own median of 16 and to industrials, which trade at 16.5 times. GE is a big company undergoing a big transition, and as income from industrial businesses rises, says De Gan, its price/earnings ratio should drift up toward the peer level.

GE reports third-quarter results this Friday, and as the stock might suffer from currency issues, an even better opportunity could present itself. This stock isn't likely to top the market over the long term, but it offers bond-like stability with the earnings and dividend growth not possible in fixed-income securities. What's not to like?

Eye on Mobileye

If you haven't heard of Mobileye (MBLY), you will. From its initial public offering price of $25 in August, the stock soared to $57.70 on Oct. 3, Last week it fell 11% in the market turbulence to $48.20.

Headquartered in Israel and domiciled in the Netherlands, Mobileye is in the sweet spot of what's called the autonomous driving revolution, which is fancy talk for driverless cars. It designs and develops software and products for advanced driver assistance systems, or ADAS, including cameras and semiconductor chips with software running proprietary algorithms. The camera senses obstacles in the road, triggers warnings, and can even help apply the brakes.

Mobileye has shown over 100% revenue growth in the past two years, works with 20 of the world's top auto makers, and sports an 80% market share in camera-based ADAS and over 74% gross margins. It has a strong first-mover advantage, and its software is considered top-notch. In August, Morgan Stanley -- a lead underwriter -- put a bull-case price of $100 on the stock.

Yet, as investors are invariably wont to do with exciting IPOs, the good news is discounted into the stock price and more.

Mobileye has already outfitted 3.3 million cars, but short sellers say the market has extrapolated sales to the more than 80 million new cars that hit the world's roads annually. The stock sells at supercharged valuations: The P/E ratio is 252 times analyst EPS consensus estimates of 19 cents this year. At a market cap of $10 billion, the company is worth 75 times 2014's projected sales of $134 million, up from $81 million last year.

High valuation alone isn't enough to knock a stock. Investors, however, are ignoring the normal business issues that could, and probably will, arise to dent Mobileye's growth rates.

Mobileye isn't the only game in town. It sells to much bigger auto suppliers, such as Autoliv (ALV), Robert Bosch, and Continental (CON.Germany), which sell on to the original-equipment manufacturers like Ford, BMW (BYMOF), and General Motors (GM), to name a few.

But OEMs famously don't like to rely on one supplier of anything, so the 80% market share is likely to drop fast. And some of Mobileye's customers already have their own capable ADAS or are hard at work developing them. According to an Oct. 1 research report from Swedish broker Handelsbanken, Continental and Autoliv are phasing out Mobileye. A spokesman for Autoliv, for example, told Barron's that his company, which uses Mobileye software in some of its ADAS, already makes its own cameras and will begin supplying its own ADAS software next year.

Bulls say Mobileye is many years ahead of the pack, but any newly minted M.B.A. knows that with such a popular, high-margin product, competition is going to get tougher, and Mobileye's rivals are bigger and have deeper resources.

Average ADAS selling prices have been rising, but that's unlikely to continue for long. Morgan Stanley, for example, projects Mobileye's operating profit margins to rise to 60% from 35%, but the natural progression in high tech is for margins to fall as the first-mover advantage fades.

Mobileye's net income is also inflated by the policy of excluding stock compensation, a typical approach among high-tech companies. In the second quarter, net income jumped to $11.2 million from $6.4 million. Add back compensation, however, and the net fell to $200,000 from $4 million in the same quarter of 2013. Such compensation isn't a cash expense, but investors shouldn't overlook it.

Mobileye didn't respond to an e-mailed request for comment.

Like story stocks, Mobileye could still go higher, but one missed quarter -- almost inevitable given high expectations built into the price -- is all it will take to end the revolution and bring this stock down to earth.

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e-mail:vito.racanelli@barrons.com

Vital Signs

	Friday's Close	Week's Change	Week's % Chg.
DJIndustrials	16544.10	-465.59	-2.74
DJTransportation	7893.26	-588.73	-6.94
DJUtilities	561.67	+6.18	+1.11
DJ65Stocks	5865.23	-205.13	-3.38
DJUSMarket	476.68	-16.69	-3.38
NYSEComp.	10293.14	-342.35	-3.22
NYSEMKTComp.	2482.05	-80.99	-3.16
S&P500	1906.13	-61.77	-3.14
S&PMidCap	1304.59	-59.81	-4.38
S&PSmallCap	610.90	-25.41	-3.99
Nasdaq	4276.24	-199.39	-4.45
ValueLine(arith.)	4189.96	-196.03	-4.47
Russell2000	1053.32	-51.42	-4.65
DJUSTSMFloat	19711.99	-706.70	-3.46

	Last Week	Week Earlier
NYSE		
Advances	801	1,235
Declines	2,453	2,012
Unchanged	30	33
NewHighs	103	92
NewLows	565	445
AvDailyVol(mil)	4,035.1	3,720.3

Dollar (Finexspotindex)	85.91	86.64
T-Bond (CBTnearbyfutures)	141-090	139-070
Crude Oil (NYMlightsweetcrude)	85.82	89.74
Inflation KR-CRB (FuturesPriceIndex)	275.60	276.34
Gold (CMXnearbyfutures)	1221.00	1192.20

(See related letter: "Barron's Mailbag: Underexposed Americans" -- Barron's October 27, 2014)

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文件 B000000020141011eaad0000v

Chips Sell Off Again: Cowen, Bernstein Like Broadcom, Pac Crest Cuts Freescale
Barron's Blogs, 2014 年 10 月 13 日 15:59, 1591 字, By Tiernan Ray, (英文)
Chip stocks are broadly lower on a down day following the large sell-off Friday, which was prompted by a profit warning from microcontroller maker Microchip Technology (MCHP) Thursday afternoon.
文件 WCBBE00020141013eaad0015p

DOW JONES
NEWSWIRES

EFG Cuts Saudi Stocks to Underweight on Valuations -- Market Talk

161 字
2014 年 10 月 12 日 12:51
Dow Jones Institutional News
DJDN
英文

1148 GMT [Dow Jones]--EFG Hermes cuts Saudi Arabia to underweight on valuations, says stocks offer limited upside relative to MENA and emerging market peers. EFG notes Saudi Arabia is trading at its biggest premium to EM since late 2006, at 15.2x 2015 consensus P/E, in line with the S&P500 - the MSCI EM index trades at 10.4x. "On the last two occasions that KSA equities traded at these multiples - in 2010 and 2008 - subsequent 12-month price returns were negative." Points out that Saudi is one of only two major MENA markets (the other is Kuwait) not to have corrected in 2014. Saudi stocks trade 5.8% lower at 10,224.21 Sunday, still up about 20% for the year. (nikhil.lohade@wsj.com; Twitter: @lohadenikhil)

(END) Dow Jones Newswires

October 12, 2014 07:51 ET (11:51 GMT)

文件 DJDN000020141012eaac00012

DOW JONES
NEWSWIRES

The Trader: Slammed By Growth Fears, Stocks Tumble 3% -- Barron's

2,083 字
2014 年 10 月 11 日 05:06
Dow Jones Institutional News
DJDN
M3
英文

(FROM BARRON'S 10/13/14)
By Vito J. Racanelli

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As bad as that was, many industries particularly exposed to such fears received an even bigger beat-down. As crude-oil prices fell into bear-market territory on Wednesday, down over 20% from highs, oil and gas shares shed 8% last week. Semiconductors lost 9%, most of that after bellwether Microchip Technology (ticker: MCHP) lowered quarterly sales guidance, led by a revenue miss in China. Auto makers fell 8%, as Ford Motor (F) said that September sales in China declined 4%. Airline stocks were whacked 10% on growing Ebola fears, and agricultural-products firms lost 9% on continuing drops in commodity prices.

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For example, this year GE closed the sale of NBC; spun out 15% of Synchrony Financial (SYF), its North American retail finance business, with the rest next year; and recently agreed to buy the energy businesses of France's Alstom (ALSGY). Last month, GE signed a deal to sell the white-goods appliance business that made it a household name.

In the first half of 2014, GE Capital produced 33% of operating segment profit, 29% in the second quarter. As GE gets more industrial, it should lead to a valuation closer to the higher multiples that industrial firms get. In the second quarter, revenues rose 3%, to $36 billion, and net income, 13%, to $3.54 billion or 35 cents per diluted share. Its order backlog rose $23 billion, to $246 billion.

The moves to de-emphasize finance and get out of lower-margin businesses like appliances will take risk out of the balance sheet, Dmytryszyn says. He likes the plans to raise GE margins by reducing to 12% in 2016 from 17% in 2012 the ratio of selling, general, and administrative expenses to industrial sales. Part of that will come from cost cuts and part from higher sales, thanks to the addition of businesses that will be growing fast and the removal of slower-growing divisions.

Since much of the improvement comes from self-help moves, Dmytryszyn has confidence in GE's ability to achieve improved margins.

Jack De Gan, a money manager at Harbor Advisory, points out there's a robust 3.6% dividend. After a three cents per-share dividend increase to 25 cents -- generally expected -- in the fourth quarter, the yield would be about 4%. Harbor Advisory owns GE shares, and De Gan has been buying GE for new clients.

Add to the dividend yield the 6% to 8% earnings-per-share growth over the next couple of years, and De Gan sees the stock over $30 in 12 to 18 months. A high-quality stock with stable growth should be pretty attractive in this volatile market to a conservative income-oriented investor.

GE trades at less than 14 times 2015 EPS expectations of $1.81, up from projections of $1.68 this year. That's a significant discount to its own median of 16 and to industrials, which trade at 16.5 times. GE is a big company undergoing a big transition, and as income from industrial businesses rises, says De Gan, its price/earnings ratio should drift up toward the peer level.

GE reports third-quarter results this Friday, and as the stock might suffer from currency issues, an even better opportunity could present itself. This stock isn't likely to top the market over the long term, but it offers bond-like stability with the earnings and dividend growth not possible in fixed-income securities. What's not to like?

Eye on Mobileye

If you haven't heard of Mobileye (MBLY), you will. From its initial public offering price of $25 in August, the stock soared to $57.70 on Oct. 3, Last week it fell 11% in the market turbulence to $48.20.

Headquartered in Israel and domiciled in the Netherlands, Mobileye is in the sweet spot of what's called the autonomous driving revolution, which is fancy talk for driverless cars. It designs and develops software and products for advanced driver assistance systems, or ADAS, including cameras and semiconductor chips with software running proprietary algorithms. The camera senses obstacles in the road, triggers warnings, and can even help apply the brakes.

Mobileye has shown over 100% revenue growth in the past two years, works with 20 of the world's top auto makers, and sports an 80% market share in camera-based ADAS and over 74% gross margins. It has a strong first-mover advantage, and its software is considered top-notch. In August, Morgan Stanley -- a lead underwriter -- put a bull-case price of $100 on the stock.

Yet, as investors are invariably wont to do with exciting IPOs, the good news is discounted into the stock price and more.

Mobileye has already outfitted 3.3 million cars, but short sellers say the market has extrapolated sales to the more than 80 million new cars that hit the world's roads annually. The stock sells at supercharged valuations:

The P/E ratio is 252 times analyst EPS consensus estimates of 19 cents this year. At a market cap of $10 billion, the company is worth 75 times 2014's projected sales of $134 million, up from $81 million last year.

High valuation alone isn't enough to knock a stock. Investors, however, are ignoring the normal business issues that could, and probably will, arise to dent Mobileye's growth rates.

Mobileye isn't the only game in town. It sells to much bigger auto suppliers, such as Autoliv (ALV), Robert Bosch, and Continental (CON.Germany), which sell on to the original-equipment manufacturers like Ford, BMW (BYMOF), and General Motors (GM), to name a few.

But OEMs famously don't like to rely on one supplier of anything, so the 80% market share is likely to drop fast. And some of Mobileye's customers already have their own capable ADAS or are hard at work developing them. According to an Oct. 1 research report from Swedish broker Handelsbanken, Continental and Autoliv are phasing out Mobileye. A spokesman for Autoliv, for example, told Barron's that his company, which uses Mobileye software in some of its ADAS, already makes its own cameras and will begin supplying its own ADAS software next year.

Bulls say Mobileye is many years ahead of the pack, but any newly minted M.B.A. knows that with such a popular, high-margin product, competition is going to get tougher, and Mobileye's rivals are bigger and have deeper resources.

Average ADAS selling prices have been rising, but that's unlikely to continue for long. Morgan Stanley, for example, projects Mobileye's operating profit margins to rise to 60% from 35%, but the natural progression in high tech is for margins to fall as the first-mover advantage fades.

11 Oct 2014 00:06 ET The Trader: Slammed By Growth Fears, Stocks -2-

Mobileye's net income is also inflated by the policy of excluding stock compensation, a typical approach among high-tech companies. In the second quarter, net income jumped to $11.2 million from $6.4 million. Add back compensation, however, and the net fell to $200,000 from $4 million in the same quarter of 2013. Such compensation isn't a cash expense, but investors shouldn't overlook it.

Mobileye didn't respond to an e-mailed request for comment.

Like story stocks, Mobileye could still go higher, but one missed quarter -- almost inevitable given high expectations built into the price -- is all it will take to end the revolution and bring this stock down to earth.

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Vital Signs

	Friday's Close	Week's Change	Week's % Chg.
DJIndustrials	16544.10	-465.59	-2.74
DJTransportation	7893.26	-588.73	-6.94
DJUtilities	561.67	+6.18	+1.11
DJ65Stocks	5865.23	-205.13	-3.38
DJUSMarket	476.68	-16.69	-3.38
NYSEComp.	10293.14	-342.35	-3.22
NYSEMKTComp.	2482.05	-80.99	-3.16
S&P500	1906.13	-61.77	-3.14
S&PMidCap	1304.59	-59.81	-4.38
S&PSmallCap	610.90	-25.41	-3.99
Nasdaq	4276.24	-199.39	-4.45
ValueLine(arith.)	4189.96	-196.03	-4.47
Russell2000	1053.32	-51.42	-4.65
DJUSTSMFloat	19711.99	-706.70	-3.46

	Last Week	Week Earlier
NYSE		
Advances	801	1,235

Declines	2,453	2,012
Unchanged	30	33
NewHighs	103	92
NewLows	565	445
AvDailyVol(mil)	4,035.1	3,720.3
Dollar (Finexspotindex)	85.91	86.64
T-Bond (CBTnearbyfutures)	141-090	139-070
Crude Oil (NYMlightsweetcrude)	85.82	89.74
Inflation KR-CRB (FuturesPriceIndex)	275.60	276.34
Gold (CMXnearbyfutures)	1221.00	1192.20

(See related letter: "Barron's Mailbag: Underexposed Americans" -- Barron's October 27, 2014)

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News & Commentary
Carl Icahn's letter to Tim Cook of Apple: complete text

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CARL C. ICAHNIcahn Enterprises767 5th Avenue, Suite 4700New York, NY 10153

October 9, 2014

Tim CookCEOApple Inc.1 Infinite LoopCupertino, CA 9501

Dear Tim,

As a large Apple shareholder with approximately 53 million shares, we applaud you and the rest of management, especially in light of recent launches and announcements which further validate our view that you are the ideal CEO for Apple. It is truly a watershed moment, with Apple poised to take market share from Google (Android) in the premium device market as iPhone 6 becomes Apple's flagship device among a growing collection of products and services that work together to form an increasingly dominant mobile ecosystem. We believe this advantaged position over Google, the company's only real competitor, justifies our forecasts for revenue and EPS (earnings per share) growth of 25% and 44% respectively for FY (fiscal year) 2015. This strong competitive position and earnings growth compels us to remind you that Apple, adjusting for net cash, currently sells at a P/E (price to earnings per share ratio) of only 8x our FY 2015 forecast, a significantly lower P/E than a broad market index, the S&P 500, which trades today at a P/E of 15x FY 2015 consensus. In contrast to the S&P 500's slower growth, we expect Apple to grow its EPS by 30% in each of FY 2016 and FY 2017. Assuming these growth characteristics for FY 2016 and FY 2017, we see Apple's P/E of just 8x our FY 2015 forecast as both irrational and transient in nature, especially since many actively managed mutual funds remain underweight Apple in their portfolios. Our forecasted growth for FY 2016 and FY 2017 more than adequately justifies using a P/E multiple of 19x our FY 2015 forecast, which along with net cash values Apple at $203 per share today. Described in more detail below, these factors combine to reflect a massive undervaluation of Apple (AAPL, US) in today's market, which we believe will not last for long. Therefore, given the persistently excessive liquidity of $133 billion net cash on Apple's balance sheet, we ask you to present to the rest of the Board our request for the company to make a tender offer, which would meaningfully accelerate and increase the magnitude of share repurchases. We thank you for being receptive to us the last time we requested an increase in share repurchases, and we thank you in advance now for any influence you may choose to have communicating to the rest of the Board the degree to which a tender offer would have a positive impact on an EPS basis for all shareholders. To preemptively diffuse any cynical criticism that you may encounter with respect to our request, which might claim that we are requesting a tender offer with the intention of tendering our own shares, we hereby commit not to tender any of our shares if the company consummates any form of a tender offer at any price. We commit to this because we believe Apple remains dramatically undervalued. And we think you and the Board agree. If you did not, you would not continue to repurchase shares under the existing authorization. You have said before that the company likes to be "opportunistic" when repurchasing shares and we appreciate that. With this letter we simply hope to express to you that now is a very opportunistic time to do so. We think a tender offer is simply a good method of conducting a large repurchase in an expedited timeframe, but the exact method and the exact size is not the key issue for us. We are simply asking you to help us convince the board to repurchase a lot more, and sooner. We feel compelled to do so because we forecast such impressive earnings growth over the next few years, and therefore we believe Apple is dramatically undervalued in today's market, and the more shares repurchased now, the more each remaining shareholder will benefit from that earnings growth.

Critical to our forecast for strong earnings growth is the belief that the iPhone will take significant premium market share. Given historically high retention rates, we assume existing iPhone users will continue to act like an annuity, choosing to stay with the iPhone each time they upgrade. But now, since the iPhone 6 is the most significant improvement to the iPhone since its introduction, we expect users of competitive products to see the iPhone 6/6+ as an exciting opportunity to choose a superior product. Now that iPhone offers a larger screen size, its price competitiveness in the premium phone market is clear, as a premium Android phone such as the Galaxy S5 and Note 4 sells at a similar price point to the iPhone 6 and 6+ respectively. The choice between them is analogous to the choice between a Volkswagen over a Mercedes at the same price, and unlike a Mercedes, the $649 cost of an iPhone 6 is affordable for the mass market, equating to just $20 per month over a two year period (including a $170 estimated resale value of the phone at the end of two years, excluding financing and taxes). We see the iPhone remaining unaffected by the “junk”, as you called it, sold at lower price points, but we also see it dominating the entire class of premium Android smartphones, such as Samsung’s Galaxy phones. Because of this, we expect Apple will take premium market share, while at the same time maintaining its prices and gross margins, proving the concept of commoditization is nothing more than a myth with regards to Apple. Beyond simple price comparison, we see the iPhone as best in class, supported by expert reviews and by the lines of people all over the world waiting to buy it. Perhaps most importantly, we believe the iPhone will take market share because its merits are no longer viewed in isolation from the overall Apple ecosystem of products and services, which include iOS, iPad, Mac, Apps, App Store, iCloud, iTunes, and (more recently) Apple Watch, Apple Pay, Home, Health, Continuity, Beats. With the iPhone as the foundation, Apple’s ecosystem has come to play an important role in the daily life of Apple users, and while Apple continues to make impressive strides to improve it, the competition falls behind in what is arguably the most important race of this technological era. Analogizing Apple to a modern day Secretariat, as this race continues, the further the distance grows between Apple and Google (and Google’s hardware partners) in the premium device category. Its leading ecosystem of products and services, added to peerless hardware design and quality, differentiates Apple from a simple hardware company. And, with its users consistently upgrading to the newest version of iOS (92% of iOS devices, iPhones and iPads, on iOS 7 prior to the launch of iOS 8), Apple is able to offer its users the most up to date software and service experience, while Android can’t because it’s hindered by relatively high fragmentation among its operating system versions. App developers appreciate the difference, which is why they often choose to make an App for iOS prior to (or instead of) Android. During a recent interview, you referred to Google and only Google as your competition, as no other operating system can gain enough scale in Apps to be relevant. Furthermore, you also described how, in contrast to Apple, Google’s business model relies on advertising, which will increasingly expose products that run Android to serious privacy concerns. Considering all of this, combined with their inability to merge a superior brand, hardware, software, services, fashion and retail stores, Google and its hardware partners will remain disadvantaged in the premium device market. As this is realized, we expect that Apple will gain market share, that those gains will translate into earnings growth in line with our forecasts, and in turn translate into multiple expansion.

In addition to iPhone 6 market share gains, we assume that earnings growth will be driven by successful innovations and launches of other products and platforms. To properly forecast future earnings for the purposes of valuation, we assume further innovation on existing product lines and services (such as the larger screen iPhone 6 and 6+), but also assume that launches of new product platforms and new services will happen, predict what they might be, and estimate and include the potential earnings from such innovation and launches into forecasted future-year earnings. As our model highlights, much like the success of iPhone and iPad before it, we expect the successful launch of new premium product platforms (the announced Apple Watch in FY 2015 and the rumored TV in FY 2016) along with new services (in particular Apple Pay). These new launches will further distance Apple’s ecosystem from its peers and accelerate revenue and earnings growth in excess of the status quo. For the next three fiscal years, we forecast robust earnings growth of 44%, 30%, and 30% respectively, driven by strong revenue growth of 25%, 21%, and 21% respectively. We detail below how we arrive at these forecasts.

iPhone

Composing 55% of net sales, iPhone is Apple’s largest product platform. Consumers have already responded with unparalleled enthusiasm to the new iPhones with millions of people waiting in lines all around the world to buy an iPhone 6 or 6+, and the positivity from expert reviewers and the press has been stronger than we have ever seen. Legendary reviewer Walt Mossberg simply stated, “This is the best smartphone you can buy, and I am unequivocal about that.” Now that Apple is offering larger phones with roughly the same size screen as competitors’ offerings, and targeting mainland China at the time of its 4G rollout, we expect Apple to take significant market share. As users roll off their existing wireless carrier contracts, they can choose a superior product at a comparable price. There are obviously lower priced competitive offerings, but the marginal premium one pays for an iPhone is not significant for meaningful percentages of the global population. As we explained earlier in this letter, the effective cost of an iPhone 6 is just $20 per month. Considering the increasing amount of time users spend with their mobile devices, and thereby the practical value of a noticeably superior product, it is hard to imagine why a consumer would choose an inferior phone when the marginal cost difference is so small. That is why we expect Apple to take market share not only from those competitors offering a phone at a similar price, but also those competitors offering phones at cheaper prices. As the quality of the Apple ecosystem (iPhone, iPad, Mac, iTunes, App Store) continues with new additions (Apple Watch, Apple Pay, Home, Health, Continuity, iCloud) to pull away from a relatively flawed and fragmented Android ecosystem, market share gains will continue. For next fiscal year, the new iPhone 6 and 6+ should drive iPhone revenue growth of 30%, due to volume growth of 22% (premium market share gains, category growth, upgrade cycle) and pricing growth of 7% (mix shift to the iPhone 6+ that sells for a $100 premium to both the iPhone 6 and the iPhone 5s at this time last year). In the following years, FY 2016 and

FY 2017, we expect volume growth of 7% and 10% respectively and flat average selling prices as Apple experiences no pricing pressure and continues to take market share.

iPad and Mac

Contributing 17% to net sales, iPad has experienced tremendous growth since its introduction in 2010. After a disappointing FY 2014, we believe the iPad will reaccelerate growth next year, especially if Apple, as rumored, offers a larger screen 12.9” iPad in FY 2015 and improves the offering of its 7.9” iPad Mini and its 9.7” iPad Air. We believe there is still a large growth opportunity for iPad, as you highlighted when you stated that “the PC market today is 315 million units” and “despite the iPad’s 76% market share of tablets sold to businesses, the penetration of tablets in businesses is low at 20% and, to put that in some kind of context, if you looked at the penetration of notebooks in business it would be over 60%.” With the recently announced partnership with IBM, which you suggested will “change how businesses work”, we believe iPad will increase its penetration of enterprise. For next fiscal year, the new iPad innovation and IBM partnership should drive iPad revenue growth of 13%, due to volume growth of 8% (innovation, larger iPad, IBM partnership) and pricing growth of 4% (mix shift to the rumored higher priced iPad). In each of the following years, FY 2016 and FY 2017, we expect revenue growth of 13% on relatively flat average selling prices as the ecosystem and IBM partnership continue to drive sales. Contributing 13% to net sales, Mac in contrast to the overall PC market, has grown market share to maintain its volume and sales. We expect Mac to continue this steady performance going forward and hold net sales flat over the next three years. While we are not yet prepared to make near term adjustments to raise our forecasts for the next three years, we do believe Apple may be able to innovate even further across the iPad/Mac platforms. Some see a larger iPad as a necessity if Apple is going to transform iOS into a hybrid desktop/tablet operating system by adding a keyboard/mouse centric user interface to iOS, while at the same time maintaining its touch-friendly user interface. With a near 13” model, Apple would have a screen size lineup that overlaps their Macbook Air line, a promising path into the $63 billion sub $1,000 laptop market in which Apple barely participates today, according to Rod Hall at JP Morgan.

iTunes, Software and Services, Accessories, and iPod

These three segments, contributing 10%, 3% and 1% to net sales respectively, fill out the remaining portion of Apple’s current net sales mix. iTunes, Software and Services are not only important to Apple’s ecosystem in terms of driving sales of its products, but also in terms of its own long term revenue growth. This represents one of Apple’s faster growing segments and one we expect to not only continue its double digit top line growth but also to disproportionately benefit gross margins as higher margin services (such as 100% margin App Store sales revenues) compose a greater portion of the sales. As for Accessories and iPod, we expect the impact of the acquisition of Beats and accessory growth moving forward to more than offset the continued decline of iPod, which is already relatively immaterial to net sales.

Apple Watch

Over the next three years, we expect the Apple Watch to have a significant impact on Apple’s growth. Apple’s first new product category since the iPad in 2010, and the company’s first foray into wearables, the Apple Watch will launch early next calendar year. It appears to us that Jony Ive and his team have yet again executed at a level that will bring to market a product that revolutionizes the entire category from both a hardware and software perspective, especially given that Apple has developed an entirely new operating system for this device, and catered to the notion that such a device needs to be far more fashionable and personal than other products currently available in this category. As an accessory to the iPhone (model 5 or thereafter), we believe we have included in our forecast sales for the Apple Watch that imply a reasonable attach rate to the iPhone, with unit sales volume resembling that of the iPad in scale, and ramping at a similar incline, selling 20 million units in FY 2015, 45 million units in FY 2016, 72.5 million units in 2017. Although the sales mix between collections, the attach rate of bands to each watch, and the related prices remain unknown, we expect the average selling price to exceed the entry level price of $350, forecasting an average selling price of $450 per unit, including the extra band.

UltraHD Television

While Apple has not announced plans for a TV set and may never do so, we believe we have good enough reason to expect the introduction of an UltraHD TV set in FY 2016. We think television represents a large opportunity for Apple, one that reaches far beyond “the hobby” that Apple TV currently represents. You recently stated, “TV is an area of great interest for Apple” and we agree that it should be. As we highlighted in our previous letter, we believe UltraHD’s (ultra-high-definition television) superior picture quality in comparison to regular HD will drive a major TV replacement cycle as the price gap between them narrows. It should also be noted that Reed Hastings, CEO of Netflix, has referenced UltraHD as a major catalyst for Netflix going forward, and while this is true for Netflix, we believe it is also true for Apple. Against the backdrop of this replacement cycle, FY 2016 represents an opportune time to introduce an UltraHD TV set. Therefore, included in our forecasts, we expect Apple to sell 12 million 55” and 65” TV sets in FY 2016 and

25 million in FY 2017 at an average selling price of $1,500 at gross margins consistent with the overall company. While we think adding a TV set to the Apple ecosystem would be meaningful from a financial perspective, we understand that you may choose not to do so, as you have wisely stated that "the toughest choices for Apple are what not to work on." But, even if Apple chooses not to offer a TV set, our earnings estimates would only be revised for FY 2016 and FY 2017, and the impact is not significant enough for us to question using a P/E multiple of 19x our FY 2015 EPS for Apple today, especially since, even without a TV set, our forecast shows EPS growth of 19% in FY 2016 and 23% in FY 2017. While the UltraHD replacement cycle alone offers a compelling revenue opportunity, the opportunity is not limited to the sales of an UltraHD TV. Televisions are a centerpiece to the modern living room and thereby a promising gateway into the home for Apple's growing ecosystem. Apple could sell UltraHD movies and shows through iTunes over the internet to the UltraHD TV since cable companies will likely be slow to upgrade their expensive linear infrastructure, as one example of an incremental opportunity. Another is the user interface of television, which you humorously (but accurately, in our opinion) described as being "stuck in the 1970s."

HomeKit and HealthKit

But like so many of Apple's opportunities, an UltraHD TV is just one possible point of entry to a much broader overall opportunity, as the living room is just one room in the home and Apple's growing ecosystem makes the entire home an approachable venue. For example, Apple's recently released HomeKit, a framework in iOS 8 for communicating with and controlling connected accessories in a user's home from the iPhone and Apple Watch. The point here is, when considering the overall ecosystem, the iPhone and the Apple Watch become control devices for both the television in the living room, as well as the lights in the living room and throughout the entire house, and the lock for the front door, the thermostat, the alarm system, etc. You said publicly that you enjoy using your Apple Watch as a remote control for your TV, and we look forward to joining you. But we also assume you will soon enjoy using your Apple Watch to control many more devices in your home. The recently released HealthKit platform represents another similarly large opportunity, and while the details of the business model are still unclear, just as they are for the home category, the degree to which both could impact their respective venues is immense. At a minimum, these new efforts in Health and Home will strengthen the Apple ecosystem and drive product sales of the Apple Watch and iPhone. Though it is likely Apple will monetize HomeKit and HealthKit in some way going forward, we have not included any revenues from these emerging platforms in our forecast for the next three years.

Apple Pay

As the home represents one compelling category for Apple, payments represents another. Apple Pay will launch in October 2014, and while we expect limited financial impact in FY 2015 as retailers upgrade their infrastructure to incorporate the requisite near-field communications technology (NFC), we expect a more meaningful contribution in FY 2016 that accelerates into FY 2017 and the following years. We estimate that, based upon Apple Pay's rumored fee of 15 bps of all spend on credit and debit cards (U.S. card spend was $4.2 trillion in 2012) and merchant deployment of NFC reaching 80%+ in 2017, Apple in the U.S. could generate revenues (also equivalent to gross margins, as the variable costs are de minimis) of $2.5 billion in FY 2017 if it reaches 30% market share of all spend on U.S. credit and debit cards. The potential in the U.S. and internationally over a longer term is much larger. Apple, dominant in the premium market, has customers who spend more on average than its peers, and it is therefore unusually well positioned to succeed with Apple Pay where others could not.

Conclusion

To be totally clear, this letter is in no way intended as a criticism of you as CEO, nor is it intended to be critical of anything you or your team are doing from an operational perspective at Apple. Quite to the contrary, we could not be more supportive of you and your team, and of the excellent work being done at Apple, a company that continues to change the world through technological innovation. The intention of this letter is to communicate two things to you: (1) given the earnings growth we forecast for Apple, we continue to think that the market misunderstands and dramatically undervalues Apple and (2) the excess liquidity the company continues to hold on its balance sheet affords the company an amazing opportunity to take further advantage of this valuation disconnect by accelerating share repurchases. As mentioned before, we thank you and the Board for being receptive to us when we last communicated our perspective regarding the company's valuation and requested more share repurchases. It is our understanding that you solicited feedback from various large shareholders concerning our previous request, but we don't think anyone would deny that we were a key influence with respect to your previous decision to increase share repurchases. We thank you for being receptive to us and other large shareholders, all of whom are investment professionals offering advice concerning an investment decision, as the decision to repurchase shares is in effect the company making an investment in itself. And given the size of our investment and our proven track record with respect to public equity investing, we hope you will be receptive once again. Between January 1, 2000 through September 30, 2014, an investment in the stock of Icahn Enterprises L.P. (IEP, US) had an annualized gross return of 21.5%. The Sargon Portfolio (a designated portfolio of assets co-managed by Brett Icahn and David Schechter within the private investment funds comprising Icahn Enterprises' Investment segment, subject to the supervision and control of Carl Icahn) has generated annualized gross returns of 36.5% since its formation on April 1, 2010 through September 30, 2014 with $6.6 billion of assets under management as of September 30, 2014. We believe this performance speaks for itself with respect to our expertise. At today's price, Apple is one of the best investments we have ever seen from a risk reward perspective, and the size of our position is a testament to this. This investment represents the largest position in our investment history, reflecting the strength of the convictions we have expressed in this letter. While we recognize and applaud the company's previously increased share repurchase authorization, we ask you to consider our advice once again (to the benefit of all shareholders) and consider accelerating share repurchases again via a tender offer. Our valuation analysis tells us that Apple should trade at $203 per share today, and we believe the disconnect between that price and today's price reflects an undervaluation anomaly that will soon disappear. Mutual funds today face fierce competition with index funds that simply match the S&P500 index (in which Apple has a weight of 3.4%). Surprisingly, many mutual funds are underweight Apple, meaning that Apple represents less than 3.4% of their overall portfolio. This also means they are more likely to underperform the index if Apple outperforms, which is obviously an eventuality that should concern them. With more and more funds flowing from mutual funds to index funds (because mutual funds have consistently failed to outperform) the last thing they will want to see is their underperformance exacerbated by remaining underweight Apple as it continues to outperform. As the strength of the earnings growth we forecast materializes, and these funds scramble to correct this mistake, only to find themselves competing in the market to do so, a de facto short squeeze may occur, and we can only hope that the company has repurchased all the shares it can before that happens.

Sincerely,

Carl C. IcahnBrett IcahnDavid Schechter

REMAINING KEY ASSUMPTIONS

Gross Margins – higher average selling prices, scale, higher margin new services such as Apple Pay, and our expectation that new product platforms (Apple Watch, TV) will have margins consistent with the overall company, together support gross margins rising from 38.5% in FY 2014 to 40% in FY 2015, and remain at 40% for both FY 2016 and FY 2017.

Research & Development "R&D" – we expect continued heavy investment in R&D, rising 17.5%, 15%, and 13% over the next three years to $9.2 billion in FY 2017 (up from $1.8 billion spent in FY 2010) as Apple continues to innovate aggressively.

Selling, General, & Administrative "SG&A" – we expect continued investment in SG&A, as it rises by 6.5%, 6%, and 5% over the next three fiscal years.

Interest Income – with regards to interest income, since we value the net cash separately from the business, we assume no interest income from the $133 billion of net cash in our earnings forecast.

Effective Tax Rate – importantly for the company's income tax rate, we consider 20% a more appropriate tax rate for the purposes of forecasting real earnings, not the 26% effective tax rate Apple uses in their income statement. Most companies in the S&P 500 state that they plan to permanently reinvest its international earnings and therefore do not have to accrue for an income tax on unremitted earnings and thus show a lower tax rate. Google is a good example of this, as its effective tax rate is 20%. Apple, unlike Google and most companies in the S&P 500 has chosen to accrue income taxes on some of its unremitted international earnings and accordingly has an effective tax rate of 26%. Therefore, when assessing the multiple of earnings at which Apple should trade, we believe it is appropriate to use a 20% tax rate for Apple in order to make such comparisons Apples to Apples, no pun intended.

Share Repurchases – we assume Apple continues to repurchase $25 billion of stock per year for our forecast and not the more aggressive pace we hope this Board will undertake

Cash Flow – for simplicity purposes, we assume net income equals cash flow other than dividends and share repurchases.

Valuation – with regards to valuation of the company at $203 per share, this includes valuing the business $192 per share (at 19x our FY 2015 earnings estimate of $9.61 per share) plus net cash per share of $21 ($133 billion of net cash less the tax effect on international cash for repatriation, which we estimate to ultimately be 6%, and for simplicity purposes, apply to all cash on balance sheet rather than just the international cash).

SPECIAL NOTE REGARDING THIS LETTER

THIS LETTER CONTAINS OUR CURRENT VIEWS ON THE VALUE OF APPLE SECURITIES AND ACTION THAT APPLE'S BOARD MAY TAKE TO ENHANCE THE VALUE OF ITS SECURITIES. OUR

VIEWS ARE BASED ON OUR ANALYSIS OF PUBLICLY AVAILABLE INFORMATION AND ASSUMPTIONS WE BELIEVE TO BE REASONABLE. THERE CAN BE NO ASSURANCE THAT THE INFORMATION WE CONSIDERED IS ACCURATE OR COMPLETE, NOR CAN THERE BE ANY ASSURANCE THAT OUR ASSUMPTIONS ARE CORRECT. APPLE'S ACTUAL PERFORMANCE AND RESULTS MAY DIFFER MATERIALLY FROM OUR ASSUMPTIONS AND ANALYSIS. WE HAVE NOT SOUGHT, NOR HAVE WE RECEIVED, PERMISSION FROM ANY THIRD-PARTY TO INCLUDE THEIR INFORMATION IN THIS LETTER. ANY SUCH INFORMATION SHOULD NOT BE VIEWED AS INDICATING THE SUPPORT OF SUCH THIRD PARTY FOR THE VIEWS EXPRESSED HEREIN. WE DO NOT INTEND TO RECOMMEND OR ADVISE ANY PERSON TO PURCHASE OR SELL SECURITIES AND NO ONE SHOULD RELY ON THIS LETTER OR ANY ASPECT OF THIS LETTER TO PURCHASE OR SELL SECURITIES OR CONSIDER PURCHASING OR SELLING SECURITIES. THIS LETTER DOES NOT PURPORT TO BE, NOR SHOULD IT BE READ, AS AN EXPRESSION OF ANY OPINION AS TO THE PRICE AT WHICH APPLE'S SECURITIES MAY TRADE AT ANY TIME. AS NOTED, THIS LETTER EXPRESSES OUR CURRENT VIEWS ON APPLE. IT ALSO DISCLOSES OUR CURRENT HOLDINGS OF APPLE SECURITIES. OUR VIEWS AND OUR HOLDINGS COULD CHANGE AT ANY TIME. WE MAY SELL ANY OR ALL OF OUR HOLDINGS OR INCREASE OUR HOLDINGS BY PURCHASING ADDITIONAL SECURITIES. WE MAY TAKE ANY OF THESE OR OTHER ACTIONS REGARDING APPLE WITHOUT UPDATING THIS LETTER OR PROVIDING ANY NOTICE WHATSOEVER OF ANY SUCH CHANGES, EXEPT AS NOTED WITH RESPECT TO THE APPLE TENDER OFFER WE ARE ASKING THE APPLE BOARD TO AUTHORIZE. INVESTORS SHOULD MAKE THEIR OWN DECISIONS REGARDING APPLE AND ITS PROSPECTS WITHOUT RELYING ON, OR EVEN CONSIDERING, ANY OF THE INFORMATION CONTAINED IN THIS LETTER.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this letter are forward-looking statements including, but not limited to, statements that are predications of or indicate future events, trends, plans or objectives. Undue reliance should not be placed on such statements because, by their nature, they are subject to known and unknown risks and uncertainties. Forward-looking statements are not guarantees of future performance or activities and are subject to many risks and uncertainties. Due to such risks and uncertainties, actual events or results or actual performance may differ materially from those reflected or contemplated in such forward-looking statements. Forward-looking statements can be identified by the use of the future tense or other forward-looking words such as "believe," "expect," "anticipate," "intend," "plan," "estimate," "should," "may," "will," "objective," "projection," "forecast," "management believes," "continue," "strategy," "position" or the negative of those terms or other variations of them or by comparable terminology.

Important factors that could cause actual results to differ materially from the expectations set forth in this letter include, among other things, the factors identified under the section entitled "Risk Factors" in Apple's Annual Report on Form 10-K for the year ended September 28, 2013. Such forward-looking statements should therefore be construed in light of such factors, and Icahn is under no obligation, and expressly disclaims any intention or obligation, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

For more information on this and other topics, follow Carl Icahn on Twitter at: @Carl_C_Icahn

https://twitter.com/Carl_C_Icahn

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文件 MRKWC00020141009eaa90025t

BARRON'S

MARKET WEEK
Stocks --- The Trader: Late Bounce Fails to Rescue a Brutal Week

By Vito J. Racanelli
2,069 字
2014 年 10 月 6 日
Barron's
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With the market not far from all-time highs achieved just two weeks ago, the generally bad spate of global news got on investors' nerves, says Ralph Fogel, head of investment strategy at Fogel Neale. "People started to say 'We have to take some money off the table here,' " he adds.

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Domestic economic numbers are good, "but never seem to be as steady as you'd like," says John Wilson, founder and publisher of ReveilleLetter.com. A generally bullish Wilson expects more volatility in the run-up to U.S. elections next month, and, he adds, "Ebola is clearly a worry."

The sloppy economic data, Hong Kong unrest, and European economic weakness remain a concern for the near term, adds Jim Russell, senior equity strategist at U.S. Bank Wealth Management. However, with bond prices stretched and commodities down, U.S. stocks still look like the best asset class, he says. Somehow, that "buy-on-weakness" mentality was sparked Thursday, he adds.

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There haven't been four consecutive down days for the S&P 500 in 2014, according to Mike O'Rourke, chief market strategist at JonesTrading. Last year, when the index rose 30%, there were four such stretches. That's a testament to the strength of this bull.

Hanging In With CIT

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12% this year, underperforming the market. The $8.5 billion market-cap lender has $34 billion in loans and lease assets, 45% from traditional bank lending and 53% in transportation leasing, mostly aircraft.

Investors don't like the decline in the net finance margin, the spread earned between the yield on its loans and leases and the cost of funding those assets. In the second quarter, the margin was 4.26%, down from 4.97% in the year-ago period. Some of this was a timing issue, as more than a usual number of aircraft came off-lease.

Also, skepticism is building about the transformative OneWest deal, in which CIT will pay $2 billion in cash and $1.4 billion in stock. Bank mergers have been under increased regulatory scrutiny, and that has cooled off the industry merger environment. Pro forma, CIT's total assets would rise to $67 billion from $44 billion after the deal is closed, probably in the first half of 2015.

The stock drop gives investors another crack at a lender that looks undervalued and is set to grow assets nicely in coming years. Barron's has been bullish on CIT, with our most recent take occasioned by the deal. ("CIT Is Finally More Than a Work in Progress," July 28.)

The OneWest deal will help CIT get its costs down and income up, says Jason Benowitz, a portfolio manager at Roosevelt Investment Group, which owns CIT shares. Los Angeles-based OneWest, with $19 billion of low-cost funding, such as bank deposits, at an average cost of 0.8%, should bring down CIT's overall cost of funding to 2.4% from 3.3%.

Another bull is John DeGulis, a portfolio manager with Sound Shore Management, which also owns a CIT stake. He believes that the accretion from OneWest could be better than expected. OneWest's new commercial deposits are costing about 0.27%, he says. CIT and OneWest should be able to cross-sell services to each other's customers, he adds.

Competition in banking's commercial middle market, where CIT operates, has driven down net financing margins to about 4% for now, but Benowitz says the drop in funding costs will help boost the spread in 2015. It will also help expand CIT's financing and lending, which produced 11% and 15% asset growth in the first and second quarters, respectively, driven by the U.S. economic expansion and corporate reinvestment in equipment.

Even without OneWest, the second-quarter margin of 4.26% was above the first quarter's 4.01%, points out Benowitz. Merger aside, CIT should benefit from the expected general rise in interest rates next year, since most of its lending rates are tied to the three-month London interbank offered rate, or Libor, and will adjust higher relatively quickly. Cost of funds, however, should move up more slowly, helping the spread, he adds.

CIT shares are cheap. They trade a little above the $44.16 tangible book value, while regional bank peers trade at 1.4 to 1.5 times tangible book, and leasing companies, at 1.1 times. When OneWest is included, CIT's pro forma tangible book should rise to about $48 and the tangible book ratio will drop below one, making CIT look even cheaper.

CIT should trade at 1.25 post-acquisition tangible book, or about $60, up 30% from here, bulls say. On a price/earnings ratio basis, the combined company could earn $4.50 in 2016, and at $60, that would represent an undemanding 13 times P/E, Benowitz says.

With a 16% Tier 1 ratio, CIT is overcapitalized, with too much equity capital, to the tune of about $2 billion, Sound Shore's DeGulis says. The proven management team, including Chairman and CEO John Thain, will put that capital to work through share buybacks, as well as the OneWest acquisition, he says.

The biggest caveat would be the unlikely possibility the deal is delayed or modified, though the stock almost already discounts that. Such fears might be misplaced. OneWest would add a nice chunk of safer core deposit funding, make CIT less reliant on borrowings, and help allay potential concerns about CIT's funding sufficiency.

Closing Out Potbelly

Traditionally, this column assembles a scoreboard of stock picks at year end, but when a position has turned either spectacularly bad or good, we close the trade and take the pain or the gain.

Happily -- though not for Potbelly (PBPB) shareholders -- our skeptical call a year ago on what were astronomically valued shares has turned out to be more than justified. At Friday's close of $11.86, the stock has plunged by two-thirds from over $30, and is well below the initial-offering price of $14.

Consensus earnings-per-share estimates for 2014 have dropped to 19 cents from 39 cents a year ago. Potbelly is experiencing declining same-store sales, traffic, and margins. The stock trades at a P/E of 60 times 2014 EPS estimates, still too expensive given the growth likely in the intermediate term. It once traded at 114 times trailing earnings.

Investors could have avoided the stock implosion of this Midwest sandwich chain with a perusal of the company's filings, which showed plainly that Potbelly has no particular edge or insuperable moat.

Many publicly traded companies are like that, but they tend to have reasonable P/Es, usually around the market multiple. Companies that sport triple-digit P/Es need to be very special, with products that can't be beat and a sustainable edge.

Hindsight is 20/20, but the documents didn't lie. Anyone who bothered to read them a year ago would have found that Potbelly's revenue growth was 8% in 2011 and 15.5% in 2012, but fell to 12% in the first half of 2013. That's not a company that deserves a nosebleed valuation.

There were other signs. Bulls said that with only 300 units, there was plenty of franchise growth possible. Yet, Potbelly itself promised unit growth of only at least 10%, and said franchise revenue wouldn't be significant in the near term. Moreover, there had to be strong demand. This goes back to the product offering, basically a sandwich. The ones we tested were good, but not that good.

Potbelly soared 120% on the first day from the $14 per share IPO. Wall Street underwriters don't typically undervalue a new company by that much. A jump like that is often a good indication that the emotional quotient is too high.

While victory laps are gratifying, Potbelly's implosion is a lesson -- an old one, painful but instructive -- that Wall Street teaches new investors from time to time. As a rule, investors should be wary of any company whose P/E is triple-digit. Holders of GoPro (GPRO), which we wrote about last week, please take note. It pays to recall that IPOs in particular are "liquidity events" for founders and owners -- whether the next young tech guru or a private-equity shop -- that is, a way to cash out.

Like stars on Broadway, companies that deserve a P/E of 100 are rare. But the stocks that sport them are not. Potbelly remains overvalued, but from here, the reward for a skeptical position is much lower, so it's time to close out.

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e-mail: vito.racanelli@barrons.com

Vital Signs

	Friday's Close	Week's Change	Week's % Chg.
DJIndustrials	17009.69	-103.46	-0.60
DJTransportation	8481.99	-2.92	-0.03
DJUtilities	555.49	+7.54	+1.38
DJ65Stocks	6070.36	-8.43	-0.14
DJUSMarket	493.37	-4.20	-0.84
NYSEComp.	10635.49	-163.39	-1.51
NYSEMKTComp.	2563.04	-72.83	-2.76
S&P500	1967.90	-14.95	-0.75
S&PMidCap	1364.40	-21.76	-1.57
S&PSmallCap	636.31	-7.34	-1.14
Nasdaq	4475.62	-36.57	-0.81
ValueLine(arith.)	4385.99	-57.65	-1.30
Russell2000	1104.74	-14.59	-1.30
DJUSTSMFloat	20418.69	-177.50	-0.86

	Last Week	Week Earlier
NYSE		
Advances	1,235	646
Declines	2,012	2,592
Unchanged	33	37
NewHighs	92	88
NewLows	445	315
AvDailyVol(mil)	3,720.3	3,212.2

Dollar (Finexspotindex)	86.64	85.62
T-Bond (CBTnearbyfutures)	139-070	137-200
Crude Oil (NYMlightsweetcrude)	89.74	93.54
Inflation KR-CRB (FuturesPriceIndex)	276.34	280.28
Gold (CMXnearbyfutures)	1192.20	1214.10

(See related letter: "Barron's Mailbag: Keep Calm and Carry On" -- Barron's October 20, 2014)

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文件 B000000020141004eaa600013

DOW JONES
NEWSWIRES

Nordic Stocks Seen Opening Higher -- Market Talk

196 字
2014 年 10 月 6 日 07:41
Dow Jones Institutional News
DJDN
英文

0641 GMT [Dow Jones]--Nordic markets are seen opening higher Monday, carrying on the positive tone from Friday, with IG calling the OMXS30 up 0.6% at around 1378. "The strong US employment report set the tone for trading on Friday, with the S&P500 index posting gains of more than 1%, the best day in almost two months," says Danske Bank. "This morning Japanese stocks also bounced strongly and the Nikkei index is currently up 1.5%." With very little in the calendar today, focus will be on German factory orders and Euro-area Sentix investor confidence. "During the week the minutes from the latest FOMC meeting will cast more light on the decision to keep its 'considerable time' forward guidance, while the statement from the Bank of Japan meeting will probably reflect a slight downgrade of the view on the economy." OMXS30 closed at 1369.52, OMXN40 at 1354.59 and OBX at 534.50. (dominic.chopping@wsj.com)

Contact us in London. +44-20-7842-9464
markettalk@wsj.com

(END) Dow Jones Newswires

October 06, 2014 02:41 ET (06:41 GMT)

文件 DJDN000020141006eaa6000fg

DOW JONES
NEWSWIRES

The Trader: Late Bounce Fails To Rescue A Brutal Week -- Barron's

2,102 字
2014 年 10 月 4 日 05:09
Dow Jones Institutional News
DJDN
M3
英文

(FROM BARRON'S 10/6/14)
By Vito J. Racanelli

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A confluence of soft global economic data, some in the U.S.; protests in Hong Kong; and the first confirmed American case of Ebola made investors uneasy with a bull market that is now one of the longest in duration, at 4 1/2 years.

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4 Oct 2014 00:09 ET The Trader: Late Bounce Fails To Rescue A Brutal -2-

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DJ65Stocks	6070.36	-8.43	-0.14
DJUSMarket	493.37	-4.20	-0.84
NYSEComp.	10635.49	-163.39	-1.51
NYSEMKTComp.	2563.04	-72.83	-2.76
S&P500	1967.90	-14.95	-0.75
S&PMidCap	1364.40	-21.76	-1.57
S&PSmallCap	636.31	-7.34	-1.14
Nasdaq	4475.62	-36.57	-0.81
ValueLine(arith.)	4385.99	-57.65	-1.30
Russell2000	1104.74	-14.59	-1.30
DJUSTSMFloat	20418.69	-177.50	-0.86

	Last Week	Week Earlier
NYSE		
Advances	1,235	646
Declines	2,012	2,592

Unchanged	33	37
NewHighs	92	88
NewLows	445	315
AvDailyVol(mil)	3,720.3	3,212.2
Dollar		
(Finexspotindex)	86.64	85.62
T-Bond		
(CBTnearbyfutures)	139-070	137-200
Crude Oil		
(NYMlightsweetcrude)	89.74	93.54
Inflation KR-CRB		
(FuturesPriceIndex)	276.34	280.28
Gold		
(CMXnearbyfutures)	1192.20	1214.10

(See related letter: "Barron's Mailbag: Keep Calm and Carry On" -- Barron's October 20, 2014)

(END) Dow Jones Newswires

October 04, 2014 00:09 ET (04:09 GMT)

文件 DJDN000020141004eaa400024

BARRON'S

MARKET WEEK
Stocks --- The Trader: Dow Off 1% for Week on Global Growth Jitters

By Vito J. Racanelli
2,049 字
2014 年 9 月 29 日
Barron's
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M3
英文

Stocks closed out a rough week with a buoyant Friday, but the mini-rally wasn't enough to make up for poor performances earlier. All the major indexes fell 1% or more. Like the previous week, large-cap stocks outperformed small caps, but this time they just fell less instead of rising.

While market observers blame the retreat on numerous factors, from mixed U.S. economic data out this week to continued concerns about Russian moves to drag Ukraine back into its sphere of influence, mostly there's a vague unease over the state of global economic growth.

U.S. economic expansion is proceeding apace, but the rest of the developed nations are limping along. That translated into the risk-off trade, which culminated in a big downdraft and heavy volume Thursday. Otherwise trading was quiet during the Rosh Hashanah religious holidays.

Last week, the Dow Jones Industrial Average lost 167 points, or 1%, to 17,113.15, while the Standard & Poor's 500 index gave up 1.4%, or 28, to 1982.85. The Nasdaq Composite index ended at 4512.19, down 1.5% or 68.

On Friday, the Commerce Department raised its previous estimate of third quarter U.S. gross domestic product growth to a 4.6% annual rate, about as expected, from the previous 4.2%. Earlier in the week, however, Germany's Ifo survey showed Teutonic business confidence in September dropped to its worst level in more than a year.

If there was one reason for the market drop, says Bill Stone, chief investment strategist at PNC Wealth Management, "It's worries about global growth." Investors are concerned about how much more economic pain is to come in Europe and Japan, he adds. This week's meeting of the European Central Bank governing council Thursday could be key for stocks short term, Stone says, because many are expecting details in the ECB press conference to follow. The bank has previously promised a version of quantitative easing that includes buying covered bonds and asset-back securities. Investors want to know how much, Stone adds.

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NYSEComp.	10798.88	-190.69	-1.74
NYSEMKTComp.	2635.87	-89.10	-3.27
S&P500	1982.85	-27.55	-1.37
S&PMidCap	1386.16	-33.03	-2.33
S&PSmallCap	643.65	-14.65	-2.23
Nasdaq	4512.19	-67.59	-1.48
ValueLine(arith.)	4443.64	-102.87	-2.26
Russell2000	1119.33	-27.59	-2.41
DJUSTSMFloat	20596.19	-325.10	-1.55

	Last Week	Week Earlier
NYSE		
Advances	646	1,604
Declines	2,592	1,622
Unchanged	37	46
NewHighs	88	209
NewLows	315	187
AvDailyVol(mil)	3,212.2	3,370.2
Dollar		
(Finexspotindex)	85.64	84.74
T-Bond		
(CBTnearbyfutures)	137-200	136-190
Crude Oil		
(NYMlightsweetcrude)	93.54	92.41
Inflation KR-CRB		
(FuturesPriceIndex)	280.28	279.40
Gold		
(CMXnearbyfutures)	1214.10	1215.30

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2,082 字
2014 年 9 月 29 日 03:10
Dow Jones Newswires Chinese (English)
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NewLows	315	187
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Dollar		
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T-Bond		
(CBTnearbyfutures)	137-200	136-190
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2,082 字
2014 年 9 月 29 日 03:10
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The Trader: Dow Off 1% For Week On Global Growth Jitters -- Barron's -2-

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There's no reason to believe it won't make the numbers that day. However, over the next 12 months, investors might find 10% growth in beer sales is unsustainable. If Constellation misses the Street's expectations, the stock will likely fall hard.

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DJUtilities	547.95	-8.96	-1.61
DJ65Stocks	6078.79	-79.17	-1.29
DJUSMarket	497.57	-7.66	-1.52
NYSEComp.	10798.88	-190.69	-1.74
NYSEMKTComp.	2635.87	-89.10	-3.27
S&P500	1982.85	-27.55	-1.37
S&PMidCap	1386.16	-33.03	-2.33
S&PSmallCap	643.65	-14.65	-2.23
Nasdaq	4512.19	-67.59	-1.48
ValueLine(arith.)	4443.64	-102.87	-2.26
Russell2000	1119.33	-27.59	-2.41
DJUSTSMFloat	20596.19	-325.10	-1.55

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NYSE		
Advances	646	1,604
Declines	2,592	1,622
Unchanged	37	46
NewHighs	88	209
NewLows	315	187
AvDailyVol(mil)	3,212.2	3,370.2
Dollar (Finexspotindex)	85.64	84.74
T-Bond (CBTnearbyfutures)	137-200	136-190
Crude Oil (NYMlightsweetcrude)	93.54	92.41
Inflation KR-CRB (FuturesPriceIndex)	280.28	279.40

Gold (CMXnearbyfutures)	1214.10	1215.30

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DOW JONES
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The Trader: Dow Off 1% For Week On Global Growth Jitters -- Barron's

2,088 字
2014 年 9 月 27 日 05:08
Dow Jones Institutional News
DJDN
M3
英文

(FROM BARRON'S 9/29/14)
By Vito J. Racanelli
Stocks closed out a rough week with a buoyant Friday, but the mini-rally wasn't enough to make up for poor performances earlier. All the major indexes fell 1% or more. Like the previous week, large-cap stocks outperformed small caps, but this time they just fell less instead of rising.

While market observers blame the retreat on numerous factors, from mixed U.S. economic data out this week to continued concerns about Russian moves to drag Ukraine back into its sphere of influence, mostly there's a vague unease over the state of global economic growth.

U.S. economic expansion is proceeding apace, but the rest of the developed nations are limping along. That translated into the risk-off trade, which culminated in a big downdraft and heavy volume Thursday. Otherwise trading was quiet during the Rosh Hashanah religious holidays.

Last week, the Dow Jones Industrial Average lost 167 points, or 1%, to 17,113.15, while the Standard & Poor's 500 index gave up 1.4%, or 28, to 1982.85. The Nasdaq Composite index ended at 4512.19, down 1.5% or 68.

On Friday, the Commerce Department raised its previous estimate of third quarter U.S. gross domestic product growth to a 4.6% annual rate, about as expected, from the previous 4.2%. Earlier in the week, however, Germany's Ifo survey showed Teutonic business confidence in September dropped to its worst level in more than a year.

If there was one reason for the market drop, says Bill Stone, chief investment strategist at PNC Wealth Management, "It's worries about global growth." Investors are concerned about how much more economic pain is to come in Europe and Japan, he adds. This week's meeting of the European Central Bank governing council Thursday could be key for stocks short term, Stone says, because many are expecting details in the ECB press conference to follow. The bank has previously promised a version of quantitative easing that includes buying covered bonds and asset-back securities. Investors want to know how much, Stone adds.

At the end of October, investors will again turn their attention to the Federal Open Market Committee meeting, says Robert Pavlik, chief market strategist at Banyan Partners. While there's no press conference scheduled afterward on Oct. 29, investors are aware that "the next Fed move, whenever it comes, can't be tapering. It will be raising rates." Volatility could be introduced on rising speculation about that infamous rate hike expected in mid-2015.

Despite the losses, the market remains near all-time highs, and some bullish exhaustion shouldn't be a surprise. Bernie McGinn, president of McGinn Investment Management, says he's been "more aggressive" on the sell side in recent weeks, "even though I don't feel any more negative than before. It's just that I don't see a whole lot of stocks that say 'Buy Me! Buy Me!' " A 10% correction "would be welcome," he adds, and allow him to start nibbling at the stocks on his buy list.

Go Pro's Go-Go Shares

GoPro wearable cameras are fun and popular. GoPro's stock, however, looks a little too popular. At $82.10, it trades at a remarkable 100 times analyst expectations of 81 cents in 2014 earnings per share, compared with a pro forma 47 cents last year. Analysts expect 2015 EPS of $1.02 and $1.36 in 2016, for a profit growth rate of about 30%. The shares have soared 240% from the late June initial public offering price of $24.

GoPro (ticker: GPRO) sells relatively affordable consumer products -- its Hero3 goes for about $200 -- and the market has been tickled by the average 100% annual revenue growth in 2012 and 2013. As often

happens with IPOs, excited investors extrapolate the early growth rate to many years ahead -- usually too many. The San Mateo, Calif.-based firm is now worth about $10 billion, 10 times last year's sales.

The picture isn't as pretty as investors want to believe. A close reading of GoPro's regulatory filings suggests plenty of vulnerabilities for such a highly valued stock.

Barron's noted in an earlier skeptical story -- admittedly when the stock was at $39 -- that GoPro's competitive edge isn't particularly insurmountable ("GoPro's Thrill-Filled IPO Adventure May End Badly," July 14). Type the words "wearable camera" into a Google search, and a plethora of choices pop up, some below GoPro's price and from recognized brands like Panasonic and Sony.

The vaunted revenue growth decreased this year. In the second quarter, sales grew 38%, nice but not worthy of a triple-digit price/earnings ratio. For the first six months of 2014, sales rose a more pedestrian 11% to $480 million. Yet analysts expect sales growth to reaccelerate to 25% for the next two years.

This slowdown shouldn't be a surprise since GoPro's IPO filing says that it "doesn't expect to sustain or increase revenue growth rates." In order to achieve even just a 50% annual sales growth rate for all of 2014, GoPro's second-half revenue would have to double.

Costs are rising faster than revenue. Operating expenses, for example, jumped 70% in the first half to $199.5 million and were 42% of sales, up from $117.5 million and 36%.

Investors often follow adjusted figures instead of the results based on generally accepted accounting principles. For example, GoPro posted a GAAP loss of $8.8 million, or 11 cents a share, in the first half of 2014. But GoPro shows an adjusted $54.3 million in its earnings before interest, taxes, depreciation, and amortization, and excluding the $38 million in stock-based compensation.

Such compensation isn't a cash expense but it will dilute current shareholders down the road. A large overhang of shares could hit the market in the next couple of years. GoPro's EPS is based on around 83 million shares outstanding, but there are nearly 60 million potentially dilutive stock options and awards and convertible preferred shares. Many options were struck at around $5 per share or less, and it's hard to believe they won't hit the market as soon as they're allowed, with some exercisable later this year and next.

There are also governance issues. GoPro has A and B classes of stock. B shares have 10 votes to one for A shares, which were sold in the IPO. Class B is convertible into A at any time and holders of B control 98% of voting power, with 48% residing with CEO and founder Nicholas Woodman.

Admittedly, GoPro is a crowded short, as 8.5 million shares are sold short. Still, GoPro has only a limited track record as a publicly traded company and no clear sustainable product moat. It doesn't manufacture its products, and there's a faddish component to its popularity.

GoPro did not reply to our calls. So far, Barron's has been wrong on GoPro, but we still think it will end badly.

Too Much Froth

Constellation Brands shares aren't as overvalued as GoPro, but they aren't cheap. Here, too, shareholders might be set up for disappointment after a big stock increase. The market has bid up Constellation (STZ) mainly on the $5.2 billion acquisition of two popular Mexican beer brands, which closed June 7, 2013.

Since then the shares are up 65% compared with the market's 21% rise. The stock, which began rising even before the deal was closed, is up 167% over the past 24 month. At $86.50, the shares trade at 20 times consensus EPS estimates of $4.25 in the fiscal year ending February 2015. On several valuation metrics, Constellation trades at a 50% premium to its own long-term history and to the industry.

Previously, a purveyor of mass-market products, like Robert Mondavi wine and Svedka vodka, Constellation's long-term track record showed checkered revenue and profit growth and little to justify the lofty valuation it now has. It didn't have an impressive acquisition track record.

Everything changed with the purchase of the 50% stake it didn't already own of Crown Imports. That allowed Constellation full control in the U.S. of hot imported brands like Corona and Modelo, among others, the fifth and 13th best sellers here, according to Beer Insights, an industry trade publisher. The beer segment now makes up about half of Constellation's total sales, with wine and spirits the other half.

Investors seem to be looking through rose-colored beer glasses. In fiscal 2014, which ended in February, Constellation's income statement shows total revenue jumped 74% to $4.9 billion. But most of the rise comes courtesy of a change in the accounting method now that Constellation can consolidate 100% of Crown Imports' sales.

On an apples-to-apples basis, total fiscal 2014 sales grew 6% and the beer segment rose 10% to $2.8 billion. In the first quarter of fiscal 2015, which ended in May, beer sales rose 14%. These are pretty good for a generally flat-lining beer industry, but the stock valuation appears to incorporate all that and more. (For more on the beer industry, see "More Gains on Tap at Molson Coors," on page 17.)

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27 Sep 2014 00:08 ET The Trader: Dow Off 1% For Week On Global Growth -2-

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(END) Dow Jones Newswires

September 27, 2014 00:08 ET (04:08 GMT)

文件 DJDN000020140927ea9r0004v

BARRON'S

MARKET WEEK
Stocks --- The Trader: Fervor for Large-Caps Drives Dow to New High

By Vito J. Racanelli
2,090 字
2014 年 9 月 22 日
Barron's
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Sometimes all it takes is a word to drive stocks higher, if it comes from the right people.

The simple retention of the adjective "considerable" -- as in the Federal Reserve's statement Wednesday that an accommodative policy will be appropriate for a considerable time after its bond-buying program ends -- sent the Dow Jones Industrial Average soaring nearly 2% higher on the week. There'd been market chatter that the word might be removed.

Below the headlines, however, the rally was choppier than it looked as big-capitalization stocks sharply outperformed small-caps, which had a nasty fall on the week.

Market excitement came on the much anticipated $22 billion initial public offering of shares in Chinese e-commerce company Alibaba Group Holding (ticker: BABA), Alibaba closed at $93.89, up sharply from the $68 IPO price set Thursday, giving the company a market capitalization of about $231 billion, one of the biggest in the world.

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Last week, the indexes finished in order of market-cap size. The Dow, home to the biggest industrial stocks, jumped 292 points, or 1.7%, to 17,279.74, a record close and the S&P 500 index rose 1.3%, or 25 points, to 2010.40 on the week, down slightly from its record close of 2011.36 Thursday. Moving down the market-cap ladder, the Nasdaq Composite was essentially flat from the previous Friday, ending at 4579.79. And finally, the Russell 2000 small-cap index fell 1.1%, most of that on Friday, when Alibaba began trading.

The Fed's statement led investors to believe the central bank won't get in the way next year by raising rates too early, says Christopher Zook, chief investment officer of CAZ Investments. Zook, who frets that market complacency is rife, adds that the small-cap action is worrisome: "You can't have a significant rally [from here] if small- and mid-caps aren't rallying."

The large-cap rally could be tied to the rate-hike speculation. Investors might differ on when the first fed-funds rate hike is coming -- current market expectations are for about mid-2015 -- but they agree rates are going higher. Typically, in the six months before and after increases, notes James McDonald, chief investment strategist for Northern Trust, "large-caps beat small-caps once the Fed starts raising rates."

Both Zook and McDonald expect the big-cap stocks to continue outperforming the smaller and momentum-tied names, perhaps even more so if there were a correction. More on this divergence below.

Investors should keep an eye on the nuances of the Fed statement, adds Jason Pride, director of investment strategy at Glenmede. The Fed's estimates for the funds rate moved up again, to a median of 1.38% instead of 1.13% at year-end 2015, and rose also for 2016 and 2017.

Such rises suggest that Fed Chair Janet Yellen might face increasing dissent from both rate hawks and centrists on the Fed's Open Market Committee (FOMC), he says. "The Fed will have to move a little faster than the market expects," Pride says.

That could set off a market tantrum. The next FOMC meeting to be followed by a Yellen news conference is Dec. 17.

Bull Losing His Breadth

The bull market that began on March 9, 2009, was 2,021 calendar days old at Friday's close. It's the fourth-longest in modern history and the fourth-biggest rise, at nearly 200%. Despite such happy tidings, it might surprise readers that the average S&P 500 stock is down some 7.2% from its 52-week high, according to Bespoke Investment Group, an independent market statistics research firm. In other words, the average of the movements of all 500 issues from their respective highs is negative.

For investors who wonder how this is possible with the index at record highs, the S&P 500 index is capitalization-weighted and can be heavily influenced by the largest stocks, which are significantly outperforming smaller stocks this year.

Such divergences can be produced by a combination of both size and sector, as groups go in and out of favor. A particular culprit lately is the energy sector, which has gone from the second-best performer in the first half of 2014, up 13%, to the worst in the second half so far, down 6.5%.

Earlier in the year, small-cap biotech and social media stocks underperformed. Outside the S&P 500, numerous stocks are already in a correction or in bear-market territory, traditionally defined as down 10% or 20%, respectively. Indeed, one-third of the stocks in the Russell 2000 small-cap index are down 10% or more year to date.

The fact that the S&P 500 index is hitting new highs when the average stock is down is worth attending, even if it doesn't set off alarm bells just yet. In essence, there are fewer stocks leading the charge and more laggards.

"Market-breadth leadership is narrowing," notes Paul Hickey, Bespoke's co-founder. "It's not a particularly good sign, but you can have periods of weak breadth going for years [during a bull market]," he adds, which occurred in the two years or so before the 2000 peak.

"Ideally, you'd prefer not to see such a divergence, but it's not terribly alarming," he says. What average stock decline would get Hickey nervous? About 10%, he says.

Bespoke also found the average stock in the S&P 400 mid-cap index has corrected, down 11% from 52-week highs. Among names in the S&P 600 index of small-caps, the average is down over 17%. The bear has already reached one area: The average energy stock in the S&P 1500 index -- a combination of all three S&P indexes -- is down 20%. Energy small-caps in the S&P 600 index are down an average, and painful, 30%.

As noted, this divergence doesn't mean that the broad market will see a bear market or even a correction. In the past, however, corrections and bear markets have been presaged by a significant narrowing of the leadership. Even if your Ferrari is running well, it pays to look under the hood from time to time.

Contrarian energy plays

Out-of-favor sectors get our contrarian juices flowing, and a couple of oil-patch names that seem attractive are Chesapeake Energy (CHK), with a $16 billion market cap, and similarly sized Weatherford International (WFT). The former, an oil-and-gas exploration firm, has seen its stock drop 19% since June to $24.67 Friday. Meanwhile, the latter, a Swiss-domiciled oil- services firm, is down 11% to $21.85 from $24.50.

Many energy stocks have fallen on weak commodity prices: Oil is off 14% from highs to $92.21 per barrel, while gas prices have fallen about 10% this year. Thanks to the shale exploration and fracking revolution, the U.S. is plentifully supplied with both forms of hydrocarbons. Moreover, not-so-hot expansion of economies outside the U.S. suggests that energy supplies will remain high and demand low in the near term.

What's interesting about these two is that they are self-help candidates whose potential improvements don't rely on commodity prices.

At Chesapeake, the stock drop also derives from a seemingly weak second quarter. The earnings per share of 22 cents was half that expected by analysts. However, excluding a loss on the repurchase of debt, a non-drilling item, EPS would have been about 36 cents. Revenue did jump sharply, up 10% to almost $5.2 billion.

Most importantly, Chesapeake reported 13% growth in production, measured in barrels of oil equivalent. For an E&P firm, such growth is paramount. Some 70% of Chesapeake's energy production is natural gas, but 80% of its profits come from oil production because of the low prices it gets for gas.

Kirk McDonald, an analyst at Argent Capital Management, which began buying Chesapeake shares last December, says he's attracted by several recent changes that could lead to the stock's doubling over the next three to five years.

The arrival of CEO Doug Lawler in mid-2013 was a big catalyst, he says, since he came from Anadarko Petroleum (APC), an E&P firm known for its operating efficiency and land-lease portfolio management. In the second quarter of 2014, Lawler cut capital expenditures by 27% even as the company raised guidance of its daily average production rate by 10,000 BOE, or about 1.5%.

Another factor is robust production growth, which McDonald estimates can sustainably grow at a double-digit percentage rate, a characteristic not easy to find among E&P firms Chesapeake's size.

The Oklahoma City-based firm is cheap relative to peers, a discount that was warranted in the past but not now, as "Lawler whips the company into shape," he adds. Chesapeake's price/earnings ratio is 13 times compared to 18 for its peer group.

The consensus is for 8% net income margins over the next four quarters, compared to a median 18% at peers. There's plenty of room to improve, he adds, and with cost cuts already identified by the company, net margins can about double to 15% in 2018, he projects. Consequently, EPS should more than double to $4 per share in 2018, compared to expectations of $1.77 this year. In the first half, EPS was 78 cents.

One more contrarian sign for long-term investors: Wall Street brokerage analysts don't particularly like Chesapeake, with just 10 of 33 holding a Buy rating.

Weatherford is repairing itself, too. As noted in these pages on April 21, it has suffered mostly from self-inflicted wounds. The stock is higher now versus the $18.21 last spring, but it is off recent highs this year of $24.50.

The company still has doubters but continues to make progress on sales of noncore assets, debt reduction, and resolution of various one-time regulatory violations. For example, says McDonald, Weatherford recently closed deals to sell lower margin businesses such as the pipeline and specialty services unit, and land rigs in Venezuela and Russia.

The sales allow more focus on artificial lifts, where it dominates, says McDonald, whose firm bought Weatherford shares in July. Weatherford is a global leader in its four core units: formation evaluation, well construction, well completion, and lift systems. Shares trade at about 12 times consensus estimates of $1.79 in 2015, lower than its historical median.

McDonald notes that Weatherford was able to raise second-quarter operating margin for core businesses to 16.5% from 15.1% in the first quarter. He expects the margin to increase to 20% long term and the stock to rise to $54 in three to five years as Weatherford makes good on its promises.

And if oil prices happen to defy predictions and turn up, that's just gravy for both these stocks.

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文件 B000000020140920ea9m0000y

DOW JONES
NEWSWIRES

Nordic Stocks Seen Opening Lower -- Market Talk

189 字
2014 年 9 月 22 日 07:32
Dow Jones Institutional News
DJDN
英文

0632 GMT [Dow Jones]--Nordic markets are seen opening lower Monday with IG calling the OMXS30 down 0.7% at around 1412. "Stock markets are lower overnight following new highs in S&P500 on Friday," says Danske Bank. "The S&P future is down 0.5% in overnight trading and Asian stocks are down 1-2% in most markets with China worst hit. Stocks are awaiting Chinese flash PMI tonight which will likely head lower." Of note today is US existing home sales plus ECB president Mario Draghi will testify before the European Parliament's Economic and Monetary Committee.

"There is no important news due out of Scandi today...in the week ahead, the most important event will be euro and Chinese flash PMIs tomorrow, German IFO on Wednesday and euro money supply and credit on Thursday." OMXS30 closed at 1421.48, OMXN40 at 1390.45 and OBX at 566.26.
(dominic.chopping@wsj.com)

Contact us in London. +44-20-7842-9464
markettalk@wsj.com

(END) Dow Jones Newswires

September 22, 2014 02:32 ET (06:32 GMT)

文件 DJDN000020140922ea9m000da

DOW JONES
NEWSWIRES

The Trader: Fervor For Large-Caps Drives Dow To New High -- Barron's

2,123 字
2014 年 9 月 20 日 05:07
Dow Jones Institutional News
DJDN
M3
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By Vito J. Racanelli

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Observers said that part of the small-cap downdraft came from investors pulling money out of smaller social-media and Internet stocks to put into Alibaba.

Last week, the indexes finished in order of market-cap size. The Dow, home to the biggest industrial stocks, jumped 292 points, or 1.7%, to 17,279.74, a record close and the S&P 500 index rose 1.3%, or 25 points, to 2010.40 on the week, down slightly from its record close of 2011.36 Thursday. Moving down the market-cap ladder, the Nasdaq Composite was essentially flat from the previous Friday, ending at 4579.79. And finally, the Russell 2000 small-cap index fell 1.1%, most of that on Friday, when Alibaba began trading.

The Fed's statement led investors to believe the central bank won't get in the way next year by raising rates too early, says Christopher Zook, chief investment officer of CAZ Investments. Zook, who frets that market complacency is rife, adds that the small-cap action is worrisome: "You can't have a significant rally [from here] if small- and mid-caps aren't rallying."

The large-cap rally could be tied to the rate-hike speculation. Investors might differ on when the first fed-funds rate hike is coming -- current market expectations are for about mid-2015 -- but they agree rates are going higher. Typically, in the six months before and after increases, notes James McDonald, chief investment strategist for Northern Trust, "large-caps beat small-caps once the Fed starts raising rates."

Both Zook and McDonald expect the big-cap stocks to continue outperforming the smaller and momentum-tied names, perhaps even more so if there were a correction. More on this divergence below.

Investors should keep an eye on the nuances of the Fed statement, adds Jason Pride, director of investment strategy at Glenmede. The Fed's estimates for the funds rate moved up again, to a median of 1.38% instead of 1.13% at year-end 2015, and rose also for 2016 and 2017.

Such rises suggest that Fed Chair Janet Yellen might face increasing dissent from both rate hawks and centrists on the Fed's Open Market Committee (FOMC), he says. "The Fed will have to move a little faster than the market expects," Pride says.

That could set off a market tantrum. The next FOMC meeting to be followed by a Yellen news conference is Dec. 17.

Bull Losing His Breadth

The bull market that began on March 9, 2009, was 2,021 calendar days old at Friday's close. It's the fourth-longest in modern history and the fourth-biggest rise, at nearly 200%. Despite such happy tidings, it might surprise readers that the average S&P 500 stock is down some 7.2% from its 52-week high, according to Bespoke Investment Group, an independent market statistics research firm. In other words, the average of the movements of all 500 issues from their respective highs is negative.

For investors who wonder how this is possible with the index at record highs, the S&P 500 index is capitalization-weighted and can be heavily influenced by the largest stocks, which are significantly outperforming smaller stocks this year.

Such divergences can be produced by a combination of both size and sector, as groups go in and out of favor. A particular culprit lately is the energy sector, which has gone from the second-best performer in the first half of 2014, up 13%, to the worst in the second half so far, down 6.5%.

Earlier in the year, small-cap biotech and social media stocks underperformed. Outside the S&P 500, numerous stocks are already in a correction or in bear-market territory, traditionally defined as down 10% or 20%, respectively. Indeed, one-third of the stocks in the Russell 2000 small-cap index are down 10% or more year to date.

The fact that the S&P 500 index is hitting new highs when the average stock is down is worth attending, even if it doesn't set off alarm bells just yet. In essence, there are fewer stocks leading the charge and more laggards.

"Market-breadth leadership is narrowing," notes Paul Hickey, Bespoke's co-founder. "It's not a particularly good sign, but you can have periods of weak breadth going for years [during a bull market]," he adds, which occurred in the two years or so before the 2000 peak.

"Ideally, you'd prefer not to see such a divergence, but it's not terribly alarming," he says. What average stock decline would get Hickey nervous? About 10%, he says.

Bespoke also found the average stock in the S&P 400 mid-cap index has corrected, down 11% from 52-week highs. Among names in the S&P 600 index of small-caps, the average is down over 17%. The bear has already reached one area: The average energy stock in the S&P 1500 index -- a combination of all three S&P indexes -- is down 20%. Energy small-caps in the S&P 600 index are down an average, and painful, 30%.

As noted, this divergence doesn't mean that the broad market will see a bear market or even a correction. In the past, however, corrections and bear markets have been presaged by a significant narrowing of the leadership. Even if your Ferrari is running well, it pays to look under the hood from time to time.

Contrarian energy plays

Out-of-favor sectors get our contrarian juices flowing, and a couple of oil-patch names that seem attractive are Chesapeake Energy (CHK), with a $16 billion market cap, and similarly sized Weatherford International (WFT). The former, an oil-and-gas exploration firm, has seen its stock drop 19% since June to $24.67 Friday. Meanwhile, the latter, a Swiss-domiciled oil- services firm, is down 11% to $21.85 from $24.50.

Many energy stocks have fallen on weak commodity prices: Oil is off 14% from highs to $92.21 per barrel, while gas prices have fallen about 10% this year. Thanks to the shale exploration and fracking revolution, the U.S. is plentifully supplied with both forms of hydrocarbons. Moreover, not-so-hot expansion of economies outside the U.S. suggests that energy supplies will remain high and demand low in the near term.

What's interesting about these two is that they are self-help candidates whose potential improvements don't rely on commodity prices.

At Chesapeake, the stock drop also derives from a seemingly weak second quarter. The earnings per share of 22 cents was half that expected by analysts. However, excluding a loss on the repurchase of debt, a non-drilling item, EPS would have been about 36 cents. Revenue did jump sharply, up 10% to almost $5.2 billion.

Most importantly, Chesapeake reported 13% growth in production, measured in barrels of oil equivalent. For an E&P firm, such growth is paramount. Some 70% of Chesapeake's energy production is natural gas, but 80% of its profits come from oil production because of the low prices it gets for gas.

Kirk McDonald, an analyst at Argent Capital Management, which began buying Chesapeake shares last December, says he's attracted by several recent changes that could lead to the stock's doubling over the next three to five years.

The arrival of CEO Doug Lawler in mid-2013 was a big catalyst, he says, since he came from Anadarko Petroleum (APC), an E&P firm known for its operating efficiency and land-lease portfolio management. In the second quarter of 2014, Lawler cut capital expenditures by 27% even as the company raised guidance of its daily average production rate by 10,000 BOE, or about 1.5%.

Another factor is robust production growth, which McDonald estimates can sustainably grow at a double-digit percentage rate, a characteristic not easy to find among E&P firms Chesapeake's size.

The Oklahoma City-based firm is cheap relative to peers, a discount that was warranted in the past but not now, as "Lawler whips the company into shape," he adds. Chesapeake's price/earnings ratio is 13 times compared to 18 for its peer group.

The consensus is for 8% net income margins over the next four quarters, compared to a median 18% at peers. There's plenty of room to improve, he adds, and with cost cuts already identified by the company, net margins can about double to 15% in 2018, he projects. Consequently, EPS should more than double to $4 per share in 2018, compared to expectations of $1.77 this year. In the first half, EPS was 78 cents.

One more contrarian sign for long-term investors: Wall Street brokerage analysts don't particularly like Chesapeake, with just 10 of 33 holding a Buy rating.

Weatherford is repairing itself, too. As noted in these pages on April 21, it has suffered mostly from self-inflicted wounds. The stock is higher now versus the $18.21 last spring, but it is off recent highs this year of $24.50.

The company still has doubters but continues to make progress on sales of noncore assets, debt reduction, and resolution of various one-time regulatory violations. For example, says McDonald, Weatherford recently closed deals to sell lower margin businesses such as the pipeline and specialty services unit, and land rigs in Venezuela and Russia.

20 Sep 2014 00:07 ET The Trader: Fervor For Large-Caps Drives Dow To -2-

The sales allow more focus on artificial lifts, where it dominates, says McDonald, whose firm bought Weatherford shares in July. Weatherford is a global leader in its four core units: formation evaluation, well construction, well completion, and lift systems. Shares trade at about 12 times consensus estimates of $1.79 in 2015, lower than its historical median.

McDonald notes that Weatherford was able to raise second-quarter operating margin for core businesses to 16.5% from 15.1% in the first quarter. He expects the margin to increase to 20% long term and the stock to rise to $54 in three to five years as Weatherford makes good on its promises.

And if oil prices happen to defy predictions and turn up, that's just gravy for both these stocks.

Vital Signs

	Friday's Close	Week's Change	Week's % Chg.
DJIndustrials	17279.74	+292.23	+1.72
DJTransportation	8633.83	+81.55	+0.95
DJUtilities	556.91	+7.27	+1.32
DJ65Stocks	6157.96	+87.04	+1.43
DJUSMarket	505.23	+4.91	+0.98
NYSEComp.	10989.57	+78.18	+0.72
NYSEMKTComp.	2724.97	-6.41	-0.23
S&P500	2010.40	+24.86	+1.25
S&PMidCap	1419.19	-2.87	-0.20
S&PSmallCap	658.30	-6.26	-0.94
Nasdaq	4579.79	+12.19	+0.27
ValueLine(arith.)	4546.51	-24.58	-0.54
Russell2000	1146.92	-13.69	-1.18
DJUSTSMFloat	20921.29	+180.34	+0.87

	Last Week	Week Earlier
NYSE		
Advances	1,604	718

Declines	1,622	2,528
Unchanged	46	28
NewHighs	209	219
NewLows	187	123
AvDailyVol(mil)	3,370.2	2,913.2
Dollar		
(Finexspotindex)	84.74	84.17
T-Bond		
(CBTnearbyfutures)	136-190	135-270
Crude Oil		
(NYMlightsweetcrude)	92.41	92.27
Inflation KR-CRB		
(FuturesPriceIndex)	279.40	281.90
Gold		
(CMXnearbyfutures)	1215.30	1229.90

(END) Dow Jones Newswires

September 20, 2014 00:07 ET (04:07 GMT)

文件 DJDN000020140920ea9k0005k

DOW JONES
NEWSWIRES

Should Boeing Charge More for the 737? -- Barron's Blog

By Ben Levisohn
381 字
2014 年 9 月 18 日 16:03
Dow Jones Institutional News
DJDN
英文

RBC's Robert Stallard and team consider the pros and cons of Boeing (BA) raising prices for its 737s narrow-body jets:

Expectations are rising that Boeing will announce another 737 rate increase, as it seeks to capitalize on strong airline demand for reengined narrowbodies. Boeing's backlog for the 737 MAX stands at 2,200 aircraft (41% share), versus 3,250 for Airbus' (EADSY) rival A320 NEO (59% share)....

FOR - earnings and cash upside for Boeing: A 737 rate increase beyond the planned 47/month in 2017 or later would have clear financial benefits for Boeing. We estimate that a rate of 50/month would add $0.11 (+1%) to 2017 EPS, and $50m to FCF, with further upside in subsequent years. Cashflow in 2014-16 could also be helped by increased order intake via deposits and stage payments, though working capital and capex could be offsets.

FOR - limited risk of narrowbody oversupply: Our analysis of the global aircraft fleet suggests that a move to 50 737s and A320s per month from 2017-18 would not over supply the narrowbody market - provided that current RPM growth rates are sustained.

AGAINST - aero suppliers and lessors Aero suppliers risk having to commit additional capital for a rate increase that may be unsustainable, whilst putting considerable strain on their sub tier suppliers. This could also undermine their high margin aftermarket

sales as retirements rate increase.

Of course, all that anyone cares about is whether a rate increase would help Boeing's stock. Stallard answers that question:

Investor fatigue has weighed on Boeing this year (-15% vs S&P500), and another rate increase on the 737 could be a positive catalyst. However, Boeing may have to do some work to convince investors, lessor customers and suppliers that this is a sensible, sustainable rate increase - and not being driven by up-cycle 'froth', or an attempt to win back narrowbody market share.

Shares of Boeing have gained 0.4% to $128/27 at 11:01 a.m. today, while Airbus has advanced 2% to $15.98.

More at Barron's Stocks to Watch blog,
http://blogs.barrons.com/stockstowatchtoday/
(END) Dow Jones Newswires

September 18, 2014 11:03 ET (15:03 GMT)

文件 DJDN000020140918ea9i002kh

Should Boeing Charge More for the 737?
Barron's Blogs, 2014 年 9 月 18 日 16:03, 357 字, By Ben Levisohn, (英文)
RBC's Robert Stallard and team consider the pros and cons of Boeing (BA) raising prices for its 737s narrow-body jets:Expectations are rising that Boeing will announce another 737 rate increase, as it seeks to capitalize on strong airline ...
文件 WCBBE00020140918ea9i001b9

DOW JONES
NEWSWIRES

Press Release: BMO Asset Management Inc. Announces Cash Distributions for BMO Exchange Traded Funds

1,113 字
2014 年 9 月 18 日 13:00
Dow Jones Institutional News
DJDN
英文

BMO Asset Management Inc. Announces Cash Distributions for BMO Exchange Traded Funds

TORONTO, ONTARIO--(Marketwired - Sept. 18, 2014) - BMO Asset Management Inc. today announced the September 2014 cash distributions for certain BMO Exchange Traded Funds (ETFs)* that distribute either monthly or quarterly. Unitholders of record of the BMO ETFs at the close of business on September 29, 2014 will receive cash distributions payable on October 6, 2014.

Details of the per unit distribution amounts are as follows:

BMO ETFs with Monthly Distributions:	Ticker	Cash Distribution per Unit ($)
BMO Short Federal Bond Index ETF	ZFS	0.025
BMO Mid Federal Bond Index ETF	ZFM	0.035
BMO Long Federal Bond Index ETF	ZFL	0.046
BMO Short Provincial Bond Index ETF	ZPS	0.036
BMO Mid Provincial Bond Index ETF	ZMP	0.042
BMO Long Provincial Bond Index ETF	ZPL	0.046
BMO Short Corporate Bond Index ETF	ZCS	0.043
BMO Mid Corporate Bond Index ETF	ZCM	0.048
BMO Long Corporate Bond Index ETF	ZLC	0.065
BMO Aggregate Bond Index ETF	ZAG	0.041
BMO Discount Bond Index ETF	ZDB	0.027
BMO Real Return Bond Index ETF	ZRR	0.026
BMO Floating Rate High Yield ETF	ZFH	0.053
BMO High Yield US Corporate Bond Hedged to CAD Index ETF	ZHY	0.076
BMO Emerging Markets Bond Hedged to CAD Index ETF	ZEF	0.067
BMO Mid-Term US IG Corporate Bond Index ETF	ZIC	0.046
BMO Mid-Term US IG Corporate Bond Index ETF (U.S. Dollar Units)	ZIC.U	0.042

BMO Short-Term US IG Corporate Bond Hedged to CAD Index ETF	ZSU	0.026
BMO Mid-Term US IG Corporate Bond Hedged to CAD Index ETF	ZMU	0.043
BMO Ultra Short-Term Bond ETF	ZST	0.162
BMO 2015 Corporate Bond Target Maturity ETF	ZXB	0.039
BMO 2020 Corporate Bond Target Maturity ETF	ZXC	0.047
BMO 2025 Corporate Bond Target Maturity ETF	ZXD	0.052
BMO S&P/TSX Equal Weight Banks Index ETF	ZEB	0.062
BMO Equal Weight Utilities Index ETF	ZUT	0.052
BMO Equal Weight REITs Index ETF	ZRE	0.083
BMO Monthly Income ETF	ZMI	0.053
BMO Covered Call Canadian Banks ETF	ZWB	0.068
BMO Covered Call Utilities ETF	ZWU	0.073
BMO Covered Call Dow Jones Industrial Average Hedged to CAD ETF	ZWA	0.073
BMO US High Dividend Covered Call ETF	ZWH	0.080
BMO Canadian Dividend ETF	ZDV	0.062
BMO S&P/TSX Laddered Preferred Share Index ETF	ZPR	0.048
BMO US Dividend Hedged to CAD ETF	ZUD	0.042
BMO US Dividend ETF	ZDY	0.044
BMO US Dividend ETF (U.S. Dollar Units)	ZDY.U	0.042
BMO ETFs with Quarterly Distributions:		
BMO S&P/TSX Capped Composite Index ETF	ZCN	0.130
BMO S&P 500 Hedged to CAD Index ETF	ZUE	0.130
BMO Dow Jones Industrial Average Hedged to CAD Index ETF	ZDJ	0.125
BMO S&P/TSX Equal Weight Oil & Gas Index ETF	ZEO	0.123

BMO MSCI EAFE Hedged to CAD Index ETF	ZDM	0.100
BMO MSCI EAFE Index ETF	ZEA	0.090
BMO MSCI Europe High Quality Hedged to CAD ETF	ZEQ	0.090
BMO Global Infrastructure Index ETF	ZGI	0.145
BMO Equal Weight U.S. Banks Hedged to CAD Index ETF	ZUB	0.057
BMO Equal Weight U.S. Banks Index ETF	ZBK	0.045
BMO Low Volatility Canadian Equity ETF	ZLB	0.125
BMO S&P 500 Index ETF	ZSP	0.082
BMO S&P 500 Index ETF (U.S. Dollar Units)	ZSP.U	0.078
BMO S&P/TSX Equal Weight Industrials Index ETF	ZIN	0.100
BMO Low Volatility US Equity ETF	ZLU	0.082
BMO Low Volatility US Equity ETF (U.S. Dollar Units)	ZLU.U	0.078

*BMO ETFs are administered and managed by BMO Asset Management Inc., an investment fund manager and portfolio manager and a separate legal entity from Bank of Montreal.

18 Sep 2014 08:00 ET Press Release: BMO Asset Management Inc. -2-

Commissions, management fees and expenses all may be associated with investments in exchange traded funds. Please read the prospectus before investing. Exchange traded funds are not guaranteed, their values change frequently and past performance may not be repeated.

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The funds or securities referred to herein are not sponsored, endorsed, or promoted by MSCI, and MSCI bears no liability with respect to any such funds or securities or any index on which such funds or securities are based. The prospectus contains a more detailed description of the limited relationship MSCI has with BMO Asset Management Inc. and any related funds.

Further information about BMO ETFs can be found at www.bmo.com/etfs.

About BMO Exchange Traded Funds (ETFs)

Established in May 2009, BMO Financial Group's ETF business is a leading ETF provider in Canada. BMO ETFs provide Canadian investors with broader choices and greater access to an innovative portfolio of investment products.

About BMO Financial Group

Established in 1817 as Bank of Montreal, BMO Financial Group is a highly diversified financial services organization based in North America. The bank offers a broad range of retail banking, wealth management and investment banking products and services to more than 12 million customers. BMO Financial Group had more than $586 billion in total assets and approximately 47,000 employees at July 31, 2014.

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(END) Dow Jones Newswires

September 18, 2014 08:00 ET (12:00 GMT)

文件 DJDN000020140918ea9i001sm

DOW JONES
NEWSWIRES

Money Flow Table For Major U.S. Indexes And Stocks

633 字
2014 年 9 月 12 日 18:20
Dow Jones Newswires Chinese (English)
RTNW
英文

MONEY FLOW - UPTICK/DOWNTICK TRADING DOLLAR VOLUME Sep 12,2014 01:04 PM

MARKET	MONEY FLOW (in millions) TODAY	PREV DAY	RATIO
DJIA	-83.9	+239.7	0.93
Blocks	-67.0	+266.5	0.77
Russell 2000	-38.1	+1364.5	0.98
Blocks	+43.6	+1458.1	1.21
S & P 500	+23.5	-273.8	1.00
Blocks	+186.6	-245.2	1.13
DJ U.S. Total Stock Market	-646.0	+375.5	0.97
Blocks	-66.9	+791.0	0.98

ISSUE GAINERS	SYMBOL	EXCH	LAST PRICE	MONEY FLOW (in millions)	RATIO
Amazon.com	AMZN	NASD	329.44	+205.7	2.51
Vanguard Total Bond Mkt	BND	ARCA	81.61	+97.2	13.43
Pfizer	PFE	NYSE	29.37	+39.1	2.96
SPDR S&P 500	SPY	ARCA	199.23	+35.6	1.04
Yahoo!	YHOO	NASD	42.41	+29.4	1.13
Trulia Inc.	TRLA	NYSE	55.03	+25.8	9.24
Health Care REIT	HCN	NYSE	63.95	+23.8	1.40
Molson Coors B	TAP	NYSE	71.98	+23.2	2.27
Dollar Tree	DLTR	NASD	55.99	+23.0	5.59
General Electric	GENYSE		25.89	+21.5	1.60
iShares MSCI Taiwan ETF	EWT	ARCA	16.00	+20.4	3.30
CVS HealthCVSNYSE			80.48	+19.8	2.10
Timken Co	TKR	NYSE	45.16	+18.6	3.07
eBayEBAYNASD			51.77	+14.6	1.05
iSh MSCI South Korea Cap	EWY	ARCA	63.74	+14.2	2.76
Golar LNG	GLNG	NASD	67.12	+14.1	1.73
Citigroup	C	NYSE	52.27	+14.0	1.22
iShares U.S. Real Estate	IYR	ARCA	71.79	+13.9	1.20
AT&T	T	NYSE	34.52	+13.7	1.36
Intl Paper	IP	NYSE	49.69	+13.6	1.77

ISSUE DECLINERS	SYMBOL	EXCH	LAST PRICE	MONEY FLOW (in millions)	RATIO
Microsoft	MSFT	NASD	46.66	-66.9	0.52
iShares MSCI Japan ETF	EWJ	ARCA	11.80	-52.8	0.07
iShares MSCI EMU ETF	EZU	ARCA	39.95	-51.0	0.21
iShares MSCI Brazil Cap	EWZ	ARCA	48.69	-45.5	0.60
Taminco Corp.	TAM	NYSE	26.47	-37.9	0.28
Facebook Inc. Cl A	FB	NASD	77.66	-36.3	0.84
PIMCO Enh Shrt Maturity	MINT	ARCA	101.42	-35.6	0.06
Qualcomm	QCOM	NASD	75.54	-31.8	0.54
Vanguard Total Stock Mkt	VTI	ARCA	103.12	-30.9	0.38
SPDR S&P MidCap 400 ETF	MDY	ARCA	259.31	-29.4	0.63
iShares MSCI Emg Markets	EEM	ARCA	43.92	-27.2	0.77
Google Cl C	GOOG	NASD	576.32	-26.7	0.77
iShares Russell 1000 ETF	IWB	ARCA	111.46	-25.3	0.19

AbbVie Inc.	ABBV	NYSE	57.96	-24.9	0.76
iShares JPM USD Emg Bd	EMB	ARCA	113.86	-24.8	0.22
Dollar General	DG	NYSE	63.90	-24.1	0.44
HCA Holdings	HCA	NYSE	71.62	-23.4	0.49
Google Cl A	GOOGL	NASD	585.42	-22.8	0.81
Marathon Petroleum	MPC	NYSE	87.47	-21.2	0.55
VanguardS&P500	VOO	ARCA	182.69	-21.1	0.37

Moneyflow figures are the dollar value of composite uptick trades minus

the dollar value of downtick trades. The up/down ratio reflects the value

of uptick trades relative to the value of downtick trades.

Source: WSJ Market Data Group

(END) Dow Jones Newswires

12-09-14 1720GMT

文件 RTNW000020140912ea9c000bx

Home
Looking Outside U.S. for Real Estate Stocks

By Eric Franco
663 字
2014 年 9 月 11 日
Barron's Online
BON
英文

After a sharp five-year rally in U.S. real estate stocks, investors are questioning whether they may be vulnerable to a rise in interest rates. Our research suggests that global real estate stocks may be more likely to weather a changing rate environment.

U.S. real estate stocks, commonly organized as REITs, have been strong performers since the global financial crisis. The FTSE NAREIT All Equity index of U.S. real estate stocks has climbed 20% in 2014 through August. Since March 2009, the index has nearly quadrupled—outpacing both global property stocks and the broader U.S. market. No wonder that U.S. mutual fund investors have pumped $28 billion of net inflows into U.S. real estate stocks over the last three years, in contrast to just $8 billion for their global peers.

Why all the love for U.S. REITs? Despite the recovery in global equities, investors still seem to prefer securities with relatively safe and secure cash flows, including both bonds and higher-yielding stocks such as utilities and REITs.

U.S. REITs have been especially prized for the relative safety of the U.S. and improving cash flows of the stocks, bolstered by steadily improving demand in an environment of limited new supply of commercial properties such as office buildings and retail malls. But while the U.S. property market fundamentals remain quite healthy, the valuation of U.S. REITs isn't nearly as attractive as a few years ago—even when compared with government bonds.

Comparing U.S. and Non-U.S. Real Estate Outside the United States, it's a different story for two reasons. First, valuations of non-U.S. real estate stocks look relatively attractive. For example, the cash-flow yield for U.S. real estate stocks versus the 10-year Treasury—a widely used valuation metric—is now only slightly above its long-term average, even with interest rates at rock bottom. In contrast, the cash-flow yield for non-U.S. real estate stocks relative to a composite of 10-year sovereign bonds remains well above its long-term average. And, as in the U.S., fundamentals are generally healthy for property stocks outside the U.S., with improving demand and limited new supply in most major markets.

More Than Just a Bond Proxy Second, non-U.S. real estate stocks prices have recently been less sensitive to changes in sovereign yields. We analyzed the correlation of changes in sovereign yields with the outperformance of overall equity-market returns relative to real estate stock returns, both inside and outside the U.S. The trend varies over time. But today, this correlation is near a record high in the U.S. whereas it is about average outside the U.S. (Display). In other words, U.S. REITs recently have reliably outperformed the S&P500 when Treasury rates declined and have reliably underperformed when rates rise, probably because investors are treating U.S. REITs as bond substitutes given their perceived safety. But non-U.S. REITs have generally not behaved as a sovereign-bond proxy in the same way.

Non-U.S. REITs offer another advantage because they are exposed to diverse interest-rate environments. Today, in several major markets like Japan, the euro area and Australia, low rates are still embedded in the financial landscape and are unlikely to rise soon.

So by looking beyond the U.S., we believe that investors can stay in real estate stocks without returns being too tightly linked to sovereign yields. For those who still want the steady cash flows and dividends that real estate stocks can offer, we think global REITs may be a good way to maintain exposure to the asset class while reducing the vulnerability to rate hikes.

Franco is a senior portfolio manager for global real-estate strategies at AllianceBernstein.

Comments? E-mail us at editors@barrons.com

文件 BON0000020140911ea9b000gp

DOW JONES
NEWSWIRES

Dollar Boosted by Prospect of Fed Timing; Sterling Falls Again

1,215 字
2014 年 9 月 10 日 11:37
Dow Jones Institutional News
DJDN
英文

Snapshot:
-Dollar hits 6-year high vs yen; 10-year Treasury yield higher at 2.505%; U.S. stock futures edge lower; oil futures, gold flat

-Watch for: no major data expected

News: Japan Machinery Orders Rise for Second Month; China's Money Supply Growth Slows; France Drops Growth Outlook, Will Miss Deficit Target

Markets Outlook:

Forex:
Worries over Scotland's independence referendum continued to cast a shadow over markets Wednesday, dragging the British pound to a fresh 10-month low.

Sterling bounced back from its recent declines in early trade before resuming its fall, touching a new low for the year of $1.6052 against the dollar. The currency has fallen sharply in recent days amid a surge in support for Scottish independence ahead of next week's referendum.

The possibility that the U.S. Federal Reserve could soon signal a rise in interest rates is also lingering in the background, said Luca Paolini, chief strategist at Pictet Asset Management, which oversees $455 billion of assets.

That prospect has weighed on global government bonds in recent days, and boosted the dollar, piling the pressure on emerging-market currencies.

The Turkish lira and South African rand continued to weaken Wednesday, touching five- and six-month lows respectively against the buck.

Bonds:
U.S. Treasurys continued to sell-off ahead of next week's FOMC meeting with the 10-year back at levels last seen at the start of August.

This prevailing soft tone has already cast a shadow over the Bund market, and, with both 10-year and 30-year supply still ahead this week, "we look for Treasurys to remain on the back foot, at least in today's session," said Commerzbank.

At 0241 ET, the 10-year Bunds yield was 0.997% and the 10-year Treasury yield was 2.505%.

Equities:
Stock futures eased into negative territory in cautious trade, with the market "showing some levels of exhaustion, particularly after this huge run up in the S&P," said Jeffrey Yu, head of single-stock derivatives trading at UBS.

The Federal Reserve is likely to raise short-term interest rates next year from their current near-zero levels, where they have been since December 2008. That has left some investors wondering how much further stocks can rise. The S&P 500 is up 8.3% this year through Monday's close. Gains have come amid evidence of an economic recovery and low interest rates, which have diminished the appeal of other assets such as bonds.

"With the Fed due to meet next week and an awful lot of uncertainty being felt globally it would appear that investors decided to pull some money off the table particularly given that the recent moves above 2,000 in the S&P500 haven't been entirely convincing," wrote Michael Hewson, chief market analyst at CMC Markets UK.

In corporate news, Microsoft is in serious discussions to buy Mojang, the Swedish company behind the popular "Minecraft" videogame, according to a person with knowledge of the matter.

The deal would be valued at more than $2 billion and could be signed as early as this week, this person said.

Dollar General plans to take its $9.1 billion offer to buy Family Dollar Stores directly to its rival's shareholders Wednesday, in an attempt to pull off a hostile takeover after its offer was rejected by its target's board. Dollar General will tender to buy the company's shares for $80 apiece in cash.

Commodities:
Brent was trading below $100 a barrel for a second day, but flat.

JBC Energy said it can now imagine a scenario in which prices remain low for the rest of the year. "We are often found on the bullish side of the argument," said JBC's analysts. But "at present it is difficult to imagine a cocktail of bullish factors that could turn the market around over the coming months." Big on the bearish side are the weakening macroeconomic picture globally, falling oil demand growth and continued high supply from both the U.S. and OPEC countries. Brent crude oil for October delivery was down 9 cents at $99.07 a barrel on ICE Futures Europe. October WTI was up 4 cents at $92.97 a barrel on the New York Mercantile Exchange.

Gold futures were slightly higher in the European spot market, recovering from heavy losses in the previous session as the dollar fell moderately.

At 0417 ET, spot gold was trading at $1,255.67/oz, up 0.04%. "The dollar index fell slightly as the euro rebounded against the dollar, which resulted in the slight gain in gold prices," said Howie Lee, an investment analyst at Phillip Futures. "However, the trend in the dollar index appears to be heading up - this may weigh heavily on gold in the near future."

=======Calendar=======
0700 US MBA Weekly Mortgage
Applications Survey
0830 CAN Q2 Industrial capacity
utilization rates
0945 UK Bank of England Governor

Mark Carney gives
evidence to Treasury
Committee
1000 US Jul Wholesale Trade
1030 US EIA Weekly Petroleum
Status Report
N/A US World Reconstruction
Conference
=====================
Top Stories Of The Day:
Japan Machinery Orders Rise for Second Month

Japanese core machinery orders rose for the second straight month in July, suggesting business investment may be starting to recover after companies reined in spending following an April sales-tax increase.

China's Money Supply Growth Slows

China's money-supply growth slowed in August to its lowest level in five months, Premier Li Keqiang said, as he stressed Beijing's commitment to shift away from printing money to stimulate growth.

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Europe Shares Follow Asia, U.S. Lower

European shares fell in early trade, taking their cue from a slide in U.S. and Asian markets. Stock markets have now given up the gains they chalked up in the wake of the European Central Bank's surprise rate cut last week.

Obama Tells Top Lawmakers He Has Authority to Fight Islamic State

President Barack Obama told top congressional leaders at a meeting Tuesday that he has the authority he needs to conduct operations against Islamic State militants as he gave them a preview of the strategy he will lay out in a prime-time address to the nation on Wednesday evening.

WSJ/NBC Poll: Almost Two-Thirds Back Attacking Militants

Almost two-thirds of participants in a new Wall Street Journal/NBC News poll believe it is in the nation's interest to confront the militant group Islamic State, which has swept through Syria and northern Iraq.

Oil Sands Companies to Adopt Voluntary Environmental Commitments in Canada

A group of Canadian oil sands producers, including some of the world's biggest energy companies, is prepared to commit to specific environmental impact reduction targets later this month.

Write to Paul Larkins at paul.larkins@wsj.com

(END) Dow Jones Newswires

September 10, 2014 06:37 ET (10:37 GMT)

文件 DJDN000020140910ea9a001po

DOW JONES
NEWSWIRES

N American Morning Briefing: Stocks Set for Another Cautious Open

1,497 字
2014 年 9 月 10 日 11:02
Dow Jones Institutional News
DJDN
英文

DJIA	17020.0	-14.0	-0.1%
S&P 500	1987.5	-2.3	-0.1%
Nasdaq	4063.8	-2.3	-0.1%

As of 0510 ET

FTSE 100	6815.1	-13.9	-0.2%
Xetra DAX	9665.7	-45.0	-0.5%
CAC40	4436.4	-15.9	-0.4%

As of 0525 ET

Nikkei	15788.8	+39.6	+0.3%
Hang Seng	24705.4	-485.1	-1.9%

Close

Snapshot:
-U.S. stock futures edge lower; dollar hits 6-year high vs yen; 10-year Treasury yield higher at 2.505%; oil futures, gold flat

-Watch for: no major data expected

Opening Call:
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The deal would be valued at more than $2 billion and could be signed as early as this week, this person said.

A Microsoft spokesman declined to comment, as did Mojang's CEO, Carl Manneh.

For Microsoft, "Minecraft" could reinvigorate the company's 13-year-old Xbox videogame business by giving it a cult hit with a legion of young fans. Mojang has sold more than 50 million copies of "Minecraft" since it was initially released in 2009 and earned more than $100 million in profits last year from the game and merchandise.

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Dollar General will tender to buy the company's shares for $80 apiece in cash.

The move is aimed at convincing investors to turn down Family Dollar's existing agreement to be bought by Dollar Tree for $8.5 billion--an agreement Family Dollar's board continues to support.

Forex:
In currency markets, the British pound edged up from Tuesday's 10-month low to trade at $1.6138 against the dollar. Sterling has fallen sharply in recent days as polls showed the pro- and anti-independence camps in Scotland running neck and neck.

"Sterling has fallen a bit too fast in the near term and is due a bounce, but there is more downside to come," said Kit Juckes, a macro strategist at Société Générale.

Elsewhere, the dollar was higher against its rivals in Asian trade, hitting another, nearly six-year high against the yen on expectations that the Federal Reserve will provide a clearer picture on the likelihood of an interest-rate hike.

At 0450 ET, USD/JPY was at 106.72-76, EUR/USD was at 1.2933-34 and GBP/USD was at 1.6094-98.

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=======Calendar=======
0700 US MBA Weekly Mortgage
Applications Survey
0830 CAN Q2 Industrial capacity
utilization rates
0945 UK Bank of England Governor

Mark Carney gives
evidence to Treasury
Committee

1000 US Jul Wholesale Trade
1030 US   EIA Weekly Petroleum
          Status Report
N/A US   World Reconstruction
          Conference
=====================
DJ Dominant Headlines:
Australia's Youth Hit by Job Shortage

Fossil Fuels Stir Debate at Endowments

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Oil Sands Companies to Adopt Voluntary Environmental Commitments in Canada

A group of Canadian oil sands producers, including some of the world's biggest energy companies, is prepared to commit to specific environmental impact reduction targets later this month.

Write to Paul Larkins at paul.larkins@wsj.com

10 Sep 2014 06:03 ET N American Morning Briefing: Canada Outlook

Earnings scheduled

- Empire Co. (EMP.A.T) first-quarter results; analysts expect earnings of C$1.34 a share

Economic indicators (all times ET)

- Second-quarter industrial capacity utilization rate at 8:30 a.m.

Stocks to watch

- Boyd Group (BYD.UN.T) plans a financing to raise about C$100 million

Calendar items (all times ET)

- none

10 Sep 2014 06:04 ET N American Morning Briefing: Analyst Ratings Changes

*American Residential Property Inc Started at Buy by Sterne Agee

*Catalent Started at Outperform by Raymond James

*Emerson Electric Started at Buy by Societe Generale

*Rockwell Automation Started at Buy by Societe Generale

*Starwood Waypoint Residential Started at Buy by Sterne Agee

(END) Dow Jones Newswires

September 10, 2014 06:04 ET (10:04 GMT)

文件 DJDN000020140910ea9a001jc

DOW JONES
NEWSWIRES

The Trader: S&P Glances At Europe On Way To Record Close -- Barron's

2,053 字
2014 年 9 月 6 日 05:08
Dow Jones Institutional News
DJDN
M3
英文

(FROM BARRON'S 9/8/14)
By Sandra Ward
When not tweeting tributes to Joan Rivers or getting in line to buy the Apple iPhone 6 for their back-to-schoolers, investors' attentions last week were fixed squarely across the pond.

Economies throughout the euro zone, including mighty Germany, reported weakening growth in August as sanctions on Russia began to reverberate. Even the U.K., previously unaffected by the fragile financial state of the European Union, saw its manufacturing Purchasing Managers Index decline. The prospect of a full-blown slowdown led the European Central Bank to cut already-low interest rates from 0.15% to 0.05% and announce plans for additional stimulus to try to keep its recovery on track. A slowdown in Europe is seen as the biggest risk to growth here, especially since the euro zone accounts for 20% of world gross domestic product, and multinational earnings are connected strongly to its economic activity.

"We have to be on alert for the slowdown in the euro zone to come home and hit the U.S.," warns Nancy Lazar, founder and chief economist of Cornerstone Macro, an independent provider of economic research and investment strategies.

U.S. markets seemed to shrug off concerns, rising slightly in the Labor Day-shortened week. The Dow Jones Industrials Average ended Friday up 38.91 points to close at 17,137.36, the second highest close in history. The S&P 500 rose 4.34 points on the week to end at a record close of 2007.71 and the Nasdaq Composite Index advanced 2.63 points to close at 4582.90.

Conditions remain strongly supportive of continued growth domestically, Lazar notes, and the U.S., for now, remains decoupled from the troubles abroad and is driving what global growth there is. Reflecting that strength, and notwithstanding a weaker-than-expected payroll report, her firm raised its estimate for third-quarter gross domestic product growth in the U.S. to 4% from 3.5% based on strong auto and heavy-truck sales, improving housing starts, increasing exports, and stronger capital spending by businesses. Indeed, Lazar expects the economic expansion in the U.S. to last three to five more years.

She's not alone. Morgan Stanley strategist Adam Parker and economist Ellen Zentner believe the probability of a cycle peak remains low and predict the S&P 500 could reach 3000, should the expansion continue for five years or more. Their estimate is based on earnings per share growth of 6% a year and a price-to-earnings ratio of 17 times. The duo define the bull market of the past five years as the deleveraging and "repair phase" following the financial crisis. Only now, they say, is the U.S. economy entering "the very early stages of expansion."

Another sign of confidence: Initial public offerings are at levels not seen since 2007, and total proceeds in 2014 could reach $80 billion, the most since 2000 and up by almost 50% from last year, according to Renaissance Capital. Already 188 companies have come public and there could be as many as 100 more by year end, with the most notable China's e-commerce giant Alibaba (For more on the IPO, see "Two Questions for Alibaba," page M7) set to raise as much as $24 billion.

Against that bullish backdrop, Family Dollar Stores (ticker: FDO) rejected a revised bid of more than $9 billion from Dollar General (DG), citing antitrust concerns, and repeated its support for an existing $8.5 billion offer from its smaller rival, Dollar Tree (DLTR).

One major bright spot amid a sea of turmoil and uncertainty around the world is Mexico, which, after a decade of underinvestment, is having its day in the sun.

Benefiting from a series of reforms designed to make its economy more competitive and attractive to foreign investment, and sought after for its relatively low labor costs and access to cheap energy, Mexico is seeing a resurgence of investment that could drive economic growth as high as 5%, a level not seen since before the

Latin American Debt Crisis in the early 1980s, according to Bridgewater Associates, a Westport, Conn., investment firm with $120 billion under management.

After taking a back seat to the so-called BRIC countries -- Brazil, Russia, India, and China -- as well as Canada and Australia, for much of the past 10 years amid a boom in commodities and emerging markets, Mexico is now drawing increased attention as its share of global production rises across a range of goods, from vehicles to furniture to machinery to plastics. Energy reforms enacted in December that ended the stranglehold by Pemex, the state-run oil company, on production and allow for foreign investment and expertise to tap Mexico's extensive reserves of shale and offshore reserves, should bring boom times.

Bridgewater expects conditions in Mexico to strengthen and considers the peso among the most attractive currencies.

Truck and rail trade between the U.S. and Mexico is roaring, according to the Bureau of Transportation Statistics' latest report, kindly pointed out to us by Kevin Sterling of BB&T Capital Markets of Richmond, Va., as "near-sourcing" from Mexico picks up steam.

Rail trade set a record in the month of June, to $6.4 billion, a 9.2% gain year-over-year, the second-highest level in its history. So far this year, rail trade has risen 9.3% to $35.5 billion, with imports from Mexico up 5.6% year-over-year and exports to Mexico increasing 15.2% year-over-year.

Truck trade hit a new high for the month, the fourth straight month registering more than $30 billion, a gain of 10.6%. Truck imports reached $16.7 billion, up 10.2% year-over-year, while exports to Mexico rose 11.1% to $13.5 billion. Year-to-date truck imports are up 5.5% and exports have risen 6.8%.

A big beneficiary of this surge in cross-border trading, according to BB&T's Sterling, will be XPO Logistics (ticker: XPO), based in Greenwich, Conn. Strengthening rail trade with Mexico is meaningful to XPO because about 40% of its intermodal revenue is tied to the automobile industry, much of it from Mexico. Talk about another sweet spot: Auto sales grew at an annualized rate of 17.5 million in August, the strongest performance since 2006. XPO's April purchase of Pacer International made the company the largest intermodal provider in cross-border trade with Mexico. XPO stands to gain, too, from the booming cross-border truck trade; freight transport to Mexico and Canada represents about 32% of the revenue at its XPO Express segment, with most coming from Mexico.

XPO has a lot going for it. It's tied to the strong growth occurring in Mexico and the auto industry. It's also driving consolidation in the freight-brokering industry and just last week completed the purchase of New Breed Logistics, of High Point, N.C. for $615 million cash. That came on the heels of its $36.5 million cash purchase of Atlantic Central Logistics, based in Elizabeth, N.J., in July and the April buy of Pacer for $335 million in cash and stock.

Yet, XPO shares at a recent $32.40 trade at seven times estimates of 2015 enterprise value to Ebitda (earnings before interest, taxes, depreciation, and amortization), a discount to the 8 times EV/Ebitda the air freight and logistics group commands. Sterling sees XPO reaching a price target of 40 in the next year.

Investors in United Technologies may be forgiven if they feel as if they've hopped on the wrong elevator.

The parent company of Otis Elevators has seen its stock drop 7% in the past three months, ranking it among the worst performers in the electrical equipment and multi-industry group, which also includes 3M (MMM), Danaher (DHR), Eaton (ETN), and Dover (DOV), among others. Concerns about the impact from a slowdown in Chinese real estate construction and about potential weakness in the commercial aerospace market have hobbled the stock.

Since early June, United Technologies' shares have diverged significantly from its peers, as well as the S&P 500.

That has set up a rare occurrence in which, at a recent $109.04 a share, United Technologies trades at a discount of more than 10% to the EE/MI group. Historically, it has tended to trade in line with its industry group.

The development presents an opportunity to pick up shares at a bargain price in a company that has the potential to deliver among the best returns, according to Morgan Stanley's Nigel Coe, who named the stock his top pick in the group last week and sees the shares potentially reaching $129 a share in the next year, a gain of 18% from current levels. Factoring in the dividend yield of 2.2%, investors could see total returns of 20%.

Coe believes risks associated with a slowdown in Chinese real estate are manageable, as Otis China represents 20% of Otis Elevators revenue and about the same to earnings, but only 5% of total segment profit to United Technologies as a whole. Property starts are down in China but total residential investment remains healthy, he notes. A strong backlog also supports another year of solid top-line growth. Management remains confident in its mid-teens revenue growth target for Otis China, says Coe, based on an outlook in which elevator/escalator demand in China is expected to outpace new construction starts because of increasing penetration in buildings already under construction.

United Technologies' Otis Elevators unit represents about 20% of its sales while its Pratt & Whitney, Sikorsky and Aerospace Systems businesses account for more than half of its sales. Other name-brand products used in building and construction -- Carrier heating and air conditioning, Kidde smoke alarms, and Chubb security and fire-alarm systems, among others, contribute the rest.

There are also increasing concerns that the commercial aerospace cycle may be peaking as industry backlogs hit record levels, representing about eight years' worth of current production. Yet, Coe notes, original equipment orders account for only about 5% of United Technologies' profits while orders to the higher-margin aftermarket business, where the outlook remains strong, represent 20% to 25% of its profits.

6 Sep 2014 00:09 ET The Trader: S&P Glances At Europe On Way To -2-

Coe is confident that business trends are still attractive and, along with synergies reaped from its 2012 Goodrich acquisition, believes United Technologies should handily meet consensus earnings estimates of $7.52 a share for 2015. Coe's own estimate for 2015 earnings is $7.93 a share and based on a multiple of 16.3 times, up from the current 14.5 times, his target price is achieved.

Next stop for United Technologies: Penthouse level.

Vital Signs

	Friday's Close	Week's Change	Week's % Chg.
DJIndustrials	17137.36	+38.91	+0.23
DJTransportation	8601.80	+193.78	+2.30
DJUtilities	568.14	+3.77	+0.67
DJ65Stocks	6142.01	+54.62	+0.90
DJUSMarket	505.91	+0.95	+0.19
NYSEComp.	11073.41	+27.08	+0.25
NYSEMKTComp.	2760.67	-23.41	-0.84
S&P500	2007.71	+4.34	+0.22
S&PMidCap	1440.01	+1.83	+0.13
S&PSmallCap	672.04	+0.16	+0.02
Nasdaq	4582.90	+2.63	+0.06
ValueLine(arith.)	4618.89	+0.02	+0.00
Russell2000	1170.13	-4.22	-0.36
DJUSTSMFloat	20968.29	+32.29	+0.15

	Last Week	Week Earlier
NYSE		
Advances	1,371	2,168
Declines	1,837	1,058
Unchanged	65	45
NewHighs	402	428
NewLows	52	42
AvDailyVol(mil)	2,847.5	2,271.8
Dollar		
(Finexspotindex)	83.77	82.74
T-Bond		
(CBTnearbyfutures)	137-300	141-170
Crude Oil		
(NYMlightsweetcrude)	93.29	95.96
Inflation KR-CRB		
(FuturesPriceIndex)	288.02	292.75
Gold		
(CMXnearbyfutures)	1265.80	1285.80

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(END) Dow Jones Newswires

September 06, 2014 00:09 ET (04:09 GMT)

文件 DJDN000020140906ea960001v

DOW JONES
NEWSWIRES

Morgan Stanley : Longest US Expansion Ever Could Mean S&P 3,000 -- Barron's Blog

By Ben Levisohn
340 字
2014 年 9 月 2 日 22:52
Dow Jones Institutional News
DJDN
英文

Morgan Stanley 's Adam Parker and team note that the U.S. economy could continue to grow for five more years, while the S&P 500 might make its way to 3,000. They explain why:

Business cycles don't die of old age, they die of overheating. Debt dynamics, particularly in the US, paint the picture of a more prudent household sector and well-managed corporate sector, both of which remain far from the heights of leverage typically associated with risks to business cycle expansions. Moreover, volatility in the economy has trended lower over time, owing in part to technological advances that have helped companies remain nimble when sudden changes in aggregate demand occur, and in part to a rising share of companies that carry no inventory.

The current expansion is more than five years old, and with little evidence of global synchronicity, there are no signs as yet that the global economy is overheating. The current US expansion has already lasted longer than the average expansion in the post-WWII period, but the factors we monitor and have discussed here lead us to conclude that it isn't unreasonable to expect that this expansion could be the longest on record. In a scenario where the cycle does extend for several more years, earnings could grow modestly as well. The US Equity Strategy team notes that EPS growth of 6% per year from 2015-2020 would drive S&P500 earnings to near $170. A 17x multiple would translate into a peak level for the S&P500 near 3000 under this scenario.

Before getting all up in arms, that comes out to about 7% a year, below the 9.6% average for US stocks since 1900.

The S&P 500 fell 0.1% to 2,002.28 today.

More at Barron's Stocks to Watch blog,
http://blogs.barrons.com/stockstowatchtoday/
(END) Dow Jones Newswires

September 02, 2014 17:52 ET (21:52 GMT)

文件 DJDN000020140902ea92003ow

DOW JONES
NEWSWIRES

Morgan Stanley : Longest US Expansion Ever Could Mean S&P 3,000 -- Barron's Blog

By Ben Levisohn
328 字
2014 年 9 月 2 日 20:44
Dow Jones Institutional News
DJDN
英文

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More at Barron's Stocks to Watch blog,
http://blogs.barrons.com/stockstowatchtoday/
(END) Dow Jones Newswires

September 02, 2014 15:44 ET (19:44 GMT)

文件 DJDN000020140902ea9200310

Morgan Stanley: Longest US Expansion Ever Could Mean S&P 3,000
Barron's Blogs, 2014 年 9 月 2 日 20:44, 321 字, By Ben Levisohn, (英文)
Morgan Stanley's Adam Parker and team note that the U.S. economy could continue to grow for five more years, while the S&P 500 might make its way to 3,000. They explain why:
文件 WCBBE00020140902ea92002jp

Bull could run 5 more years, carry S&P 500 close to 3,000, Morgan Stanley says
MarketWatch Blogs, 2014 年 9 月 2 日 17:36, 258 字, (英文)
Morgan Stanley researchers are out with a bullish view Tuesday suggesting that the current bull market could run for another five years and carry the S&P 500 close to 3,000.
文件 WCMWB00020140902ea92000dx

BARRON'S

MARKET WEEK
Stocks --- The Trader: The World's Worries Get the Market Brush-off

By Vito J. Racanelli
1,921 字
2014 年 9 月 1 日
Barron's
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The current level of tensions is relatively low for the market and "dwarfed" by the potential impact on stocks of actions by the Federal Reserve and the European Central Bank, he says. Last week, the Dow Jones Industrial Average rose 97 points, or 0.6%, to 17,098.45, and the S&P 500 climbed 15, or 0.75%, to a record 2003.37. It rose nearly 4% in August. The Nasdaq Composite index advanced about 42 points, or 0.9%, to 4580.27.

Second-quarter earnings and revenue-per-share gains of 11.7% and 6%, respectively, suggest that the corporate environment remains supportive, says Chris Gaffney, senior market strategist at EverBank. Low rates, good consumer confidence, and growing business confidence bode well. The wild cards are rates and those geopolitical tensions, "where the black swans sit," he adds.

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Since the end of 2011, shares of the world's largest fast-food operation are down 6.6%. It is the only Dow stock in the red in that period. From 2003 to 2011, it was the Dow's hottest performer, up more than 500%.

The malaise reflects little or no revenue and profit growth since 2011, the last in a long series of double-digit percentage growth in annual earnings per share. Global same-store sales peaked at 5.6% in 2011, and have been sliding ever since -- effectively flat after 2012 (see chart above).

Given management's second-quarter guidance, puny same-store sales will continue in the second half of 2014.

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A McDonald's spokeswoman responded in an e-mail message that McCafe continues to resonate well with customers around the world and that after its launch, McCafe added at least $125,000 in sales per restaurant. It continues to contribute to McDonald's profitability, she continued.

Granted, McDonald's stock is near a three-year low, the P/E multiple is relatively cheap, and there's a 3.5% dividend. Often, when we see a big Dow stock underperforming this badly, it attracts our interest. But it's not yet so far down that the only way is up, especially since continued EPS estimate downgrades are likely and will keep pressure on the stock. A company as big as McDonald's is no stranger to turnarounds, but much work is needed before there's evidence of improvement.

Short of an unlikely swift and big change, the only way this stock outperforms is if the market itself falls sharply and there's a wholesale investor move to defensive stocks. The answer to our initial question is: We don't know when Mickey D will climb out of its funk, but it likely won't be soon.

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DJ65Stocks	6087.39	+29.96	+0.49
DJUSMarket	504.96	+3.96	+0.79
NYSEComp.	11046.33	+99.00	+0.90
NYSEMKTComp.	2784.08	+64.45	+2.37
S&P500	2003.37	+14.97	+0.75
S&PMidCap	1438.18	+12.25	+0.86
S&PSmallCap	671.88	+4.17	+0.62
Nasdaq	4580.27	+41.72	+0.92
ValueLine(arith.)	4618.87	+38.93	+0.85
Russell2000	1174.35	+14.01	+1.21
DJUSTSMFloat	20936.01	+169.70	+0.82

	Last Week	Week Earlier
NYSE		
Advances	2,168	2,318
Declines	1,058	914
Unchanged	45	41
NewHighs	428	405
NewLows	42	52
AvDailyVol(mil)	2,271.8	2,532.8
Dollar (Finexspotindex)	82.74	82.33
T-Bond (CBTnearbyfutures)	141-170	140-140
Crude Oil (NYMlightsweetcrude)	95.96	93.65
Inflation KR-CRB (FuturesPriceIndex)	292.75	288.67
Gold (CMXnearbyfutures)	1285.80	1278.60

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The Trader: The World's Worries Get The Market Brush-off -- Barron's

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2014 年 8 月 30 日 05:07
Dow Jones Institutional News
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(FROM BARRON'S 9/1/14)
By Vito J. Racanelli
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30 Aug 2014 00:07 ET The Trader: The World's Worries Get The Market -2-

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NYSEMKTComp.	2784.08	+64.45	+2.37
S&P500	2003.37	+14.97	+0.75
S&PMidCap	1438.18	+12.25	+0.86
S&PSmallCap	671.88	+4.17	+0.62
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NewLows	42	52
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Dollar		
(Finexspotindex)	82.74	82.33
T-Bond		
(CBTnearbyfutures)	141-170	140-140
Crude Oil		
(NYMlightsweetcrude)	95.96	93.65
Inflation KR-CRB		
(FuturesPriceIndex)	292.75	288.67
Gold		
(CMXnearbyfutures)	1285.80	1278.60

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(END) Dow Jones Newswires

August 30, 2014 00:07 ET (04:07 GMT)

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At the Close: S&P Slips Below 2000, Running on Fumes? -- Barron's Blog

By Ben Levisohn
759 字
2014 年 8 月 28 日 22:32
Dow Jones Institutional News
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Was it all a dream, S&P 500 2000 that is? For two days, the index managed to hover just above that big round number. Today, however, it disappeared as quickly as the images in our minds when we wake up from a deep sleep.

The S&P 500 dropped 0.2% to 1,996.74 today, while the Dow Jones Industrial Average fell 0.2% to 17,079.57. The Nasdaq Composite declined 0.3% to 4,557.69 and the small-company Russell 2000 finished off 0.6% at 1,165.95.

Don't blame the economic data. Second-quarter GDP growth was revised higher to 4.2%; jobless claims fell to 298,000, below forecasts for 300,000; and pending home sales rose 3.3% in July, above predictions for a 0.6% increase. Blame Ukrainian claims that Russia has invaded, though NATO is calling it an "incursion."

Capital Economics' Julian Jessop wonders if it's time to "batten down the hatches." He explains:

The crisis in Ukraine returned to bite the markets again on Thursday, as President Poroshenko cancelled a visit to Turkey citing "Russian troop deployments" in the east of the country. It is hard to judge whether this is a truly new development, given the evidence of Russia's military involvement that had already accumulated over many weeks. However, pro-Russia separatists have now taken control of the coastal town of Novoazovsk and are reportedly ready to move on the strategic port city of Mariupol. It is quite plausible (based on what happened in Crimea) that Russia might want to take advantage of these advances and annex more territory from Ukraine, or at least to strengthen its support for the rebels.

More reassuringly for others, the price of oil has barely budged and remains near multi-month lows, reflecting ample global supply and weak seasonal demand. But we suspect that fears of disruption to supplies of Russian natural gas via the Ukraine will gain traction in the coming days. Of course, all this could blow over quickly as both sides pull back from the brink. But for now it may be time for the markets to batten down the hatches again, especially ahead of the long weekend in the US

Wells Fargo's Sean Lynch credits a strong earnings season for the S&P 500's ability to weather the geopolitical storm:

Absent the strong corporate earnings background, the U.S. market could have already seen a more pronounced correction than the mini-corrections it experienced in January and July. Volatility remains low, but we believe there is enough investor concern to keep the market in check. The bedrock of maintaining current equity exposure is strong corporate fundamentals. The S&P 500 Index has returned nearly 10 percent year-to-date, while our 2014 earnings forecast was an increase of 8 percent. Hence, the market returns may match or slightly exceed what we expect from earnings. Based on several measures, U.S. equity valuations are not cheap, but we do have a backdrop that could support valuations remaining at this level or slightly improving. This backdrop includes low inflation, positive earnings-per-share revisions and our expectation that GDP growth will accelerate through the end of this year. A stronger macro backdrop along with improving earnings could provide some cover for the market.

Societe Generale's Albert Edwards says the "S&P 500 is now running on fumes." He explains why:

Much has happened over the summer, but two landmark firsts have occurred only recently, with the S&P500 breaking above 2,000 and the 10y bund yield breaking below 1%. Our Ice Age thesis has long called for sub-1% bond yields and I see this extending to the US and UK in due course. It is the equity markets where I have been consistently surprised. QE has been an essential driver for the equity market, providing the fuel for the heavy corporate bond issuance being used for share buybacks. Companies themselves have been the only substantive buyers of equity, but the most recent data suggests that this party is over and as profits also stall out, the equity market is now running on fumes.

Nothing like a new all-time high to bring a bear out of hibernation.

More at Barron's Stocks to Watch blog,
http://blogs.barrons.com/stockstowatchtoday/
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August 28, 2014 17:32 ET (21:32 GMT)

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