Intel Should Exit 'Money Pit' of Mobile, Says J.P. Morgan
Barron's Blogs, 2014 年 5 月 6 日 16:57, 864 字, By Tiernan Ray, (英文)
J.P. Morgan's Christopher Danely today reiterates an Overweight rating on Intel (INTC), and a $30 price target, writing that the company "has failed to generate material revenue or EPS from its mobile division" and that it should shut down ...
文件 WCBBE00020140506ea56000xe

BARRON'S

MARKET WEEK
Stocks --- The Trader: Stocks Edge Up 1%; Dow Hits Record Midweek

By Vito J. Racanelli
2,033 字
2014 年 5 月 5 日
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Valuing Hertz Spinoff

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Applied to HERC, that would result in an enterprise value of about $4.7 billion. Backing out a pro forma estimated $2.5 billion in debt that HERC will have, that leaves $2.2 billion of HERC equity value, or almost $5 per HERC share, he says, based on 447 million shares outstanding.

Currently, Hertz shares trade at a price/earnings ratio of about 15 times the midpoint of the company's $1.70 to $2 guidance for 2014 EPS, which reflects a prospective gain of 13.5% from 2013. Last year, revenue rose 19% to $10.8 billion from $9 billion, and net income reached $346 million, or $1.63 a share, up from $239 million, or $1.31 a share. The car-rental business typically is valued on P/E multiples.

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DJ65Stocks	5783.37	+41.59	+0.72
DJUSMarket	474.57	+4.67	+0.99
NYSEComp.	10629.98	+124.97	+1.19
NYSEMKTComp.	2613.74	+0.18	+0.01
S&P500	1881.14	+17.74	+0.95
S&PMidCap	1361.57	+14.35	+1.07
S&PSmallCap	652.56	+2.83	+0.44
Nasdaq	4123.90	+48.34	+1.19
ValueLine(arith.)	4411.20	+34.24	+0.78
Russell2000	1128.80	+5.77	+0.51
DJUSTSMFloat	19698.48	+188.84	+0.97

	Last Week	Week Earlier
NYSE		
Advances	2,168	1,698
Declines	1,047	1,517
Unchanged	45	39
NewHighs	319	313
NewLows	99	49
AvDailyVol(mil)	3,566.0	3,035.0
Dollar (Finexspotindex)	79.51	79.75
T-Bond (CBTnearbyfutures)	136-060	134-300
Crude Oil (NYMlightsweetcrude)	99.76	100.60
Inflation KR-CRB (FuturesPriceIndex)	307.14	310.69

Gold (CMXnearbyfutures)	1302.60	1300.70

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The Trader: Stocks Edge Up 1%; Dow Hits Record Midweek -- Barron's

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M3
英文

(FROM BARRON'S 5/5/14)
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3 May 2014 00:07 ET The Trader: Stocks Edge Up 1%; Dow Hits Record -2-

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NYSEMKTComp.	2613.74	+0.18	+0.01
S&P500	1881.14	+17.74	+0.95
S&PMidCap	1361.57	+14.35	+1.07
S&PSmallCap	652.56	+2.83	+0.44
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	Last Week	Week Earlier
NYSE		
Advances	2,168	1,698
Declines	1,047	1,517
Unchanged	45	39
NewHighs	319	313
NewLows	99	49
AvDailyVol(mil)	3,566.0	3,035.0
Dollar		
(Finexspotindex)	79.51	79.75
T-Bond		
(CBTnearbyfutures)	136-060	134-300
Crude Oil		
(NYMlightsweetcrude)	99.76	100.60

Inflation KR-CRB		
(FuturesPriceIndex)	307.14	310.69
Gold		
(CMXnearbyfutures)	1302.60	1300.70

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(END) Dow Jones Newswires

May 03, 2014 00:07 ET (04:07 GMT)

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Recap: The 2014 Berkshire Hathaway Annual Meeting
WSJ Blogs, 2014 年 5 月 3 日 22:16, 7343 字, By Erik Holm, (英文)
OMAHA, Neb--The devoted shareholders of Warren Buffett's Berkshire Hathaway Inc. got an earful of wisdom at the company's annual meeting Saturday.
文件 WCWSJB0020140503ea53000jh

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No Berkshire Bear? No Problem. Here Are Six Tough Questions for Buffett -- WSJ Blog

By Erik Holm and Anupreeta Das
1,173 字
2014 年 5 月 2 日 23:37
Dow Jones Institutional News
DJDN
英文

OMAHA, Neb.-- Warren Buffett brought in a Berkshire skeptic at last year's annual meeting to make sure he was asked pointed questions about the massive, and massively profitable, company he's assembled over the past five decades.

But he said he couldn't find someone to fill the role of the Berkshire bear this year.

So with the latest Berkshire Hathaway Inc. annual meeting scheduled to kick off on Saturday morning, the MoneyBeat team took to the streets of Omaha to talk to Buffettologists and Berkshire shareholders and came up with some tough questions of our own.

The top item on the agenda for several shareholders was Mr. Buffett's decision to abstain from voting on the equity pay package for executives at Coca-Cola Co., where Berkshire is the largest shareholder. But that's certain to be asked by the panel of three reporters and three analysts that will alternate with the audience in firing questions at the Berkshire chairman. We wanted to come up with some topics that were less likely to be covered.

Here are five questions a Berkshire skeptic might ask:

1. Where did the moats go? The "economic moats" or competitive advantages around some of Mr. Buffett's biggest investments, are looking shakier. In coming years, Coke, which built a multibillion-dollar brand around its sugary, fizzy beverage, has to figure out how to continue delivering profits to shareholders amid declining sales and growing mainstream health concerns about sugar and obesity. Another of Mr. Buffett's big investments, IBM, has been rocked by disappointing results as it grapples with tectonic shifts in the tech industry. One shareholder we spoke to put it this way: "I get the reasoning behind every investment he's ever made, except for IBM. It just doesn't make sense to me." Will these companies be as successful in the future as they have been in the past?

2. Are Berkshire executives out of touch? Brick-and-mortar retail outlets across the U.S. are losing ground to online retailers like Amazon.com. Yet many Berkshire retail outlets don't seem to have focused on building a strong online presence. Berkshire-owned car insurer Geico, meanwhile, is apparently still sitting out a trend that's expected to revolutionize the industry: the use of telematics to evaluate drivers and price their coverage. Does Berkshire understand the effect technology is having on its various subsidiaries? Does the company employ people who are looking to the future and trying to spot threats to the company's businesses?

3. Is Berkshire's railroad shouldering too much disaster risk? The Wall Street Journal reported in January that the insurance industry doesn't have the capacity to cover the cost of a potential catastrophic train derailment in a large U.S. city. Is Berkshire-owned railroad Burlington Northern Santa Fe at risk of being on the hook for a tens-of-billions-of-dollar disaster? Jeff Matthews, a Berkshire shareholder and author of "Secrets in Plain Sight: Business & Investing Secrets of Warren Buffett," said potential liabilities for BNSF, which hauls massive amounts of crude oil, were barely calculable. But he said he was sure Mr. Buffett and his insurance guru, Ajit Jain, had attempted to crunch the numbers. "I'm sure they've thought about it," he said Friday. "I'd be very curious about what they've concluded."

4. Are the boom times about to end for
Burlington Northern? Mr. Buffett was quick to boast in the most recent annual letter that BNSF carries about 15% of all inter-city freight, "whether it is transported by truck, rail, water, air, or pipeline." But that may be change if the 1,700-mile long Keystone XL pipeline project moves forward. As Josh Brown, the chief executive of Ritholtz Wealth Management, put it on Twitter Friday:

The biggest near-term risk for Berkshire is the go-ahead on XL Keystone. Their railroad carts 500k barrels of crude a day out of Dakota

-- Downtown Josh Brown (@ReformedBroker) May 2, 2014

In a followup conversation (also via Twitter), Mr. Brown said he wasn't in Omaha for the meeting this year, but that if he could get one question to the Oracle, it'd be to ask how big the impact would be if the Keystone pipeline were to be approved right now.

5. Where's the disclosure? In his latest annual letter, Buffett bragged that Berkshire owns eight-and-a-half companies that would be in the Fortune 500 if they were stand-alone businesses. (It owns half of Heinz, the ketchup company.) Yet the amount of information Berkshire provides to investors in its quarterly and annual filings is rather paltry. For instance, the company owns a massive manufacturing and service firm called Marmon that saw revenue fall 2.7% to about $7 billion last year. Berkshire said about 60% of that decrease was tied to metals price deflation. So where's the explanation for the nearly $80 million of other missing revenue? On Friday, the disclosure for Marmon shrank even more, as Berkshire said in its first-quarter earnings that it would no longer break it out as a separate line item after acquiring the one small piece of the business that it hadn't already owned last year.

6. Why did you move the goalposts? In recent years, Mr. Buffett has said near the start of his annual letters that it's worthwhile to compare Berkshire's performance to the returns of the S&P500 in five-year increments. Last year, he warned that Berkshire would probably fall short by that measure in 2013. Yet when the most recent letter came out in March, all discussion of five-year timeframes was gone.

Now, Mr. Buffett says Berkshire is likely to beat the market over a full "market cycle"--the up years followed by the down ones. And he used a six-year timeframe to evaluate performance through the end of 2013. Meyer Shields, an analyst with KBW Inc., said in a note to clients Thursday he found the change "troubling" and said he worried about what it said about Berkshire's transparency--especially given this quote from the 2010 letter:

"I believe that those entrusted with handling the funds of others should establish performance goals at the onset of their stewardship. Lacking such standards, managements are tempted to shoot the arrow of performance and then paint the bull's-eye around wherever it lands."

(And with a rather underwhelming "market perform" rating on Berkshire shares, Mr. Shields would almost fit the bill of a Berkshire bear. In his note, he sounds skeptical that Mr. Buffett is really looking for skeptical panelists.)

Have your own ideas? Leave them in the comments below.

More at The Wall Street Journal's MoneyBeat blog,
http://blogs.wsj.com/moneybeat/
(END) Dow Jones Newswires

May 02, 2014 18:37 ET (22:37 GMT)

文件 DJDN000020140502ea52004aw

MARKET WEEK
Stocks --- The Trader: Stocks Fall Slightly After a Jittery Friday

By Vito J. Racanelli
1,899 字
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For example, in addition to results based on Generally Accepted Accounting Principles, the firm likes to present its adjusted earnings before interest, taxes, depreciation, and amortization (Ebitda). This is a non-GAAP figure that leaves out stock-based compensation -- which is common among tech companies -- among other items.

In 2013, net revenue grew 57% to $1.5 billion. Adjusted Ebitda soared 69% to $376 million and non-GAAP net income rose to $192 million, or $1.61 per share, from $100 million, or 89 cents, in 2012. That seems good but leaves out a hefty $194 million in stock-based compensation. LinkedIn is guiding for a 2014 adjusted

Ebitda of $490 million, 30% higher. Yet the adjusted Ebitda growth rate is down by half, and that leaves out an even bigger $325 million in estimated stock compensation this year.

Using consensus estimates for LinkedIn's adjusted non-GAAP 2014 EPS of $1.57 results in a still high price/earnings ratio of 100 times. That's three times the growth rate, which happens to be slowing sharply from 2013. It's difficult now to see LinkedIn as a super-growth story and deserving of a triple-digit P/E multiple, even based on more-flattering adjusted figures.

Though not paid out as a cash expense, stock compensation needs to be taken into account in the multiple. When it is, the picture appears much less attractive. LinkedIn's 2013 GAAP net income was $27 million, or 23 cents per share, up 21% from $22 million, or 19 cents per share, in 2012. The trailing P/E is 687 times. Taxes fell sharply but had they been similar to 2012's level, GAAP net income would have fallen last year.

Moreover, LinkedIn's costs are rising as fast as its revenue, faster in the case of general and administrative costs, up 76% in 2013 versus a 71% rise in 2012. LinkedIn's net-income margin was 2% last year, roughly what's seen at a supermarket.

LinkedIn's valuation embeds significant future profit growth, so slowing growth should be of great concern to investors, says David Trainer, president of New Constructs, a Brentwood, Tenn.-based independent research outfit. The company hasn't been able to translate its revenue growth into strong profit growth, and return on invested capital was cut in half last year, to 4% from 8%, adds Trainer, who is short the stock.

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Let's compare LinkedIn with Facebook, which also uses GAAP and non-GAAP measures. Facebook saw 2013 revenue grow 55%, about the same as LinkedIn. But the Menlo Park, Calif.-social-media company raised GAAP earnings sharply to $1.5 billion, or 60 cents, from $53 million, or one cent.

Facebook has much higher margins and sports faster-growing GAAP and non-GAAP net income, but it trades at significantly lower valuations: a P/E of 54 times 2014 GAAP EPS consensus of $1.06 and 41 times expectations of $1.41 in adjusted non-GAAP EPS, which also excludes compensation.

LinkedIn didn't respond to a request for comment. Its growth rate is at a level that most companies could only wish for. Unfortunately, the high stock valuation discounts growth accelerating even as it's decelerating.

One stock without a triple digit P/E is animal-health firm Zoetis (ZTS). Now that its stock is down about 15% from highs, on mostly one-time issues, it's worth a look, particularly for a portfolio holding lots of highly valued tech stocks.

On Feb. 11, Zoetis, a global producer of animal vaccines and medicine, topped fourth-quarter 2013 expectations and noted the quarter's 7% revenue rise would have been 9% but for negative currency effects.

That issue has bled into the new year and management guided analyst estimates for 2014 down, forecasting 2014 "adjusted" EPS at $1.48 to $1.54 and revenue of $4.65 billion to $4.75 billion, below previous analyst expectations of about $1.62 and $4.77 billion, respectively. Zoetis' non-GAAP adjusted results exclude traditional nonrecurring items such as acquisition costs, restructuring charges, and initial public offering expenses, but not stock compensation. (Zoetis was spun off from Pfizer (PFE) last year.)

The roughly 10 cents per-share guidance shortfall has hurt the stock and was due to both operational and nonoperational issues, notes Craig Giventer, a money manager with Financial Partners Capital Management, which held Zoetis stock before the results were announced and has added shares since.

About five cents derives from foreign exchange, he says, and the rest from pork and cattle life-cycle issues, among other things. For example, the U.S. pig population has been hit hard by the porcine epidemic diarrhea virus, which killed more than 4 million piglets over the past year.

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DJUSMarket	469.91	-0.78	-0.17
NYSEComp.	10505.01	-27.82	-0.26
NYSEMKTComp.	2613.57	+19.66	+0.76
S&P500	1863.40	-1.45	-0.08
S&PMidCap	1347.22	-4.20	-0.31
S&PSmallCap	649.73	-8.00	-1.22
Nasdaq	4075.56	-19.95	-0.49
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	Last Week	Week Earlier
NYSE		
Advances	1,698	2,394
Declines	1,517	812
Unchanged	39	41
NewHighs	313	190
NewLows	49	86
AvDailyVol(mil)	3,035.0	3,304.5
Dollar (Finexspotindex)	79.76	79.87
T-Bond (CBTnearbyfutures)	134-300	133-290
Crude Oil (NYMlightsweetcrude)	100.60	104.30
Inflation KR-CRB (FuturesPriceIndex)	310.69	311.46
Gold (CMXnearbyfutures)	1300.70	1293.40

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DOW JONES
NEWSWIRES

The Trader: Stocks Fall Slightly After A Jittery Friday -- Barron's

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2014 年 4 月 26 日 05:08
Dow Jones Institutional News
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(FROM BARRON'S 4/28/14)
By Vito J. Racanelli

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26 Apr 2014 00:08 ET The Trader: Stocks Fall Slightly After A Jittery -2-

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Inflation KR-CRB (FuturesPriceIndex)	310.69	311.46
Gold (CMXnearbyfutures)	1300.70	1293.40

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(END) Dow Jones Newswires

April 26, 2014 00:08 ET (04:08 GMT)

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DOW JONES
NEWSWIRES

Brazil Stocks Follow Global Sellout, Close Lower

By Paulo Trevisani
129 字
2014 年 4 月 25 日 22:44
Dow Jones Institutional News
DJDN
英文

BRASILIA--Brazilian stocks closed lower Friday, as global markets took a dive.

The Ibovespa stock index fell 0.81% to 51.339 points, according to the exchange operator BM&FBovespa.

The decline was in line with global markets. In the U.S., the Dow Jones Industrials fell 0.85% and the S&P500 declined 0.81%. Stocks also fell in most of Europe and Asia.

Brazil's largest company, government-controlled Petroleo Brasileiro SA, or Petrobras, fell 0.62% to BRL16.03.

Another Brazilian blue-chip, miner Vale SA, finished down 2.31%, at BRL27.50.

Write to Paulo Trevisani at paulo.trevisani@wsj.com

(END) Dow Jones Newswires

April 25, 2014 17:44 ET (21:44 GMT)

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BARRON'S

MARKET WEEK
Stocks --- The Trader: Resurgent Stocks Jump More Than 2%

By Vito J. Racanelli
2,052 字
2014 年 4 月 21 日
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The stock market staged an impressive rebound in a holiday-shortened week, with the broad indexes all rising over 2%, recapturing ground lost the previous week. Gone -- for now anyway -- are the valuation blues that have dogged stocks since the end of February. Friday, stock and bond markets were closed for Good Friday observance.

Trader say that two economic data points prompted the equity recovery by potentially heralding the long awaited re-acceleration of U.S. economic expansion.

The nation's capacity-utilization rate is inching ever closer to 80%, says Keith Bliss, director of sales at broker-dealer Cuttone. That's a level that the market traditionally takes to mean companies will soon have to hire and make capital expenditures, re-igniting the economy. On Wednesday, the Federal Reserve said that March's capacity utilization rose 0.4 of a percentage point, to 79.2%. The Fed also reported that industrial production rose a seasonally adjusted 0.7 of a point from the previous month. Both figures were stronger than anticipated.

In recent days, there's been a notable reversal in the U.S. Citi Economic Surprise index, which is now moving sharply higher, says John Brady, a managing director at futures broker R.J. O'Brien. The index measures economic data, relative to market expectations; a rising index means the data have been more positive than forecast.

The Citi index had been dropping since Jan. 15 but turned up on April 9. Investors apparently are sniffing out that the economy is improving after the cold-weather-induced lethargy of the first quarter, Brady adds.

As has been the case for years now, investors expect and hope for a re-acceleration of growth, but the wait is beginning to resemble that of Vladimir and Estragon for Godot.

Last week's stock-market rise should be viewed in the context of the market's range-bound behavior this year after such a good 2013, says Edward Painvin, chief investment officer at Chase Investment Counsel. After the 2% drop and damage done to stocks in the previous week, he views last week's rise as more of a technical relief rally that "by and large, first-quarter earnings results released so far are not bad." First-quarter numbers in coming weeks probably won't be good enough to get the market moving, he adds.

This year, even up weeks have been more volatile and felt riskier to many observers. If the economy does perk up, experienced investors might wonder how much of the market's bullish expectations were pulled forward in last year's big gain.

For the week ended Thursday, the Dow Jones Industrial Average added 382 points, or 2.4%, to 16,408.54. That was its biggest weekly gain this year. The Standard & Poor's 500 index increased nearly 50 points, or 2.7% to 1864.85. The Nasdaq Composite index, which at one point Tuesday nearly fell through its 200-day moving average, tacked on 96 points, or 2%, to 4095.52.

Despite last week's strong market rebound, nearly one third of the way into 2014 it's probably safe to conclude that this year isn't going to be a repeat of 2013's 30% rise.

Investors are searching for defensive names, as a hedge against the possibility this choppy market endures. The difficulty is that many traditional havens -- Johnson & Johnson (ticker: JNJ) or Kraft Foods Group (KRFT), for example -- are also at or near 52-week highs.

"It's getting harder and harder to find a defensive stock with a nice dividend yield that isn't a utility or a real-estate investment trust," says Keith Goddard, CEO of Capital Advisors. The utility sector is the hottest this year, and REITs still face the risk of higher interest rates.

Meridian Bioscience (VIVO), a Cincinnati-based maker of diagnostic test kits and reagents, among other medical products, is a stock that defensive-minded investors might consider, he says. It's 20% below its high reached just last Jan. 10, for what appear to be timing issues more than anything else. Its market value is now just under $1 billion.

The main cause of this quick shellacking was a disappointing quarterly result. On Jan. 22, the company reported that in its fiscal first quarter ended Dec. 31, sales fell 1%, to $44.8 million, and net income to $7.4 million, or 18 cents per share, from $8.5 million, or 20 cents.

On the revenue side, the company was hurt by delays in shipments and ordering patterns, a seasonal shift in influenza, fewer hospital admissions and higher spending. Meridian indicated that these were timing issues and that most of the shortfall would be made up in the second quarter, which it will soon report. The company stuck to its fiscal 2014 EPS guidance of 98 cents to $1.03.

Meridian has become a "show me" stock, says Goddard. Only three of the 12 brokers who follow it have a Buy rating, a positive contrarian sign.

Despite its relatively small size, Meridian has a pretty good history of competing with much bigger testing firms. It's a leader in some commonly used tests, such as for C.difficile, an infection commonly acquired at hospitals and health-care facilities by patients given certain antibiotics.

Meridian is also switching its products to its "illumigene," or molecular technology process, that looks at the DNA of the pathogen and is faster, cheaper, and easier to use than the traditional immunoassay methods, which measure the immune response to a pathogen.

Meridian has four molecular tests approved by regulators and is awaiting a decision on three more, he adds. The illumigene kits are a kind of "razor and blade" system, adds Goddard. The new system is simpler and more economical, with no major capital requirements for hospitals, labs, clinics, and doctors. That provides a "sustainable competitive advantage," says Goddard. Capital Advisors bought shares for clients after the drop.

A disappointing quarter shouldn't define a company that has had a solid long-term track record. This is particularly true for Meridian, which sports a good balance sheet, a nearly 4% dividend yield, a history of 25% returns on equity, and strong market positions in diagnosing gastrointestinal, serological, parasitological, and fungal diseases.

At Thursday's close of $21.82, Meridian stock trades at a price-to-earnings (P/E) multiple of 22 times its fiscal 2014 EPS guidance. That's couple of multiple points below its long-term median P/E.

The downside appears limited, and if Meridian is able to convert a few Wall Street skeptics as it returns to form, a 20% total return in 18-24 months seems undemanding.

Another way to play defense in a choppy market is by looking for self-help stories, that is, fallen companies that are restructuring their way back to health. For these firms, external factors that have everyone so worried about the broad market -- whether the economy reaccelerates or not, or what happens in the Ukraine -- are less relevant.

As this column noted last Oct. 7, Swiss-domiciled Weatherford International (WFT), whose corporate offices are in Houston, has suffered mostly from self-inflicted wounds, which took its stock from $25 to $16, over three years. We suggested that the $14 billion market-cap oil-service firm would make slow but steady progress back to better health and eventually attract investors. The stock is higher now, $18.21 versus $15.89 last fall, and the thesis -- and most of the potential upside -- remains intact and bears repeating.

What's different now is that Weatherford -- which still has doubters among Wall Street analysts, with less than 50% having Buy ratings on it -- has begun to show important restructuring progress. These are generally straightforward moves that bullish investors believe will eventually bring a higher multiple and stock price.

On Feb. 25, Weatherford announced that it had remediated a material tax accounting weakness that is the subject of regulatory investigation and that it had received court approval for a settlement of alleged violations of the Foreign Corrupt Practices Act.

Those are one-time issues, which we noted were already reserved for in some cases, but the company has made good on previous promises, a positive sign. The more important work is yet to come, and headway there is already being made. Weatherford plans to sell or repair noncore divisions, such as land rigs and pressure pumping, which typically operate at lower profit margins. That will eventually raise corporate-wide margins and probably win a higher valuation for the stock.

Last month, Weatherford agreed to sell its pipeline and specialty-service business to Baker Hughes (BHI) for $250 million. Weatherford has already sold three noncore businesses, including its Proserv sub-sea controls operations, and will divest itself of U.S. drilling fluids, testing and production services, and wellheads, probably this year. The company expects about $1 billion in proceeds. It also plans to spin off or offer publicly its sizeable international land-rig division.

When all's said and done, divestments should fetch around $3 billion, Barclays Research estimates in a recent report. That will help Weatherford's plan to pare by half its ratio of net debt to total capitalization over the next few years. Net debt is about $8.3 billion. Cost reductions are expected, as well, including almost 7,000 job cuts this year, which will trim head count to about 42,000.

This should lead to much better results within two years and should prompt some of those doubting analysts to raise their estimates. In 2013, Weatherford reported flat revenue of $15 billion, with the net loss narrowing to $345 million, or 45 cents a share, from $778 million, or $1.02, in 2012.

Weatherford is a global leader in its four core divisions: formation evaluation, well construction, well completion, and lift systems. Their margins, based on earnings before interest, taxes, depreciation and amortization (Ebitda) range from 25% to 30%. Once the restructuring is complete, "Weatherford Lite," as Barclays dubs it, should be capable of producing $12 billion of core revenue and 26% Ebitda margins. That compares with 2014's expected $16 billion in sales and 21% Ebitda margin (before remaining divestments).

The company is guiding to $1.10 to $1.20 in EPS this year, so the P/E multiple is about 16 times, still lower than its own long-term historical median of nearly 20. As Weatherford pulls the levers at its disposal, the conservative consensus of $1.50 in 2015 seems reasonable. Applying the current P/E to next year's EPS estimate results in a potential price of $24, a third higher than today's.

Many investors seem concerned about a possible drop in oil prices this year and how that might hurt oil-service companies, but for Weatherford self-healing will likely be a more important stock-price determinant.

Vital Signs

	Friday's Close	Week's Change	Week's % Chg.
DJIndustrials	16408.54	+381.79	+2.38
DJTransportation	7634.42	+272.03	+3.69
DJUtilities	543.00	+8.68	+1.62
DJ65Stocks	5747.56	+148.56	+2.65
DJUSMarket	470.69	+12.34	+2.69
NYSEComp.	10532.83	+251.89	+2.45
NYSEMKTComp.	2593.90	+15.02	+0.58
S&P500	1864.85	+49.16	+2.71
S&PMidCap	1351.42	+32.92	+2.50
S&PSmallCap	657.73	+14.94	+2.32
Nasdaq	4095.52	+95.78	+2.39
ValueLine(arith.)	4404.75	+102.97	+2.39
Russell2000	1137.90	+26.46	+2.38
DJUSTSMFloat	19554.50	+508.07	+2.67

	Last Week	Week Earlier
NYSE		
Advances	2,394	975
Declines	812	2,241
Unchanged	41	36
NewHighs	190	134
NewLows	86	78
AvDailyVol(mil)	3,304.5	3,636.0
Dollar		
(Finexspotindex)	79.85	79.45
T-Bond		
(CBTnearbyfutures)	133-290	134-250
Crude Oil		
(NYMlightsweetcrude)	104.30	103.74
Inflation KR-CRB		

(FuturesPriceIndex)	311.46	309.39
Gold		
(CMXnearbyfutures)	1293.40	1318.70

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文件 B000000020140419ea4l00010

DOW JONES
NEWSWIRES

Press Release: Danaher Corporation Announces CEO Transition

1,376 字
2014 年 4 月 16 日 21:01
Dow Jones Institutional News
DJDN
英文

Danaher Corporation Announces CEO Transition

THOMAS P. JOYCE, JR. TO SUCCEED H. LAWRENCE CULP, JR. AS PRESIDENT AND CEO IN MARCH 2015

PR Newswire

WASHINGTON, April 16, 2014

WASHINGTON, April 16, 2014 /PRNewswire/ -- Danaher Corporation (NYSE: DHR) today announced that Executive Vice President Thomas P. Joyce, Jr. will succeed H. Lawrence Culp, Jr. as President and Chief Executive Officer upon Mr. Culp's retirement on March 1, 2015. Mr. Culp will continue at Danaher in an advisory role into the first quarter of 2016.

Steven M. Rales, Chairman of the Danaher Board of Directors, stated, "This announced transition comes at a time of strength at Danaher given our attractive portfolio of businesses, excellent management team, strong balance sheet and culture of the Danaher Business System. The selection of Tom to succeed Larry next year reflects the culmination of our succession planning process. Tom has a demonstrated track record of success in a wide range of positions at Danaher over the past 25 years, and he is well qualified to lead our continued growth and development. The Board believes Tom is the ideal candidate to become just the fourth CEO in the Company's 30-year history."

Mr. Rales continued, "Larry's leadership during the last 13 years as CEO has been extraordinary. During Larry's tenure, Danaher's revenues and market capitalization have increased approximately five-fold to nearly $20 billion and $50 billion, respectively, while at the same time driving shareholder returns five times that of the S&P500 Index. He has been instrumental in reshaping the portfolio and positioning us today as a leading global science and technology company. We have greatly expanded our global reach with particular emphasis in the high growth markets, increasing our sales in these markets ten-fold to $5 billion under Larry's leadership. In addition, Larry has played a central role in enhancing the Danaher Business System and building a deep and talented management team."

Mr. Culp began his career at Danaher in 1990 and has been President and Chief Executive Officer since May 2001. He said, "While there is much more I intend to accomplish at Danaher, I believe this is the right time to start this transition. Danaher has an exceptional portfolio and is poised for continued organic and inorganic growth. Tom and I have worked together for more than 20 years. He is a highly respected leader within Danaher, with a wealth of experience and knowledge about our businesses and the customers we serve. He also shares my passion for the Danaher Business System, our culture and our core values. With the support of our senior leadership team and our Board, I am confident that Tom is well-prepared to execute our strategic priorities and create significant value for shareholders."

Mr. Joyce began his career at Danaher in 1989 as a Marketing Project Manager in the Danaher Tool Group. In 1995, he became President of Delta Consolidated Industries, a truck box and storage container manufacturer. Following that assignment, in 2001, Mr. Joyce became President of Hach Company, the global leader in water analytics. In 2002, he was appointed Group Executive and a corporate officer of Danaher. In 2006, he was promoted to Executive Vice President, and today has responsibility for Danaher's Water Quality, Life Sciences and Diagnostics platforms, which collectively represent over $9 billion of annual revenues.

Mr. Joyce has been instrumental in building Danaher's portfolio. Under his leadership, Danaher's Water Quality platform revenues increased from $400 million to almost $2 billion. He has led the acquisition and integration of many of Danaher's leading brands, including Beckman Coulter, AB SCIEX and ChemTreat. He is a seasoned teacher and practitioner of the Danaher Business System and has played a key role in creating and evolving many of the tools and processes on which the system is built.

"I am deeply honored that the Board has selected me to succeed Larry as Danaher's next President and CEO," said Mr. Joyce. "Our company has a rich history of meeting the needs and expectations of our shareholders, customers and associates globally. I will work tirelessly to build on Danaher's strong foundation, and our stakeholders should expect continuity and consistency from me going forward. I believe we have the right strategy, the right management team, and that our future is bright."

About Danaher

Danaher is a global science and technology innovator committed to helping its customers solve complex challenges and improve quality of life around the world. Its family of world class brands have unparalleled leadership positions in some of the most demanding and attractive industries, including health care, environmental and communications. The company's globally diverse team of 66,000 associates is united by a common culture and operating system, the Danaher Business System. In 2013, Danaher generated $19.1 billion in revenue and its market capitalization exceeded $50 billion. For more information please visit www.danaher.com.

Statements in this release that are not strictly historical, including statements regarding events or developments that we believe or anticipate will or may occur in the future, are "forward-looking" statements within the meaning of the federal securities laws. There are a number of important factors that could cause actual results, developments and business decisions to differ materially from those suggested or indicated by such forward-looking statements and you should not place undue reliance on any such forward-looking statements. These factors include, among other things, deterioration of or instability in the economy, the markets we serve and the financial markets, the impact of our restructuring activities on our ability to grow, contractions or growth rates and cyclicality of markets we serve, competition, our ability to develop and successfully market new products and technologies and expand into new markets, the potential for improper conduct by our employees, agents or business partners, our ability to successfully identify, consummate and integrate appropriate acquisitions and successfully complete divestitures, contingent liabilities relating to acquisitions and divestures, our compliance with applicable laws and regulations (including regulations relating to medical devices and the healthcare industry) and changes in applicable laws and regulations, our ability to effectively address cost reductions and other changes in the healthcare industry, risks relating to potential impairment of goodwill and other intangible assets, currency exchange rates, tax audits and changes in our tax rate and income tax liabilities, litigation and other contingent liabilities including intellectual property and environmental, health and safety matters, risks relating to product defects, product liability and recalls, risks relating to product manufacturing, the impact of our debt obligations on our operations and liquidity, our relationships with and the performance of our channel partners, commodity costs and surcharges, our ability to adjust purchases and manufacturing capacity to reflect market conditions, reliance on sole sources of supply, labor matters, international economic, political, legal, compliance and business factors, disruptions relating to man-made and natural disasters, security breaches or other disruptions of our information technology systems and pension plan costs. Additional information regarding the factors that may cause actual results to differ materially from these forward-looking statements is available in our SEC filings, including our 2013 Annual Report on Form 10-K and Quarterly Report on Form 10-Q for the first quarter of 2014. These forward-looking statements speak only as of the date of this release and the Company does not assume any obligation to update or revise any forward-looking statement, whether as a result of new information, future events and developments or otherwise.

SOURCE Danaher Corporation

/CONTACT: Matt R. McGrew, Danaher Corporation, Vice President, Investor Relations, (202) 828-0850

/Web site: http://www.danaher.com

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16 Apr 2014 16:02 ET *Danaher Corp Announces CEO Transition >DHR

16 Apr 2014 16:03 ET *Danaher Names Thomas P. Joyce Jr CEO >DHR

16 Apr 2014 16:03 ET *Danaher: Joynce to Succeed Culp on March 1, 2015 >DHR

16 Apr 2014 16:09 ET *Correct: Danaher: Joyce to Succeed Culp on March 1, 2015, Not Joynce >DHR

(MORE TO FOLLOW) Dow Jones Newswires (212-416-2800)

April 16, 2014 16:09 ET (20:09 GMT)

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BARRON'S

MARKET WEEK

Stocks --- The Trader: A Rough Week: Stocks Fall More Than 2%

By Vito J. Racanelli
2,060 字
2014 年 4 月 14 日
Barron's
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The Dow Jones Industrial Average fell 386 points, or 2.3%, to 16,026.75, and the Standard & Poor's 500 index lost almost 50 points, or 2.7%, to 1815.69. The technology-heavy Nasdaq Composite index, plunged 3.1%, 128 points, to 3999.73. The small-cap Russell 2000 fell the most, down 3.6% to 1111.45.

It's been 18 months since investors have experienced this kind of volatility, and many view the pain as a healthy corrective after a huge runup. "I hope it gets ugly, but not too ugly," adds Colyer, who thinks the market might test its 200-day moving average, down to about 1760 on the S&P 500.

Speaking of technical moves, one divergence that bears watching is the weekly number of individual stocks making new highs, which peaked at 925 on May 10, 2013, according to Ned Davis Research. Adds Frank Gretz, a technical analyst for Wellington Shields, that number dropped to 700 late last year and more recently close to 500, even as the broad stock market indexes continued to make new highs.

"It's a bad sign," Gretz notes, considering that in bull market history, the peak in the number of stocks making new highs comes roughly a year before the bull itself peaks. But there's a divergence from the divergence: The stocks leading the bull market are usually the last ones to hang on.

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ID theft is a major consumer concern that has fuelled bullish expectations. However, a close look at LifeLock's operational results and a sober view of future customer uptake suggests the shares are overvalued.

At first blush, results seem strong. In 2013, LifeLock's revenue rose 33% to $370 million and net income soared to $52.5 million, or 55 cents per share, from $6.2 million, or nine cents. However, a big portion of that improvement came from Uncle Sam's largesse. Last year, the company benefited from $39.1 million in net operating loss carryforwards, compared with a $13.7 million net operating loss in 2012. Though LifeLock has $200 million in potential net operating losses left, the company gets its high valuation for its growth, not tax savings.

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A better fundamental picture comes from the income from operations line, which excludes net operating losses. That grew just 4% to $13.5 million in 2013. LifeLock likes to point out that what it calls adjusted earnings before interest, taxes, depreciation, and amortization (Ebitda) grew 36% last year to $42 million. But to calculate this, LifeLock adds back share-based compensation costs to net income. Why add back a normal operations charge? Leaving out compensation, adjusted Ebitda grew only 13%.

Yet LifeLock stock sells at a rich valuation: 33 times Wall Street consensus earnings estimates of 45 cents per share this year, even as analysts have steadily cut their 2014 and 2015 EPS projections since October. Without signs of acceleration, that valuation seems too high when compared with customer growth of 20%. Even a generous price/earnings ratio of 25 times the 2013 consensus EPS estimate results in a price less than $12, about 20% below the current level.

Even if LifeLock somehow reaches four million customers in the foreseeable future -- a big if -- current operating margins would likely produce less than 50 cents in EPS fully diluted and a P/E of 30, still higher than its growth rate.

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Berwyn, Pa.-based DFC Global, which serves the unbanked in Europe and North America -- it's the largest payday lender in the United Kingdom -- has suffered through hard times of late. Canada, and more recently the U.K., have created new agencies and rules to regulate payday lending; the U.K. agency's tightened rules come into effect in July. And the U.S. Consumer Finance Protection Bureau has said it wants to rein in the lenders, who are often portrayed -- fairly or unfairly -- as preying on those with financial troubles. DFC's (DLLR) shares have fallen from a high of $20.33 last August to as low as $6.53 in early February.

On April 1, shares traded at $8.98. The next day private-equity firm Lone Star Funds offered $367 million, or $9.50 a share, to buy all of DFC. The company used the occasion to lower its third-quarter earnings and revenue guidance, blaming changes required by pending U.K. regulation, an unfavorable exchange rate in Canada, and lower gold prices. It lowered its fiscal July 2014 guidance from 57 cents a share to eight cents, down from $1.76 a year earlier. Neither Lone Star nor DFC would comment to Barron's.

Shareholders, however, think DFC could negotiate far better terms than the 5.8% premium Lone Star offered for the stock. Yale Fergang, co-founder of Royal Capital, notes that DFC has bought back its shares at prices between $11 and $16 apiece in the last five quarters, a sign that DFC thinks they're worth a lot more. "The deal grossly undervalues their business," says Fergang.

Less than two weeks before Lone Star's bid, DFC CEO Jeff Weiss was reported to have told analysts at a New York conference that it estimated its normalized Ebitda would hit an annual run rate of $300 million by June of 2015. The $9.50 a share bid means that Lone Star would get the company for just 4.3 times Ebitda. Peers such as First Cash Financial (FCFS), World Acceptance (WRLD), and Cash America (CSH) trade at six to eight times Ebitda.

"I think they're stealing it. But unless someone else steps up, they're the clearing price. It's going to take a patient investor. I'm holding on in the hope of another bid emerging," says Nathan Snyder, a portfolio manager with Snow Capital Management, which owns the stock.

The investors argue that DFC Global shares are worth much more. Applying an industry multiple of six times Ebitda to the $300 million run rate achieved by the end of fiscal 2015, yields $1.8 billion in enterprise value. Take away $850 million in net debt, and you get $950 million in market value. Divide that by 38.6 million shares and you get $24.60, below the stock's 2007 high of $28.

"They sold us on how they were putting themselves at a disadvantage by complying with self-imposed limitations while they waited for the regulator to come in and level the playing field," says Fergang. "We've paid the cost for the infrastructure that will undoubtedly be their competitive advantage when the British rules come into effect."

Shareholders also believe that Consumer Financial Protection Bureau's effect on DFC's U.S. unit is overstated because barely 10% of its operating profits are generated here. Of its 292 U.S. stores, 68% are in Florida and California, two states which have tightened regulations. As a result, DFC is already in compliance with most of the regulations expected to come down. "DFC Global has always prided itself on being able to work within tight regulatory regimes," says Fergang. "That and their global diversity and their scalable Internet infrastructure make them worthy of a premium to their peers."

"We think it's entirely possible that we will see one or more bids in the coming weeks," leading up to the shareholder meeting in the third quarter, says Mark Palmer, analyst with BTIG in New York. Of course, that will depend on what kind of financing they get.

-- Jack Willoughby

Vital Signs

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DJIndustrials	16026.75	-385.96	-2.35
DJTransportation	7362.39	-208.37	-2.75
DJUtilities	534.32	+2.71	+0.51
DJ65Stocks	5599.00	-116.44	-2.04
DJUSMarket	458.35	-13.06	-2.77
NYSEComp.	10280.94	-236.11	-2.24
NYSEMKTComp.	2578.88	+18.40	+0.72
S&P500	1815.69	-49.40	-2.65
S&PMidCap	1318.50	-48.61	-3.56
S&PSmallCap	642.79	-20.65	-3.11
Nasdaq	3999.73	-127.99	-3.10
ValueLine(arith.)	4301.78	-143.53	-3.23
Russell2000	1111.44	-41.94	-3.64
DJUSTSMFloat	19046.43	-552.93	-2.82

	Last Week	Week Earlier
NYSE		
Advances	975	2,130
Declines	2,241	1,063
Unchanged	36	61
NewHighs	134	389
NewLows	78	30
AvDailyVol(mil)	3,636.0	3,221.4
Dollar		
(Finexspotindex)	79.45	80.42
T-Bond		
(CBTnearbyfutures)	134-250	132-310
Crude Oil		
(NYMlightsweetcrude)	103.74	101.14
Inflation KR-CRB		
(FuturesPriceIndex)	309.39	304.84

Gold (CMXnearbyfutures)	1318.70	1303.20

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The Trader: A Rough Week: Stocks Fall More Than 2% -- Barron's

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(FROM BARRON'S 4/14/14)
By Vito J. Racanelli

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Berwyn, Pa.-based DFC Global, which serves the unbanked in Europe and North America -- it's the largest payday lender in the United Kingdom -- has suffered through hard times of late. Canada, and more recently the U.K., have created new agencies and rules to regulate payday lending; the U.K. agency's tightened rules come into effect in July. And the U.S. Consumer Finance Protection Bureau has said it wants to rein in the lenders, who are often portrayed -- fairly or unfairly -- as preying on those with financial troubles. DFC's (DLLR) shares have fallen from a high of $20.33 last August to as low as $6.53 in early February.

On April 1, shares traded at $8.98. The next day private-equity firm Lone Star Funds offered $367 million, or $9.50 a share, to buy all of DFC. The company used the occasion to lower its third-quarter earnings and revenue guidance, blaming changes required by pending U.K. regulation, an unfavorable exchange rate in Canada, and lower gold prices. It lowered its fiscal July 2014 guidance from 57 cents a share to eight cents, down from $1.76 a year earlier. Neither Lone Star nor DFC would comment to Barron's.

Shareholders, however, think DFC could negotiate far better terms than the 5.8% premium Lone Star offered for the stock. Yale Fergang, co-founder of Royal Capital, notes that DFC has bought back its shares at prices between $11 and $16 apiece in the last five quarters, a sign that DFC thinks they're worth a lot more. "The deal grossly undervalues their business," says Fergang.

Less than two weeks before Lone Star's bid, DFC CEO Jeff Weiss was reported to have told analysts at a New York conference that it estimated its normalized Ebitda would hit an annual run rate of $300 million by June of 2015. The $9.50 a share bid means that Lone Star would get the company for just 4.3 times Ebitda. Peers such as First Cash Financial (FCFS), World Acceptance (WRLD), and Cash America (CSH) trade at six to eight times Ebitda.

"I think they're stealing it. But unless someone else steps up, they're the clearing price. It's going to take a patient investor. I'm holding on in the hope of another bid emerging," says Nathan Snyder, a portfolio manager with Snow Capital Management, which owns the stock.

The investors argue that DFC Global shares are worth much more. Applying an industry multiple of six times Ebitda to the $300 million run rate achieved by the end of fiscal 2015, yields $1.8 billion in enterprise value. Take away $850 million in net debt, and you get $950 million in market value. Divide that by 38.6 million shares and you get $24.60, below the stock's 2007 high of $28.

"They sold us on how they were putting themselves at a disadvantage by complying with self-imposed limitations while they waited for the regulator to come in and level the playing field," says Fergang. "We've paid the cost for the infrastructure that will undoubtedly be their competitive advantage when the British rules come into effect."

12 Apr 2014 00:07 ET The Trader: A Rough Week: Stocks Fall More Than -2-

Shareholders also believe that Consumer Financial Protection Bureau's effect on DFC's U.S. unit is overstated because barely 10% of its operating profits are generated here. Of its 292 U.S. stores, 68% are in Florida and California, two states which have tightened regulations. As a result, DFC is already in compliance with most of the regulations expected to come down. "DFC Global has always prided itself on being able to work within tight regulatory regimes," says Fergang. "That and their global diversity and their scalable Internet infrastructure make them worthy of a premium to their peers."

"We think it's entirely possible that we will see one or more bids in the coming weeks," leading up to the shareholder meeting in the third quarter, says Mark Palmer, analyst with BTIG in New York. Of course, that will depend on what kind of financing they get.

-- Jack Willoughby

Vital Signs

	Friday's Close	Week's Change	Week's % Chg.
DJIndustrials	16026.75	-385.96	-2.35
DJTransportation	7362.39	-208.37	-2.75
DJUtilities	534.32	+2.71	+0.51
DJ65Stocks	5599.00	-116.44	-2.04
DJUSMarket	458.35	-13.06	-2.77
NYSEComp.	10280.94	-236.11	-2.24
NYSEMKTComp.	2578.88	+18.40	+0.72
S&P500	1815.69	-49.40	-2.65
S&PMidCap	1318.50	-48.61	-3.56
S&PSmallCap	642.79	-20.65	-3.11
Nasdaq	3999.73	-127.99	-3.10
ValueLine(arith.)	4301.78	-143.53	-3.23
Russell2000	1111.44	-41.94	-3.64
DJUSTSMFloat	19046.43	-552.93	-2.82

	Last Week	Week Earlier
NYSE		
Advances	975	2,130
Declines	2,241	1,063
Unchanged	36	61
NewHighs	134	389
NewLows	78	30
AvDailyVol(mil)	3,636.0	3,221.4
Dollar		
(Finexspotindex)	79.45	80.42
T-Bond		
(CBTnearbyfutures)	134-250	132-310
Crude Oil		
(NYMlightsweetcrude)	103.74	101.14

Inflation KR-CRB (FuturesPriceIndex)	309.39	304.84
Gold (CMXnearbyfutures)	1318.70	1303.20

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April 12, 2014 00:07 ET (04:07 GMT)

文件 DJDN000020140412ea4c0001u

DOW JONES
NEWSWIRES

Exchange Traded Funds Top 10 Volume Leaders

172 字
2014 年 4 月 11 日 22:42
Dow Jones Institutional News
DJDN
英文

STOCK (Symbol)		LAST	NET CHG	% CHG	VOL 100s
SPDR S&P 500	SPY	181.51	-1.65	-0.90	157,544,500
PwrShrs QQQ Tr Series 1	QQQ	84.11	-0.99	-1.16	87,030,463
Select Sector SPDR-Finl	XLF	21.28	-0.26	-1.21	78,457,186
iShares MSCI Emg Markets	EEM	41.83	0.00	0.00	71,357,301
iShares Russell 2000 ETF	IWM	110.41	-1.55	-1.38	64,724,917
iShares MSCI Japan ETF	EWJ	10.80	-0.04	-0.37	49,587,525
Direxion Daily Sm Bear 3x	TZA	17.99	0.69	3.99	34,536,347
Mkt Vectors Gold Miners	GDX	24.22	-0.35	-1.42	24,624,879
iShares China Large-Cap	FXI	36.14	-0.54	-1.47	23,919,102
ProShrs UltraShort S&P500	SDS	30.01	0.54	1.83	18,043,132

(END) Dow Jones Newswires

April 11, 2014 17:42 ET (21:42 GMT)

文件 DJDN000020140411ea4b003nm

DOW JONES
NEWSWIRES

Biotech: Like Lambs to the Slaughter -- Barron's Blog

By Ben Levisohn
289 字
2014 年 4 月 10 日 20:38
Dow Jones Institutional News
DJDN
英文

After rallying yesterday, biotech stocks are getting pounded, as Gilead (GILD), Amgen (AMGN) and Celgene (CELG) slide today.

The iShares Nasdaq Biotech ETF (IBB) has fallen 5.9% to $221.11 at 3:18 p.m. today, while the SPDR S&P Biotechnology ETF (XBI) has dropped 6.9% to $129.12. Gilead Sciences has fallen 6.8% to $65.86, Amgen has decline 5% to $114.04 and Celgene is off 5.5% at $138.29.

What's causing the slide? Nothing fundamental. Sure, the market's worried about how much Gilead Sciences will be allowed to charge for Solvadi but there's nothing screaming sell now beyond market sentiment.

Credit Suisse analyst Ravi Mehrotra and team predict think they'll find a bottom soon. The reason: Valuation. The S&P 500 trades at 16.5 times forward earnings, according to Morning star, while Gilead trades at 11.4 times, Amgen trades at 12.9 times and Celgene trades at 15 times.

Clearly, predicting the exact timing and magnitude of the bottom for any stock/sector is a near-impossible exercise, but bottom-line (get the pun?), we reiterate our view that large-cap biotech is unlikely to trade at a discount to the S&P500 for a sustained period of time given the quality and magnitude of growth of the Biotech sector. (Rather, it should be trading at a significant premium given the higher EPS growth rates -- 4x S&P500 EPS growth.)

The only problem: Right now, nobody cares.

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

April 10, 2014 15:38 ET (19:38 GMT)

文件 DJDN000020140410ea4a0034r

MarketWatch

News & Commentary
Time to sell your dividend stocks? Not so fast; Opinion: Over the long run, dividends account for most of the stock market's returns

Philip van Doorn
philip.vandoorn@dowjones.com; Philip van Doorn covers various investment and industry topics. He has previously worked as a senior analyst at TheStreet.com. He also has experience in community banking and as a credit analyst at the Federal Home Loan Bank of New York.
964 字
2014 年 4 月 10 日 16:11
MarketWatch
MRKWC
英文

What do you make of headlines warning of overly rich stock valuations, a looming correction and the danger of rising interest rates?

Some advisers, brokers and investment writers are saying the conditions are ripe for a rotation out of dividend stocks, the argument being that the anticipated rise in interest rates is making the landscape dangerous for the time being. When rates were close to zero, bonds paid almost nothing, while dividend stocks enjoyed a run-up in the market and better yields.

There are sound arguments for considering reallocating your portfolio, including this one from Lighthouse Capital LLC founder Aaron Katsman, but the decision needs to be based on your investment objectives, not only on market timing.

All things being equal, the price of an income-producing investment goes down as interest rates rise. That is especially true for bonds, since market prices must automatically adjust so that existing bonds' yields will match the coupon rates of newly issued bonds. But this may not matter if you are holding individual bonds bought at face value (or par value) or below, because you won't realize any losses if you hold the bonds to maturity. However, if you are holding shares of bond mutual funds or exchange traded funds, you may not be able to avoid losses.

The prices of preferred stocks will also decline as interest rates rise, and vice versa.

If you are holding individual bonds or preferred stocks, rising rates may not be a good reason to sell, if the securities are paying relatively high dividends or interest, and if your original objective was income. Has your objective changed? Did you pay a relatively large premium over face value for the security? These factors play a role in your decision. If you paid a relatively small premium and you still need the income, it may well be worth holding on to the investment.

For common stocks with attractive dividend yields, the story may be different.

Once again, the most important thing to consider is why you bought that high-dividend stock in the first place. Most articles on investment topics focus on picking common stocks for growth, and often short-term growth. But income-seeking investors have been forced to turn to common stocks in recent years because bond yields are so low, attractive preferred stocks are getting harder to find, and trust preferred securities have become scarce because new rules exclude them from banks' regulatory capital.

Common stocks with relatively high dividend yields have outperformed during the bull run over the past over five years. The S&P 500 Dividend Aristocrats Index has had a total return of 169%, exceeding the 143% total return for the benchmark S&P 500 , according to FactSet. There are several exchange traded funds that track the S&P 500 Dividend Aristocrats. One example is the ProShares S&P 500 Aristocrats ETF .

Looking further at the returns, the S&P 500 Dividend Aristocrats Index has also been less volatile. During a limp 2011, the S&P 500's total return was only 2%, while the Dividend Aristocrats Index returned 8.3%. Amid the credit blowup in 2008, the S&P 500 had a negative total return of 37%, while the Dividend Aristocrats Index saw a less painful negative return of 22%.

And get this: The 10-year total return for the S&P 500 Dividend Aristocrats Index is 165%, beating the S&P 500's 102% gain.

So it’s clear that long-term growth investors should strongly consider the benefits of high dividends.

According to S&P Dow Jones Indices, the S&P 500 Dividend Aristocrats Index limits its components to S&P 500 stocks that have raised their payouts for 25 consecutive years. Current holdings include AT&T Inc. , which pays a quarterly dividend of 46 cents a share, for a yield of 5.27%. AT&T’s arch rival, Verizon isn’t included in the index, but pays a quarterly dividend of 53 cents a share for a yield of 4.42%.

Another high-dividend payer included in the index is Consolidated Edison Inc. , which pays a quarterly dividend of 63 cents, for a yield of 4.56%.

Most of the stocks in the S&P 500 Dividend Aristocrats Index have lower dividend yields than AT&T and ConEd, but there are many quality names on the list, including Clorox Co. , which pays a quarterly dividend of 71 cents, for a yield of 3.18%. Another component is Exxon Mobil Corp. , which pays out 63 cents a share each quarter, for a dividend yield of 2.59%.

A Guinness Atkinson study titled “Why Dividends Matter” illustrates why holding such stocks pays off in the long run. For an average holding period of one year, dividends accounted for 27% of total returns for the S&P500 from 1940 to the end of 2011. For a three-year holding period, dividends accounted for 38%, and at five years it increased to 42%. And over 20 years, dividends accounted for 60% of total returns.

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Holding them for the long run generates returns that are hard to beat, writes Philip van Doorn.|103

文件 MRKWC00020140410ea4a001rx

DOW JONES
NEWSWIRES

Nikkei Up 1.5% On Bargain-Hunting, Weaker Yen -- Market Talk

233 字
2014 年 4 月 10 日 02:04
Dow Jones Institutional News
DJDN
英文

0104 GMT [Dow Jones] The Nikkei is up 1.5% at 14,506.54 in early trading, as bargain-hunting after recent sharp falls, as well as a slightly weaker yen, help push the index up. Topix is also up 1.4% with 32/33 subindexes moving higher. "Stocks have been closely tracking dollar-yen for the last few sessions, which signals strong participation by macro-hedge fund players," says Chris McGuire CEO at Phalanx Capital Management, a Chicago-based hedge fund. "With all the uncertainty over the start of Japan's higher consumption tax, it looks like there aren't too many 'real' money [unborrowed capital from investors] flows in the market. Nikkei average price-to-earnings stand at 14.0 times, a substantial discount the S&P500's 17 multiple and the NASDAQ at 21.

Financials are being bought back after recent steep falls; Nomura Holdings (8604.TO) is up 2.9% at Y645.

Sumitomo Metal Mining (5713.TO) is up 3.6% at Y1,339 after Alcoa (AA) reported strong earnings and forecast that global aluminum demand will exceed production in 2014, predicting an end to a multi-year surplus. (bradford.frischkorn@wsj.com)

Contact us in Singapore. 65 64154 140; MarketTalk@dowjones.com

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April 09, 2014 21:04 ET (01:04 GMT)

文件 DJDN000020140410ea4a00015

DOW JONES
NEWSWIRES

Nikkei Up 1.5% On Bargain-Hunting, Weaker Yen -- Market Talk

1,671 字
2014 年 4 月 10 日 02:04
Dow Jones Institutional News
DJDN
英文

Contact us in Singapore. 65 64154 140; MarketTalk@dowjones.com

0104 GMT [Dow Jones] The Nikkei is up 1.5% at 14,506.54 in early trading, as bargain-hunting after recent sharp falls, as well as a slightly weaker yen, help push the index up. Topix is also up 1.4% with 32/33 subindexes moving higher. "Stocks have been closely tracking dollar-yen for the last few sessions, which signals strong participation by macro-hedge fund players," says Chris McGuire CEO at Phalanx Capital Management, a Chicago-based hedge fund. "With all the uncertainty over the start of Japan's higher consumption tax, it looks like there aren't too many 'real' money [unborrowed capital from investors] flows in the market. Nikkei average price-to-earnings stand at 14.0 times, a substantial discount the S&P500's 17 multiple and the NASDAQ at 21. Financials are being bought back after recent steep falls; Nomura Holdings (8604.TO) is up 2.9% at Y645. Sumitomo Metal Mining (5713.TO) is up 3.6% at Y1,339 after Alcoa (AA) reported strong earnings and forecast that global aluminum demand will exceed production in 2014, predicting an end to a multi-year surplus. (bradford.frischkorn@wsj.com)

0101 GMT [Dow Jones] When it comes to the euro, quantitative easing as a potential tool to ease monetary conditions is not necessarily taken as a currency negative, and the euro could remain subject to upside risk, Credit Agricole CIB says. "This is mainly due to the fact that a positive capital flow situation has been among the key reasons keeping the single currency well supported during the past few months and as QE may increase demand for EUR-denominated risk assets considerably," the bank says. Spot EUR/USD was recently at 1.3860, just below the two-week high of 1.3866 hit Wednesday on dovish FOMC meeting minutes. (jerry.tan@wsj.com)

0053 GMT [Dow Jones] Silver exchange-traded products witnessed the largest inflows among precious metals in 1Q, at $354 million, ETF Securities says in a statement. "It appears that investors view the silver price around the $20/0z-level as a good entry point and with silver often viewed as a high beta version of gold, improved sentiment towards the gold price is causing investors to build positions in silver ETPs," it says. Overall, commodity ETPs received $271 million net inflows in 1Q, marking the first quarterly inflow since 4Q 2012, it notes, adding assets under ETF Securities ' management increased to $122.4 billion in 1Q from $122.1 billion at the end of 2013. Broad commodity ETPs saw a "turn in sentiment, with asset allocators rotating into the asset class as an alternative to overstretched developed market equities," Nicholas Brooks, head of research and investment strategy at ETF Securities , says. Spot silver is at $19.96/oz, up 11 cents from its previous close, and gold is at $1,312.85/oz, up 55 cents. (arpan.mukherjee@wsj.com)

0030 GMT [Dow Jones] Confidence continues to return to Australia's job markets with new job ads in March increasing 1.1% on the month, according to employment group SEEK. The survey has returned a consistent improvement in labor demand over recent months, aided by record low interest rates. "Over the past 4 years the Australian labor market has been negatively impacted by the slowdown in the mining sector...We now feel like the market is starting to find its feet again, our data points to gradual signs of improvement," says Joe Powell, SEEK's managing director. Job ads rose 1.9% in New South Wales, 1.2% in Queensland, 0.8% in Western Australia and 0.7% in South Australia. Ads in Victoria dipped 0.4% on the month. "Employment opportunities are looking promising across all states and territories in Australia, buoyed by low interest rates," Powell says. The SEEK data follows news of rising job ads as surveyed by the ANZ bank and official data showing job vacancies rising. (david.rogers@wsj.com; Twitter: @DRWSJ)

0022 GMT [Dow Jones] The ANZ Truckometer indexes--which use traffic volume data from around the country--suggest "that the NZ economy will continue to enjoy solid growth into at least mid-2014. But headwinds will soon start to blow harder," says ANZ Senior EconomistSharon Zollner. The heavy traffic index fell a seasonally adjusted 1.1% in March after a strong rise in February, while the light traffic index rose 1.1%. The heavy traffic index primarily covers trucks and tends to be contemporaneous with GDP growth, while the light traffic index covers mainly cars and vans and gives a six-month lead on GDP growth. Both rose in the

March quarter, however, "boding well for economic growth over the near term and into the middle of the year," Zollner says. She notes, however, the Reserve Bank is raising interest rates, debt levels remain high, fiscal policy is tight and the exchange rate "remains at eye-watering levels." As a result prolonging the expansion will "require spending restraint on the part of households, and an ongoing focus on productivity growth by firms." (rebecca.howard@wsj.com; Twitter: @FarroHoward)

0004 GMT [Dow Jones] Australian jobs data will be the main driver for the NZD/AUD during the session particularly if above expectations, ANZ says in a morning note. "Markets are expecting an increase in the unemployment rate. The RBA has also indicated it expects unemployment to trend higher. As such a second positive employment surprise, after last month's 47k increase, would drive AUD higher." The pair is at 0.9286 unchanged from late Wednesday. ANZ expects it to trade between 0.9230 and 0.9320 in the short term. (lucy.craymer@wsj.com;Twitter: @lucy_craymer)

2356 GMT [Dow Jones] Base metals are likely to be underpinned after details from the U.S. Federal Reserve's latest meeting showed board members discussed keeping interest rates low as long as inflation remained at less than 2%. The dovish view could boost sentiment and underpin prices. Also, the USD, which weakened against most currencies, could help trigger demand in dollar-denominated commodities as these would appear cheaper to holders of other currencies. LME 3-month copper ended 0.8% lower Wednesday at $6,616/ton, while aluminum closed 2.1% higher at $1,857/ton. Going forward, traders are bracing for the release of Chinese trade data, due later in global trading day. China is the world's largest consumer of base metals, and a string of weaker economic readings have pressured prices lower in recent months. (arpan.mukherjee@wsj.com)

2236 GMT [Dow Jones] Australia's S&P/ASX 200 remains on track for 5600 by the year end, driven by rising corporate cash flow, solid distribution growth and the world's highest dividend yield, say Credit Suisse analysts Hasan Tevfik and Damien Boey. "While Australia looks to be the most expensive market in the world on P/E ratios (after adjusting for sector mix), it is the cheapest on dividend yields," the strategists say in a report. "As long as bond yields remain low, Australian equities are well positioned to further benefit from the global-search-for-yield." They add Flight Centre (FLT.AU) to their Long Ideas model, while removing David Jones (DJS.AU) . The strategists also add Ramsay Health Care (RHC.AU) to their Short Ideas model, while removing Crown Resorts (CWN.AU). The S&P/ASX 200 closed 1% higher at 5463.8 Wednesday. (david.rogers@wsj.com; Twitter: @DRWSJ)

2206 GMT [Dow Jones] With U.S. equity markets recovering overnight on the back of the Fed minutes, expect confidence and a recovery in high-growth stocks to be seen in Asian markets, says Adrian Vance, an investment advisor for Forsyth Barr in Christchurch, New Zealand. Locally, Telecom (TEL.NZ) may again be in focus with the stock having had a strong run over the last couple of weeks, he sys. The NZX-50 is up 0.3% at 5080.55. (lucy.craymer@wsj.com;Twitter: @lucy_craymer)

2151 GMT [Dow Jones] The "path of least resistance" for the EUR/USD remains higher after markets took the Fed minutes released earlier to be somewhat dovish, says ASB's head of FX institutional sales, Tim Kelleher. "The ECB is still trying to talk it down but there is no action," he says. He adds the minutes may not have mentioned an accelerated time frame for raising interest rates as noted by Chairwoman Janet Yellen after the meeting, but this should not have surprised as it was a comment from Yellen not in the official statement. The pair is at 1.3853. Kelleher puts short-term support at 1.3800 with resistance at 1.3900. (lucy.craymer@wsj.com;Twitter: @lucy_craymer)

2103 GMT - Australian jobs data will be the key driver for the NZD/AUD during the session particularly if it beats expectations, says ANZ. "Markets are expecting an increase in the unemployment rate. The RBA has also indicated they expect unemployment to trend higher. As such, a second positive employment surprise, after last month's 47k increase, would drive AUD higher." The pair is at 0.9286 unchanged from late Wednesday. ANZ expect to trade in a short term range of 0.9230 - 0.9320. (lucy.craymer@wsj.com; @lucy_craymer)

14:50 EDT - Interest-rate-futures traders scale back hike expectations further in the wake of sanguine FOMC minutes. The odds of the Fed raising its short-term interest rate at the June 2015 meeting fell to 42% from 51% Tuesday, according to data from CME. They were at 64% on Thursday ahead of the March jobs report. (min.zeng@wsj.com; @minzengwsj)

(END) Dow Jones Newswires

April 09, 2014 21:04 ET (01:04 GMT)

文件 DJDN000020140410ea4a0003o

Biotech: Like Lambs to the Slaughter
Barron's Blogs, 2014 年 4 月 10 日 20:37, 436 字, By Ben Levisohn, (英文)

After rallying yesterday, biotech stocks are getting pounded, as Gilead (GILD), Amgen (AMGN) and Celgene (CELG) slide today.The iShares Nasdaq Biotech ETF (IBB) fell 5.6% to $221.89 today, while the SPDR S&P Biotechnology ETF (XBI) ...
文件 WCBBE00020140410ea4a001md

DOW JONES
NEWSWIRES

HSI Ignores China Trade Miss; Watch for New Stimulus Calls -- Market Talk

1,593 字
2014 年 4 月 10 日 03:31
Dow Jones Institutional News
DJDN
英文

Contact us in Singapore. 65 64154 140; MarketTalk@dowjones.com

0231 GMT [Dow Jones] There might be a bit of "bad news is good news" running through the Hong Kong market Thursday after the Hang Seng Index reacted only modestly to a big miss in China trade numbers. The HSI slipped 70 points after China reported a 6.6% decline in March exports versus the 4.2% increase expected by economists. Imports also fell, down 11.3% versus the 2.8% increase expected. Strategists have for weeks predicted China will step up with new stimulus to halt its slowing economic growth; March's report looks to give credence to those calls. (mia.lamar@wsj.com)

0229 GMT [Dow Jones] BMD crude palm oil is likely to open higher following a jump in soyoil prices overnight, as the U.S. Department of Agriculture revised its soybean stockpiles downwards. "The strength in soyoil...will lift export prospects for palm oil," said Tan Chee Tat, analyst at Phillip Futures in Singapore. Investors are also eyeing key production data to be released later this morning from the Malaysian Palm Oil Board. BMD CPO for June delivery closed up 1.5% at MYR2,615/ton on Wednesday.(isabella.steger@wsj.com)

0225 GMT [Dow Jones] USD/JPY may fall even further on confirmation of a second bearish signal that could appear soon. The dollar, under assault recently due to capitulation of non-performing long positions, has already dropped below the daily Ichimoku Cloud support zone (which now caps USD/JPY at 102.06). If USD/JPY ends Thursday below 101.72, and thereby enters the Bollinger downtrend channel, the confluence of two bearish technical indicators makes it more likely that the dollar could drop to the round-figure trading barrier at 100.00 in the near term. USD/JPY is now 101.95 from its Wednesday close of 101.97. (ewen.chew@wsj.com)

0223 GMT [Dow Jones] The USD/TWD is off its earlier low as Taiwan's central bank is believed to have bought the USD around 29.910, after heavy foreign fund inflows push it down to an over-three-month-low, say two local traders. The pair is at 29.960, off its earlier low 29.910--the lowest since Jan. 2 (29.770)--but lower than 30.100 traded before the central bank's suspected intervention Wednesday, which lifted it to 30.162 at the close of onshore trading session, traders say. "It seems that foreign investors just want to sell [the USD] at any cost," a trader says. And if South Korea's central bank doesn't intervene to lift the USD/KRW, the USD/TWD is likely to follow the USD/KRW to fall further and may not return to 30.000, he adds. They tip the pair to trade between 29.910 and 29.970 for the session. The Taiex is +0.1%. (fanny.liu@wsj.com)

0219 GMT [Dow Jones] The AUD/USD jumped to a five-month high of 0.9440 after March jobs data beat market expectations, feeding speculation of an earlier-than-expected interest rate hike. Employment rose 18,100 versus expectations of a 10,000 fall, while the unemployment rate fell to 5.8% vs 6.1% expected by the market. However, the employment mix wasn't so encouraging, with part-time jobs up 40,200 and full-time jobs down 22,100. Labor-force participation fell to 64.7% from an upwardly revised 64.9%. Volatility may have exaggerated the strength in the data, but that might not matter for the foreign exchange market, since most already believe the next move in interest rates will be higher. 0.9500 remains a popular short-term target and strategists are starting to allow for a possible move to parity, given the strength of foreign demand for Australian bonds and the Fed's ongoing efforts to damp expectations of higher U.S. interest rates. The AUD/USD is up 0.3% at 0.9416. (david.rogers@wsj.com; Twitter: @DRWSJ)

0212 GMT [Dow Jones] Tocom RSS3 rubber futures open lower as investors hold back from trading due to a lack of new data, says Makoto Sugitani at brokerage Newedge Japan. Volume is low and trading is range-bound. "Prices are sort of stuck at the lower end of the range," he adds. Benchmark September rubber trades Y0.7 lower at Y220.6/kg.(isabella.steger@wsj.com)

0207 GMT [Dow Jones] Sentiment on Indonesian government rupiah bonds will likely turn neutral as support for the popular presidential candidate Joko Widodo seems weakened. Early results show his opposition PDI-P party may have received only 19% of the popular votes in yesterday's legislative election. That's below the 25% of popular votes needed to nominate a candidate without forming a coalition. "I think the market will wait for what kind of coalition will be formed," says Mandiri Sekuritas's bond analyst Handy Yunianto. Moreover, yields are already low after the recent rally in bond prices, he adds. The average bond yield is now 7.96%, the lowest level since September, down from 8.5% end of December. (i-made.sentana@wsj.com)

0201 GMT [Dow Jones] The Philippine peso is much stronger versus the U.S. unit after another overnight fall in the ICE U.S. dollar index. USD/PHP gapped lower Thursday and then hit the technical support at the bottom of the daily Bollinger downtrend channel at 44.47--implying a 0.6% gain for the peso--as the U.S. dollar extended its slide for a third day. The downtrend channel, which remains in effect as long as USD/PHP remains under 44.67, could guide USD/PHP to 44.25, where the weekly downtrend channel begins. The fall of the U.S. dollar has been attributed to speculators cutting out long-USD positions that have not been performing due to the depressed level of the benchmark U.S. 10-year Treasury yield. USD/PHP is now 44.48 from its last close of 44.74. (ewen.chew@wsj.com)

0141 GMT [Dow Jones] The rupiah weakens 0.5% versus the U.S. dollar after preliminary private surveys of the legislative election on Wednesday revealed that the opposition PDI-P party--which will likely field the well-liked Joko Widodo as its presidential candidate in June--may not have a strong majority and, thus, could face legislative obstacles in the future. USD/IDR has defied broad U.S. dollar weakness that has been pressuring USD/Asia all week. The USD/IDR downtrend channel has now been negated, suggesting less likelihood for the rupiah to appreciate in the near term. USD/IDR is now 11,340 from its last close of 11,286. (ewen.chew@wsj.com)

0136 GMT [Dow Jones] Largan Precision (3008.TW) has gone up 23% in four days after posting a better-than-expected 1Q14 sales, but there is still ample room for earnings upside from here, says Goldman Sachs. "We believe Chinese OEMs, typically aggressive in leveraging camera features as a key point of differentiation, have continued to provide Largan with compelling growth potential, especially when its progress with Samsung remains limited," it says. It raises its target price 27% to NT$2,000. Largan trades up 1.2% today to NT$1,660. (jacky.wong@wsj.com; Twitter: @jackycwong)

0131 GMT [Dow Jones] Investors may take profit on Indonesian shares today after the opposition party, PDI-P, may not have secured enough votes in Wednesday's legislative election to nominate its own candidate, the popular Jakarta Governor Joko Widodo, in the July's election without a coalition. Early results suggest support for the party was around 19%, falling short of the 25% of popular votes needed to nominate a candidate on its own. "We view this as a disappointment as the rally prior to the election suggested that more people were betting on subsiding political uncertainty. We expect the rally to pause and the market to see some profit-taking," says CIMB in a note. (i-made.sentana@dowjones.com)

0104 GMT [Dow Jones] The Nikkei is up 1.5% at 14,506.54 in early trading, as bargain-hunting after recent sharp falls, as well as a slightly weaker yen, help push the index up. Topix is also up 1.4% with 32/33 subindexes moving higher. "Stocks have been closely tracking dollar-yen for the last few sessions, which signals strong participation by macro-hedge fund players," says Chris McGuire CEO at Phalanx Capital Management, a Chicago-based hedge fund. "With all the uncertainty over the start of Japan's higher consumption tax, it looks like there aren't too many 'real' money [unborrowed capital from investors] flows in the market. Nikkei average price-to-earnings stand at 14.0 times, a substantial discount the S&P500's 17 multiple and the NASDAQ at 21. Financials are being bought back after recent steep falls; Nomura Holdings (8604.TO) is up 2.9% at Y645. Sumitomo Metal Mining (5713.TO) is up 3.6% at Y1,339 after Alcoa (AA) reported strong earnings and forecast that global aluminum demand will exceed production in 2014, predicting an end to a multi-year surplus. (bradford.frischkorn@wsj.com)

(END) Dow Jones Newswires

April 09, 2014 22:31 ET (02:31 GMT)

文件 DJDN000020140410ea4a0007u

DOW JONES
NEWSWIRES

Indonesian Govt Bond Sentiment Likely to Turn Neutral -- Market Talk

1,760 字
2014 年 4 月 10 日 03:07
Dow Jones Institutional News
DJDN
英文

Contact us in Singapore. 65 64154 140; MarketTalk@dowjones.com

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0101 GMT [Dow Jones] When it comes to the euro, quantitative easing as a potential tool to ease monetary conditions is not necessarily taken as a currency negative, and the euro could remain subject to upside risk, Credit Agricole CIB says. "This is mainly due to the fact that a positive capital flow situation has been among the key reasons keeping the single currency well supported during the past few months and as QE may increase demand for EUR-denominated risk assets considerably," the bank says. Spot EUR/USD was recently at 1.3860, just below the two-week high of 1.3866 hit Wednesday on dovish FOMC meeting minutes. (jerry.tan@wsj.com)

0053 GMT [Dow Jones] Silver exchange-traded products witnessed the largest inflows among precious metals in 1Q, at $354 million, ETF Securities says in a statement. "It appears that investors view the silver price around the $20/0z-level as a good entry point and with silver often viewed as a high beta version of gold, improved sentiment towards the gold price is causing investors to build positions in silver ETPs," it says. Overall, commodity ETPs received $271 million net inflows in 1Q, marking the first quarterly inflow since 4Q 2012, it notes, adding assets under ETF Securities' management increased to $122.4 billion in 1Q from $122.1 billion at the end of 2013. Broad commodity ETPs saw a "turn in sentiment, with asset allocators rotating into the asset class as an alternative to overstretched developed market equities," Nicholas Brooks, head of research and investment strategy at ETF Securities, says. Spot silver is at $19.96/oz, up 11 cents from its previous close, and gold is at $1,312.85/oz, up 55 cents. (arpan.mukherjee@wsj.com)

0030 GMT [Dow Jones] Confidence continues to return to Australia's job markets with new job ads in March increasing 1.1% on the month, according to employment group SEEK. The survey has returned a consistent improvement in labor demand over recent months, aided by record low interest rates. "Over the past 4 years the Australian labor market has been negatively impacted by the slowdown in the mining sector...We now feel like the market is starting to find its feet again, our data points to gradual signs of improvement," says Joe Powell, SEEK's managing director. Job ads rose 1.9% in New South Wales, 1.2% in Queensland, 0.8% in Western Australia and 0.7% in South Australia. Ads in Victoria dipped 0.4% on the month. "Employment opportunities are looking promising across all states and territories in Australia, buoyed by low interest rates," Powell says. The SEEK data follows news of rising job ads as surveyed by the ANZ bank and official data showing job vacancies rising. (david.rogers@wsj.com; Twitter: @DRWSJ)

0022 GMT [Dow Jones] The ANZ Truckometer indexes--which use traffic volume data from around the country--suggest "that the NZ economy will continue to enjoy solid growth into at least mid-2014. But headwinds will soon start to blow harder," says ANZ Senior Economist Sharon Zollner. The heavy traffic index fell a seasonally adjusted 1.1% in March after a strong rise in February, while the light traffic index rose 1.1%. The heavy traffic index primarily covers trucks and tends to be contemporaneous with GDP growth, while the light traffic index covers mainly cars and vans and gives a six-month lead on GDP growth. Both rose in the March quarter, however, "boding well for economic growth over the near term and into the middle of the year," Zollner says. She notes, however, the Reserve Bank is raising interest rates, debt levels remain high, fiscal policy is tight and the exchange rate "remains at eye-watering levels." As a result prolonging the expansion will "require spending restraint on the part of households, and an ongoing focus on productivity growth by firms." (rebecca.howard@wsj.com; Twitter: @FarroHoward)

0004 GMT [Dow Jones] Australian jobs data will be the main driver for the NZD/AUD during the session particularly if above expectations, ANZ says in a morning note. "Markets are expecting an increase in the unemployment rate. The RBA has also indicated it expects unemployment to trend higher. As such a second positive employment surprise, after last month's 47k increase, would drive AUD higher." The pair is at 0.9286 unchanged from late Wednesday. ANZ expects it to trade between 0.9230 and 0.9320 in the short term. (lucy.craymer@wsj.com;Twitter: @lucy_craymer)

2356 GMT [Dow Jones] Base metals are likely to be underpinned after details from the U.S. Federal Reserve's latest meeting showed board members discussed keeping interest rates low as long as inflation remained at less than 2%. The dovish view could boost sentiment and underpin prices. Also, the USD, which weakened against most currencies, could help trigger demand in dollar-denominated commodities as these would appear cheaper to holders of other currencies. LME 3-month copper ended 0.8% lower Wednesday at $6,616/ton, while aluminum closed 2.1% higher at $1,857/ton. Going forward, traders are bracing for the release of Chinese trade data, due later in global trading day. China is the world's largest consumer of base metals, and a string of weaker economic readings have pressured prices lower in recent months. (arpan.mukherjee@wsj.com)

(END) Dow Jones Newswires

April 09, 2014 22:07 ET (02:07 GMT)

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DOW JONES
NEWSWIRES

General Motors: 'Favorable Entry Point,' RBC Says, Despite Competition Concerns -- Barron's Blog

By Ben Levisohn
272 字
2014 年 4 月 8 日 20:19
Dow Jones Institutional News
DJDN
英文

The worst of the recalls may be over for General Motors' (GM) shares. That could make it a good short-term buy, but competition could be a long-term issue for General Motors.

RBC Capital Markets' Joseph Spak explains:

GM shares have fallen by 9.5% (vs. S&P500 -1.8%) since the GM ignition switch recall came into greater focus ($6bn in market cap). Headlines remain negative and reputational risk is real. Candidly, we have more caution on the longer-term story. However, the stock appears oversold and we believe sentiment may be bottoming out. From a risk/reward perspective, we believe the entry point is favorable...

Bigger long-term concern is US cycle. GM's strategy to price for improved product the right one -- but timing is difficult. The majority of total GM's US volume (70%) is the Chevy brand which we believe is generally viewed by the consumer as a value proposition. So even though product is improved, taking price amid a more competitive environment could prove challenging.

Spak lowered his price target on General Motors to $46 from $48.

Shares of General Motors have gained 0.8% to $34.38 at 3:15 p.m., while Ford Motors (F) has risen 0.9% to $16.09, Toyota Motor (TM) has fallen 2.1% to $109.07 and Honda Motor (HMC) has dropped 1.8% to $33.81.

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

April 08, 2014 15:19 ET (19:19 GMT)

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Barron's Blogs, 2014 年 4 月 8 日 20:19, 249 字, By Ben Levisohn, (英文)
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文件 WCBBE00020140408ea480025t

BARRON'S

MARKET WEEK

Stocks --- The Trader: Nasdaq Dives as Investors Bolt for Value Stocks

By Vito J. Racanelli
2,101 字
2014 年 4 月 7 日
Barron's
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英文

Stocks finished generally to the upside last week, but a painful and lightning-fast shellacking Friday nearly swamped the gains, leaving investors shaken about the market's near-term direction.

The pivot came Friday around 11 a.m. Until then, a number of decent-to-good macroeconomic data releases during the week had boosted the market to an all-time intraday high. That evaporated when highflying biotech, technology, and social-media stocks, like Regeneron Pharmaceuticals (ticker: REGN), Netflix (NFLX), and Tesla Motors (TSLA), plunged.

The Dow Jones Industrial Average gained 0.6%, or 90 points, to 16,412.71 last week. The Standard & Poor's 500 index added 7.5, or 0.4%, to 1865.09, down from Friday's all- time intraday high of 1897.28. The tech-heavy Nasdaq Composite index, however, gave up 28 points, or 0.7%, to 4127.73.

For those wondering how the market could remain just below all-time highs while famous names like Facebook (FB) fell 20%, there is an explanation. Friday's action vividly highlighted a move that's been going on since February: Investors are switching from growth to value stocks. With high-profile stocks like Facebook under pressure for weeks, that rotation intensified, culminating in Friday's move.

Seth Setrakian, a partner at First New York Securities, says investors have sold off stocks that set 2013 afire and put money into "stodgy" but reliable old tech names and dividend payers, like Microsoft (MFST), which is at all-time highs, and Intel (INTC), near 52-week highs.

On Friday, in particular, there was market talk of forced selling of biotech and social-media names, he says. Hedge funds, some highly leveraged, have been big investors in some momentum stocks, and continued to put money into them in 2014. Following weakness that began in March in biotech and social media, Friday's declines reached levels that turned selling orders into an avalanche, traders said.

Many of the stocks punished since February are 2013 momentum plays, which went one-way last year: up, says Sal Arnuk, a partner at Themis Trading. "When the mo' turns," he adds, it can mean a quick drop.

Monday promises to be interesting, and the life of this selloff might be measured by what happens to the old tech stocks and high-dividend yielders that have so far been a refuge for investors.

Dunkin' Brands Group has shown seemingly good earnings growth recently. That, and plans to expand a relatively small brand beyond its core east of the Mississippi have boosted shares. The stock is up almost 50% since 2012, to $48.48 Friday, topping the market's 31% run in that period.

With a $5.3 billion market cap, Dunkin' (ticker: DNKN) sports almost 11,000 mostly franchised outlets, as well as 7,300 Baskin & Robbins ice cream stores, though the latter's weak returns aren't part of the bull story. Net income rose 35% in 2013 to $146.9 million from $108 million in 2012, which in turn rose over 200% from $34 million in 2011. Dunkin' plans to build 380 to 410 net new stores this year, many of them in the Midwest and Western U.S.

Yet a closer look at earnings and its expansion should make investors wonder if the valuation has gotten ahead of reasonable expectations. Dunkin' trades at 27 times this year's consensus EPS estimate of $1.82, a big jump from 2013's $1.36. That's a price/earnings ratio higher than its historical median and above P/Es of bigger and better-operated quick-service restaurants.

What about that earnings growth? According to a recent report from New Constructs, an independent research outfit, Dunkin's growth has been briefly enhanced by a few one-time events. A chunk of 2012 growth came thanks to some $70 million in one-time 2011 expenses -- about 16% of the total -- which sharply

depressed 2011's results, the report notes. Similarly, 2013 was boosted by $32 million in one-time reductions of revenue and expenses in 2012.

Adjusting for those items, after-tax net operating profit grew 30% in 2012 and 7% in 2013 -- good but not deserving of such a multiple, New Constructs wrote. Dunkin's return on invested capital is a paltry 8.5%, much lower than its peers, and suggests it isn't in a strong position to expand.

Moreover, the expected earnings per share jump in 2014 seems too optimistic. For example, Dunkin's domestic same-store sales -- 71% of outlets are in the U.S. -- have dropped steadily over the past three years to 3.4% in 2013, from 4.2% and 5.1% in 2012 and 2011, respectively. The stock has risen, but the 2014 consensus EPS has been stuck at $1.82 for nearly a year.

Dunkin' hasn't been building in its newer regions as fast as planned, according to Alton Stump, an analyst with Longbow Research. He says his industry channel checks show Dunkin' is missing new-region store targets and offsetting that by beating targets in core geographic areas on the East Coast. The Atlantic coast of Florida, a state that provides 7% of the U.S. store base, faces an overbuild threat, with same-store sales there having decelerated to 6% to 7% from 8% to 9%, he adds.

This raises a risk of cannibalization, adds Stump, who has a $35 target on the stock. Dunkin's multiple could come under pressure if companywide same-store sales continue to decelerate. Another issue, Stump adds, is that coffee, a high-margin product that generates 70% of sales in the New England market, represents less than 40% of store level sales outside Dunkin's core region -- and 30% in some newer areas.

In response to a request for comment, a Dunkin' spokesperson directed Barron's to a recent company presentation. In it, the company expects $1.79 to $1.83 EPS this year and 3% to 4% comparable-store growth for Dunkin's U.S. stores.

High expectations are built into the stock price. If missed, the stock is going to pay.

Another top performer facing potential cannibalization risk is World Wrestling Entertainment (WWE), whose shares, which closed at $28.02 Friday, have about tripled since the fall, trouncing the 9% bull market rise over the same period. Why the excitement about a firm in which revenue and profit growth have been poor recently and lackluster longer-term?

It derives mostly from the February launch of its own digitally delivered network for WWE's popular wrestling entertainment programming. Management predicts it can "double or triple" the $63.2 million 2012 operating income before depreciation and amortization (Oibda) results by 2015. In 2013, Oibda fell to $30.4 million.

The market has bought the company argument enthusiastically, but there are reasons to be skeptical. For $9.99 per month -- down from $12.99 to $14.99 originally -- fans get "all you can eat" wrestling programs 24/7, including the lucrative 12 or so annual WWE pay-per-view events that separately would normally cost $45 to $60 per event.

WWE figures the new network could ultimately attract two to three million subscribers domestically, suggesting, at $120 per subscriber, some $240 million to $360 million in "extra" revenue per year. Given WWE has been around $500 million in sales since 2007, it's no wonder the stock popped.

Analysts upped their EPS estimates to $1.53 in 2015. WWE's net income last year was $2.8 million or four cents a share, and $31.4 million or 51 cents in 2012. WWE shares are trading at a rich P/E ratio of 24 times projected 2015 EPS, but analysts expect a one-cent EPS loss this year. For the record, the trailing P/E is 700 times.

Bearish considerations are getting short shrift. First, WWE is betting its new network revenue will offset a likely drop or loss of PPV sales -- $82.5 million last year -- but that will happen only if it gets to subscriber targets.

Then there are new and significantly higher costs in setting up a 24/7 network versus PPV. Analysts see a 2014 loss for a reason. WWE has already guided to a first quarter 2014 net loss of $12 million to $15 million from launch costs.

The stock is challenging at this point, says Alan Lancz, whose eponymous firm sold out of WWE recently. How much cannibalization there will be is unknown, he says, and the stock price discounts the success of what is a fledgling network, exposing shareholders to execution risk.

Potential cannibalization of live-event ticket sales, $111.5 million last year, is something no one is talking about. Together with PPV, that's about $200 million in revenue, 40% of total sales, and a good portion of the predicted but not-yet-seen new revenue. The network should draw subscribers both from the live events and the PPV fan base, which has some overlap. If a subscriber has 24/7 wrestling on his laptop or TV at home for just a few dollars a month, there's considerably less incentive both for the subscriber and his friends to spend on PPV or a $75 live wrestling match ticket.

Other broadcast networks love WWE programing but won't they be hesitant in the future to pay up when it's available 24/7 on WWE's own network? Investors don't seem to be pricing in bearish factors. Given weak revenue growth since 2007 -- a considerable period -- the market could be overestimating WWE's ultimate appeal.

Investors might be confusing the raving loyalty of its fans -- its events consistently get among the best TV ratings -- with WWE growth possibilities, that is, appealing to new fans. The network is a different way of reaching current hardcore fans. While it might attract new ones, that's far from the slam dunk that the stock's rise discounts. We also have our doubts that WWE's international appeal will meet rosy expectations.

In an interview, WWE's chief strategy and financial officer, George Barrios, disputes our valuation skepticism, likening its digital network to those of global content distributors like Netflix. After the U.S., the digital network will be ready in the U.K. and Nordic countries by late 2014 or early 2015, he adds.

As for cannibalization, WWE expects $50 million to $150 million in OIBDA if two million to three million subscribers sign up, and that assumes PPV revenue goes away. Barrios notes that content costs for the network are higher than for PPV, but adds that at a million subs, the network is at break-even. WWE will release initial subscriber numbers Monday, April 7. He wouldn't comment on continuing negotiations with broadcasters.

If Monday's number is big, the stock might pop again, but it's the hardcore who will sign up first. Longer-term, it's unclear that the two million to three million number will be reached. There's a lot of momentum behind the stock and it could go higher for a short time, Lancz notes, but the risk and reward equation is no longer favorable.

Vital Signs

	Friday's Close	Week's Change	Week's % Chg.
DJIndustrials	16412.71	+89.65	+0.55
DJTransportation	7570.76	+119.40	+1.60
DJUtilities	531.61	+4.67	+0.89
DJ65Stocks	5715.44	+51.70	+0.91
DJUSMarket	471.40	+1.88	+0.40
NYSEComp.	10517.05	+82.17	+0.79
NYSEMKTComp.	2560.48	+8.66	+0.34
S&P500	1865.09	+7.47	+0.40
S&PMidCap	1367.11	+8.91	+0.66
S&PSmallCap	663.44	+4.19	+0.64
Nasdaq	4127.73	-28.03	-0.67
ValueLine(arith.)	4445.31	+31.98	+0.72
Russell2000	1153.38	+1.57	+0.14
DJUSTSMFloat	19599.36	+72.45	+0.37

	Last Week	Week Earlier
NYSE		
Advances	2,130	1,485
Declines	1,063	1,713
Unchanged	61	51
NewHighs	389	213
NewLows	30	64
AvDailyVol(mil)	3,221.4	3,333.7
Dollar		
(Finexspotindex)	80.42	80.18
T-Bond		
(CBTnearbyfutures)	132-310	133-170
Crude Oil		
(NYMlightsweetcrude)	101.14	101.67
Inflation KR-CRB		

(FuturesPriceIndex)	304.84	305.21
Gold		
(CMXnearbyfutures)	1303.20	1293.80

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5035

文件 B000000020140405ea4700019

DOW JONES
NEWSWIRES

The Trader: Nasdaq Dives As Investors Bolt For Value Stocks -- Barron's

2,132 字
2014 年 4 月 7 日 11:55
Dow Jones Newswires Chinese (English)
RTNW
英文

(FROM BARRON'S 4/7/14)

By Vito J. Racanelli

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On Friday, in particular, there was market talk of forced selling of biotech and social-media names, he says. Hedge funds, some highly leveraged, have been big investors in some momentum stocks, and continued to put money into them in 2014. Following weakness that began in March in biotech and social media, Friday's declines reached levels that turned selling orders into an avalanche, traders said.

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With a $5.3 billion market cap, Dunkin' (ticker: DNKN) sports almost 11,000 mostly franchised outlets, as well as 7,300 Baskin & Robbins ice cream stores, though the latter's weak returns aren't part of the bull story. Net income rose 35% in 2013 to $146.9 million from $108 million in 2012, which in turn rose over 200% from $34 million in 2011. Dunkin' plans to build 380 to 410 net new stores this year, many of them in the Midwest and Western U.S.

Yet a closer look at earnings and its expansion should make investors wonder if the valuation has gotten ahead of reasonable expectations. Dunkin' trades at 27 times this year's consensus EPS estimate of $1.82, a big jump from 2013's $1.36. That's a price/earnings ratio higher than its historical median and above P/Es of bigger and better-operated quick-service restaurants.

What about that earnings growth? According to a recent report from New Constructs, an independent research outfit, Dunkin's growth has been briefly enhanced by a few one-time events. A chunk of 2012 growth came thanks to some $70 million in one-time 2011 expenses -- about 16% of the total -- which sharply

depressed 2011's results, the report notes. Similarly, 2013 was boosted by $32 million in one-time reductions of revenue and expenses in 2012.

Adjusting for those items, after-tax net operating profit grew 30% in 2012 and 7% in 2013 -- good but not deserving of such a multiple, New Constructs wrote. Dunkin's return on invested capital is a paltry 8.5%, much lower than its peers, and suggests it

isn't in a strong position to expand.

Moreover, the expected earnings per share jump in 2014 seems too optimistic. For example, Dunkin's domestic same-store sales -- 71% of outlets are in the U.S. -- have dropped steadily over the past three years to 3.4% in 2013, from 4.2% and 5.1% in 2012 and 2011, respectively. The stock has risen, but the 2014 consensus EPS has been stuck at $1.82 for nearly a year.

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This raises a risk of cannibalization, adds Stump, who has a $35 target on the stock. Dunkin's multiple could come under pressure if companywide same-store sales continue to decelerate. Another issue, Stump adds, is that coffee, a high-margin product that generates 70% of sales in the New England market, represents less than 40% of store level sales outside Dunkin's core region -- and 30% in some newer areas.

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Another top performer facing potential cannibalization risk is World Wrestling Entertainment (WWE), whose shares, which closed at $28.02 Friday, have about tripled since the fall, trouncing the 9% bull market rise over the same period. Why the excitement about a firm in which revenue and profit growth have been poor recently and lackluster longer-term?

It derives mostly from the February launch of its own digitally delivered network for WWE's popular wrestling entertainment programming. Management predicts it can "double or triple" the $63.2 million 2012 operating income before depreciation and amortization (Oibda) results by 2015. In 2013, Oibda fell to $30.4 million.

The market has bought the company argument enthusiastically, but there are reasons to be skeptical. For $9.99 per month -- down from $12.99 to $14.99 originally -- fans get "all you can eat" wrestling programs 24/7, including the lucrative 12 or so annual WWE pay-per-view events that separately would normally cost $45 to $60 per event.

WWE figures the new network could ultimately attract two to three million subscribers domestically, suggesting, at $120 per subscriber, some $240 million to $360 million in "extra" revenue per year. Given WWE has been around $500 million in sales since 2007, it's no wonder the stock popped.

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Bearish considerations are getting short shrift. First, WWE is betting its new network revenue will offset a likely drop or loss of PPV sales -- $82.5 million last year -- but that will happen only if it gets to subscriber targets.

Then there are new and significantly higher costs in setting up a 24/7 network versus PPV. Analysts see a 2014 loss for a reason. WWE has already guided to a first quarter 2014 net loss of $12 million to $15 million from launch costs.

The stock is challenging at this point, says Alan Lancz, whose eponymous firm sold out of WWE recently. How much cannibalization there will be is unknown, he says, and the stock price discounts the success of what is a fledgling network, exposing shareholders to execution risk.

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In an interview, WWE's chief strategy and financial officer, George Barrios, disputes our valuation skepticism, likening its digital network to those of global content distributors like Netflix. After the U.S., the digital network will be ready in the U.K. and Nordic countries by late 2014 or early 2015, he adds.

The Trader: Nasdaq Dives As Investors Bolt For Value Stocks -- Barron's -2-

As for cannibalization, WWE expects $50 million to $150 million in OIBDA if two million to three million subscribers sign up, and that assumes PPV revenue goes away. Barrios notes that content costs for the network are higher than for PPV, but adds that at a million subs, the network is at break-even. WWE will release initial subscriber numbers Monday, April 7. He wouldn't comment on continuing negotiations with broadcasters.

If Monday's number is big, the stock might pop again, but it's the hardcore who will sign up first. Longer-term, it's unclear that the two million to three million number will be reached. There's a lot of momentum behind the stock and it could go higher for a short time, Lancz notes, but the risk and reward equation is no longer favorable.

Vital Signs

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DJ65Stocks	5715.44	+51.70	+0.91
DJUSMarket	471.40	+1.88	+0.40
NYSEComp.	10517.05	+82.17	+0.79
NYSEMKTComp.	2560.48	+8.66	+0.34
S&P500	1865.09	+7.47	+0.40
S&PMidCap	1367.11	+8.91	+0.66
S&PSmallCap	663.44	+4.19	+0.64
Nasdaq	4127.73	-28.03	-0.67
ValueLine(arith.)	4445.31	+31.98	+0.72
Russell2000	1153.38	+1.57	+0.14
DJUSTSMFloat	19599.36	+72.45	+0.37

	Last Week	Week Earlier
NYSE		
Advances	2,130	1,485
Declines	1,063	1,713
Unchanged	61	51
NewHighs	389	213
NewLows	30	64
AvDailyVol(mil)	3,221.4	3,333.7
Dollar		
(Finexspotindex)	80.42	80.18
T-Bond		
(CBTnearbyfutures)	132-310	133-170
Crude Oil		

(NYMlightsweetcrude)	101.14	101.67
Inflation KR-CRB		
(FuturesPriceIndex)	304.84	305.21
Gold		
(CMXnearbyfutures)	1303.20	1293.80

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The Trader: Nasdaq Dives As Investors Bolt For Value Stocks -- Barron's

2,134 字
2014 年 4 月 5 日 05:10
Dow Jones Institutional News
DJDN
M3
英文

(FROM BARRON'S 4/7/14)
By Vito J. Racanelli

Stocks finished generally to the upside last week, but a painful and lightning-fast shellacking Friday nearly swamped the gains, leaving investors shaken about the market's near-term direction.

The pivot came Friday around 11 a.m. Until then, a number of decent-to-good macroeconomic data releases during the week had boosted the market to an all-time intraday high. That evaporated when highflying biotech, technology, and social-media stocks, like Regeneron Pharmaceuticals (ticker: REGN), Netflix (NFLX), and Tesla Motors (TSLA), plunged.

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5 Apr 2014 00:10 ET The Trader: Nasdaq Dives As Investors Bolt For -2-

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Declines	1,063	1,713
Unchanged	61	51
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NewLows	30	64
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Dollar		
(Finexspotindex)	80.42	80.18
T-Bond		
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Crude Oil		

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Inflation KR-CRB		
(FuturesPriceIndex)	304.84	305.21
Gold		
(CMXnearbyfutures)	1303.20	1293.80

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April 05, 2014 00:10 ET (04:10 GMT)

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Who Says There's No Biotech Bubble?
Barron's Blogs, 2014 年 4 月 4 日 20:51, 354 字, By Ben Levisohn, (英文)
Biotech stocks are plunging today, which once again raises the question: Are we witnessing the popping of the biotech bubble?It's hard not to think it might be. Today, Gilead Sciences (GILD), Intercept Pharmaceuticals (ICPT), Celgene ...
文件 WCBBE00020140404ea44001rx

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By Ben Levisohn
380 字
2014 年 4 月 4 日 20:51
Dow Jones Institutional News
DJDN
英文

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It's hard not to think it might be. Today, Gilead Sciences (GILD), Intercept Pharmaceuticals (ICPT), Celgene (CELG), Amgen (AMGN) and Vertex Pharmaceuticals (VRTX).

Credit Suisse analyst Ravi Mehrotra still doesn't think biotechs are in a bubble:

In our view, we are/were in a biotech bull-run vs. biotech bubble. We remain bullish for the 2014 year-end biotech sector performance: (1) we do expect continued sector-wide volatility; (2) there are elements of the biotech sector which are analogous between '99/'00 (biotech bubble) and '13/'14 (biotech bull) markets - most notably, a relative plethora of platform/early-stage companies -- however, we highlight that the business models for platform technology companies in '99/'00 and '13/'14 are markedly different -- now, new gen platform technology companies are actually trying to bring products to market (vs. just selling tools and services). (3) For the large-caps, unless we see fundamental disappointment(s) from the "leadership" companies, we think their valuations actually provide room for upside (Large-cap biotech is now trading at a 2016 PE discount, but 4 times the EPS growth, to/of the S&P500). Our two keys picks in large-cap land remain [Biogen (BIIB) and Gilead Sciences].

ISI Group's Joe Ruggieri looks for signs of a bottom:

I do think we have a few potential fundamental catalysts over the next few weeks/months (AACR this weekend ([Pfizer (PFE)] Palbo data), EASL next week ([Merck (MRK) /Gilead (GILD) /Bristol-Myers Squibb (BMY) /Intercept Pharmaceuticals (ICPT)]), MNKD PDUFA 4/15, earnings, [Celgene (CELG)] Markman hearing 4/29, [Amgen (AMGN)] Kyprolis phase data 2Q, [Vertex Pharmaceuticals (VRTX)] phase 3 CF data mid-yr, ASCO, etc) that could provide an inflection point. While this continues to be painful, correlations remain high and hedge fund de-risking/capitulation not helping, think we could start to see buyers dip toe into high conviction ideas soon.

How soon is now?

More at Barron's Stocks to Watch blog, http://blogs.barrons.com/stockstowatchtoday/

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April 04, 2014 15:51 ET (19:51 GMT)

文件 DJDN000020140404ea4400398

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Hong Kong Stocks Eye China PMIs as Mini-Stimulus Announced -- Market Talk

215 字
2014 年 4 月 3 日 02:12
Dow Jones Institutional News
DJDN
英文

0112 GMT [Dow Jones] Hong Kong's markets may test the strength of a four-day rally today, with the announcement of a Chinese "mini-stimulus" providing support against pressure from weaker-than-expected official PMI data. China's official non-manufacturing PMI data cooled to 54.5 in March from 55.0 a month earlier, missing consensus estimates. The data come on the heels of a mini-stimulus package from the Chinese government, which yesterday announced accelerated spending measures to spur growth. "We consider the news of the announcement the lessening of the likelihood of a resort to go-stop monetary policy, which is positive for EM risk assets," says ING. The Hang Seng Index climbed 0.3% on Wednesday to 22,523.94, the fourth consecutive day of gains for the index. Hang Seng Index futures rose in pre-market trading after the S&P500 hit a record high for the eighth time this year overnight.

Attention turns next to HSBC's China Services PMI due at 9.45am.

(gregor.hunter@wsj.com; Twitter: @gregorhunter)

Contact us in Singapore. 65 64154 140; MarketTalk@dowjones.com

(END) Dow Jones Newswires

April 02, 2014 21:12 ET (01:12 GMT)

文件 DJDN000020140403ea430001e

DOW JONES
NEWSWIRES

Asian Markets Likely Higher As S&P500 Hits Another Record High -- Market Talk

161 字
2014 年 4 月 2 日 22:36
Dow Jones Institutional News
DJDN
英文

2136 GMT [Dow Jones] Asian markets set to open higher as "the news flows out of international markets have been relatively good, with the U.S. markets around record highs, and there is a little strength in emerging markets," says Adrian Vance, broker with Forsyth Barr in Christchurch. Locally, large cap stock Xero (XRO.NZ) may come under further pressure after recent weakness due to profit-taking, and this could weigh on the NZX-50 index, he says. Chorus (CNU.NZ) could continue its recent rally that has followed news a regulatory review will be completed by Nov. 30, he adds. The NZX-50 index is 0.3% lower at 5101.59 at the open. (lucy.craymer@wsj.com;Twitter: @lucy_craymer)

Contact us in Singapore. 65 64154 140; MarketTalk@dowjones.com

(END) Dow Jones Newswires

April 02, 2014 17:36 ET (21:36 GMT)

文件 DJDN000020140402ea42003xe

DOW JONES
NEWSWIRES

Nordic Stocks Seen Opening Slightly Higher -- Market Talk

157 字
2014 年 4 月 2 日 07:27
Dow Jones Institutional News
DJDN
英文

0627 GMT [Dow Jones] Nordic markets are seen opening slightly higher Wednesday with IG calling the OMXS30 up 0.4%,around 1381. "Market sentiment remains positive this morning with most Asian stocks higher," says Danske Bank. "Yesterday, the S&P500 index rose 0.7% and closed at a record high...supported by the ISM manufacturing report," Danske adds. "We have a light calendar in terms of data releases and markets could be in wait-and-see mode ahead of the ECB meeting tomorrow and the US job report on Friday." ADP employment is at 1215 GMT and US factory orders at 1400 GMT. OMXS30 closed at 1375.01, OMXN40 at 1336.28 and OBX at 511.05. (dominic.chopping@wsj.com)

Contact us in London. +44-20-7842-9464
Markettalk.eu@dowjones.com

(END) Dow Jones Newswires

April 02, 2014 02:27 ET (06:27 GMT)

文件 DJDN000020140402ea42000in

DOW JONES
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Asian Markets Likely Higher As S&P500 Hits Another Record High -- Market Talk

1,304 字
2014 年 4 月 2 日 22:36
Dow Jones Institutional News
DJDN
英文

Contact us in Singapore. 65 64154 140; MarketTalk@dowjones.com

2136 GMT [Dow Jones] Asian markets set to open higher as "the news flows out of international markets have been relatively good, with the U.S. markets around record highs, and there is a little strength in emerging markets," says Adrian Vance, broker with Forsyth Barr in Christchurch. Locally, large cap stock Xero (XRO.NZ) may come under further pressure after recent weakness due to profit-taking, and this could weigh on the NZX-50 index, he says. Chorus (CNU.NZ) could continue its recent rally that has followed news a regulatory review will be completed by Nov. 30, he adds. The NZX-50 index is 0.3% lower at 5101.59 at the open. (lucy.craymer@wsj.com;Twitter: @lucy_craymer)

1905 GMT [Dow Jones] The NZD/USD took a tumble overnight after Wednesday's sharp fall in global dairy prices and a slightly lower ANZ Commodity Price Index, breaking the "upward trend (in the Kiwi) that has been in place since last February," says BNZ FX Strategist Raiko Shareef. The pair is at 0.8558 early in New Zealand and Shareef expects exporter demand around the current level. While world prices for commodities remain nearly 14% higher than they were a year ago, Shareef continues to expect the price of NZ's commodity basket to decline through the year. He says the NZD/USD has support around 0.8500-0.8520, while 0.8640 will provide some resistance. (rebecca.howard@wsj.com; Twitter: @FarroHoward)

11:33 EDT - The drumbeat regarding 200K-plus job growth last month is added to by TrimTabs estimating 195-225K positions were added to the US economy in March, based on its view of daily income-tax deposits to Treasury. "Job growth last month was the strongest in the past year. While Wall Street economists have been obsessing about the weather, real-time tax data indicates that the economy has been picking up steam." (kevin.kingsbury@wsj.com; @kevinkingsbury)

10:40 EDT - Scotiabank says increases in Canada's producer and raw material price indexes for February don't prove Canada's bout of weak inflation is over. Those indexes are not seasonally adjusted, and there tend to be large increases in producer prices in January and February, it says. It's possible to control for seasonality by looking at year-ago comparisons, and the year-ago rise in industrial prices in February industrial actually fell to 1.8% from 2.3% in January. The producer inflation measure is highly volatile compared to CPI, and the volatility hasn't really been passed along in any significant way over the years, it says. Scotia says Canada's supine inflation is one reason it expects the Bank of Canada to lag the Fed in hiking rates. (don.curren@wsj.com @dbcurren)

10:10 EDT - Bond prices hit fresh session lows on a bigger than expected gain of 1.6% on factory orders. The benchmark 10-year yield just hit 2.803%, the highest since March 10--the day when the yield last traded above 2.8%. The 10-year note is 11/32 lower, yielding 2.801%. (min.zeng@wsj.com; @minzengwsj)

1328 GMT [Dow Jones]--Morgan Stanley analyst Meena Bassily recommends selling EUR/HUF as HUF has underperformed the recent rally in the emerging market on underlying policy concern, along with the escalation in regional geopolitical risk in Ukraine. Notes, however, there is now reason to take a more constructive view as these two risks have subsided somewhat, and HUF should catch up to the strong performance seen in its peers. "We like to build long HUF positions funded via EUR," Ms. Bassily says, adding HUF could benefit more from relatively strong underlying macroeconomic dynamics going forward. EUR/HUF is 307.26 versus 307.86 late Tuesday. (veronika.gulyas@wsj.com)

9:26 EDT - Is the World Cup already helping Brazil's economy? Maybe, says Andre Macedo at the Brazilian Institute of Geography and Statistics. Industrial production rose a combined 1.3% in January and February, the agency noted earlier, supported by a 21% surge in output of consumer durables in February. "Among other products, it's televisions that explain much of" that, says Macedo while presenting the figures. "The World Cup could be a reasonable factor for that growth." (paul.kiernan@wsj.com)

8:25 EDT - ADP says 191K private-sector jobs were added in March. That's close to what economists expected, so it's unlikely the report will change anyone's mind about Friday's number. According to ADP, the hiring was widespread among firm sizes and industries, suggesting a firming up in demand for labor. Meanwhile, February's growth was sharply revised from what was then a muted 139K to a much-healthier-looking 178K. (kathleen.madigan@wsj.com)

1222 GMT [Dow Jones] Beijing's fresh measures to support economic growth are not excessive stimulus but will likely boost domestic demand, Mizuho economist Shen Jianguang said. "It's very obvious that the leaders feel the need to stabilize growth now," Mr. Shen says. "They will still focus on pushing reforms this year, but they also want to make sure the economic growth won't slip below the bottom line," he says. The economist said he expects the Chinese economy to have expanded 7.2% in the first quarter, likely to grow 7.3% the second quarter, and around that level for the full year. China's State Council, or cabinet, late Wednesday announced a package of mini-stimulus measures, including tax breaks for small firms and plans to speed up railway construction, to help support the economy as growth appears to be losing steam. (liyan.qi@dowjones.com)

8:21 EDT - Private job sector job growth accelerated last month, sending bond prices to session lows. The 191K is slightly below 200K forecast but better than 139k in February. Still, the ADP has not been an accurate predictor of nonfarm job data. If Friday's data come out strong, worries that the Fed will speed up the pace of withdrawing stimulus will rise and bond yields will likely climb. The 10-year note is 6/32 lower, yielding 2.783%. (min.zeng@wsj.com; @minzengwsj)

1158 GMT [Dow Jones] Brent crude's recent heavy losses could be the Turkey's gains given that the country buys in most of its oil at the price, says Isık Okte, strategist at TEB Investment. The lira is already a beneficiary, he says, being bought below 2.13 vs the U.S. dollar, its strongest level since the end of December. TEB's short-term target remains 2.1235. USD/TRY now at 2.1298. (yeliz.candemir@wsj.com)

7:39 EDT - With some actual debate about when the FOMC might start moving rates, March derivatives volume in the space surged last month on the CME. Total interest-rate volume was 35% higher than a year earlier, with eurodollars futures surging 47% and the much-smaller options market more than doubling. Treasurys futures rose 10% and options jumped 1/3, yet were eclipsed overall by the eurodollar activity. The action helped CME's overall volume rise 13% last month, with equities volume up 5% and commodities logging a mixed result (energy skidded 18%). For the quarter, CME volume increased 9%, another welcome sign after years of muted trading helped keep the company's stock range-bound after the financial crisis before 2013's 55% jump. It's inactive premarket. (kevin.kingsbury@wsj.com; @kevinkingsbury)

(END) Dow Jones Newswires

April 02, 2014 17:36 ET (21:36 GMT)

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BARRON'S

MARKET WEEK
Stocks --- The Trader: U.S. Stocks Fall 0.5%, Better News Abroad

By Vito J. Racanelli
1,903 字
2014 年 3 月 31 日
Barron's
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Don't mistake this for the return of the "risk off" trade, since even the MSCI Emerging Markets index -- a beaten-down but riskier set of stocks -- rose more than 3% last week. World equities, not including the U.S., were up 1.8%; German stocks rose nearly 3%, Japan was up 1.5%.

On these shores, the Standard & Poor's 500 index dropped nine points, or 0.5%, to 1857.62. The Nasdaq Composite index lost 121 points, or 2.8%, to 4155.76. The Russell 2000 small-company index dropped 42 points, or 3.5%, to 1151.81. Only the Dow Jones Industrial Average gained, up 0.1%, 20 points, to 16,323.06.

Investors were perhaps swayed to venture across borders by concerns about the Federal Reserve's tapering of its bond-buying stimulus and by a U.S. economy that in the first quarter showed little sign of the acceleration many are expecting, says Jack Ablin, chief investment officer at BMO Private Bank.

More volatility could come from lower-than-expected first quarter earnings reports, out in April and May. Ablin notes analyst consensus first-quarter earnings-per-share growth projections for S&P 500 companies have dropped to 1% to 2% from 6% to 7% as the year began. The severe winter weather that gripped much of the U.S. in January and February may yet be seen again in many first-quarter reports.

With the quarter about to end, the S&P 500 is essentially flat, a far cry from the 10% rise in the same year-ago period. The bond market continues to confound. Though many have expected interest rates to rise since the Fed announced the tapering in mid-December, bond prices are higher and rates lower. The long end of the Treasury yield curve has flattened a little bit, suggesting bond investors don't see much in the way of U.S. economic growth. Maybe that's why some have put their money to work overseas.

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The stock has soared some 175% since 2012, outperforming a bull market 30% rise and a 90% jump at rival Michael Kors Holdings (KORS) shares over the same period. It sports a triple-digit 2014 price/earnings ratio worthy of highly-valued Internet or New Technology stocks, higher than Netflix (NFLX) and 3D printer 3D Systems (DDD). Moreover, its P/E tops peers' already rich valuations though Kate Spade's outlook doesn't appear to justify such a hefty premium. (See nearby table.)

The excitement derives from a nice turnaround since the disastrous years of 2007 through 2010, when the company -- then known as Liz Claiborne -- lost nearly $2 billion. Since then, it has shed lower-margin brands, such as Liz Claiborne in 2011 and Lucky Brands last year. This year it will wind down its Juicy Couture investment and turn 25 to 30 of those stores into higher-margin Kate Spade retail outlets, of which there are 212 around the world.

This has made the more-attractive Kate Spade brand -- which has an earnings before interest, taxes, depreciation, and amortization (Ebitda) margin of 25% -- the firm's most important one and a key focus of investor bullishness. In the fourth quarter, the brand recorded $64 million in Ebitda and $256 million in sales, or 60% of total quarterly sales. Even more impressive, that fourth-quarter Ebitda was nearly 50% higher than the same period in 2012.

As often happens with hot theme stocks, skepticism is in short supply. Investors are extrapolating that quarterly performance and projecting it too far into the future.

Kate Spade's improved annual results are less stellar than they look at first glance. In 2013, sales rose 21% to $1.26 billion, and income from continuing operations swung to $73 million or 61 cents per share from a loss of $74.5 million or 64 cents in 2012. But last year's turnaround includes an extraordinary $173 million net gain on the sale of Juicy Couture's intellectual property. Kate Spade's total per-share loss narrowed in 2013 to 15 cents from 31 cents. Results are getting better, but hardly deserving of a nosebleed-level P/E ratio.

Moreover, Kate Spade is much smaller than Michael Kors, which has $3 billion in sales, twice as many stores, and a much larger wholesale global distribution network. Kate Spade has a checkered long-term track record, while Michael Kors has shown annual revenue growth of 50% for five years, and its margins are more than 30%. Kate Spade doesn't have Kors' mojo, so why should it deserve a P/E five times higher?

The last time Kate Spade's shares were around their current level, in 2007, it was a much different company, with $4.5 billion in annual sales and $250 million in net income.

Indeed, the stock price appears to already bake in $5 billion in sales by 2018, well above the bullish consensus, and ignoring that such a huge jump in revenue would require investments in many more stores than the current level, according to Andrew Zamfotis. He's an analyst at EVA Dimensions, an independent research boutique that applies "economic value added" analysis to company stock prices. EVA basically values a stock on sales minus operating and financing costs, including the opportunity cost of equity, which isn't captured by standard earnings models.

There's a lot of hope in the stock price and a "lot of room for disappointment," Zamfotis adds. We concur. A spokesperson for Kate Spade declined to comment.

To justify the current stock price, the world will have to absorb a lot of Kate Spade handbags, clothes and other accessories in the next few years. A small setback will lead to a large stock-price drop.

A debate over Coca-Cola's generous new executive compensation plan has emerged after David Winters of Wintergreen Advisors released a letter Thursday to Coke's board asking it to withdraw the plan. Winters, whose fund owns 2.5 million Coke (KO) shares, also wrote to Warren Buffett, a longtime large Coke shareholder, asking him to reject the compensation package at the annual meeting.

This plan, he says, proposes a transfer to management of a potential value of about 8% of Coke's outstanding 4.4 billion shares. And when those shares are added to the stock still grantable from Coke's earlier plans, the compensation represents a possible wealth transfer to managers of about a 16.6% Coke stake, or $28 billion dollars at the current share price, he says. At $39 per share, Coke's market value is $171.6 billion.

Winters calls that "excessive. . .and a staggeringly large transfer of wealth." He is particularly incensed that the plan's average annual dilution rises to 1.9% from a previous 1.3%. That's more significant than it seems when one considers that Coke's earnings-per-share growth has been a lackluster 5%, at most, in the last couple of years -- and even that was helped by big share buybacks.

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This battle brings into sharp relief an underlying and important issue at the Atlanta-based firm. Apart from the suitability of the compensation on an absolute basis, for what level of share performance is Coke's management being rewarded?

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A company can't directly control its share price, and like Winters, this column sees Coke shares as undervalued. But it's up to management to perform and prove that. The weak stock rise over the past 24 months suggests investors believe management is underperforming. Yet a richer compensation plan is being introduced when the previous one still had a year to run.

Vital Signs

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DJUtilities	526.94	+5.28	+1.01
DJ65Stocks	5663.74	-1.90	-0.03
DJUSMarket	469.52	-3.48	-0.74
NYSEComp.	10434.87	+42.65	+0.41
NYSEMKTComp.	2551.83	+45.12	+1.80
S&P500	1857.62	-8.90	-0.48
S&PMidCap	1358.20	-21.67	-1.57
S&PSmallCap	659.25	-19.12	-2.82
Nasdaq	4155.76	-121.03	-2.83
ValueLine(arith.)	4413.33	-74.70	-1.66
Russell2000	1151.81	-41.92	-3.51
DJUSTSMFloat	19526.91	-177.05	-0.90

	Last Week	Week Earlier
NYSE		
Advances	1,485	1,940
Declines	1,713	1,258
Unchanged	51	47
NewHighs	213	337
NewLows	64	65
AvDailyVol(mil)	3,333.7	3,445.4
Dollar		
(Finexspotindex)	80.18	80.12
T-Bond		
(CBTnearbyfutures)	133-170	r132-210
Crude Oil		
(NYMlightsweetcrude)	101.67	99.46
Inflation KR-CRB		
(FuturesPriceIndex)	305.21	299.40
Gold		
(CMXnearbyfutures)	1293.80	1336.00

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DOW JONES
NEWSWIRES

The Trader: U.S. Stocks Fall 0.5%, Better News Abroad -- Barron's

1,937 字
2014 年 3 月 29 日 04:07
Dow Jones Institutional News
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(FROM BARRON'S 3/31/14)
By Vito J. Racanelli

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29 Mar 2014 00:07 EDT The Trader: U.S. Stocks Fall 0.5%, Better News -2-

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	Last Week	Week Earlier
NYSE		
Advances	1,485	1,940
Declines	1,713	1,258
Unchanged	51	47
NewHighs	213	337
NewLows	64	65
AvDailyVol(mil)	3,333.7	3,445.4
Dollar		
(Finexspotindex)	80.18	80.12
T-Bond		
(CBTnearbyfutures)	133-170	r132-210
Crude Oil		
(NYMlightsweetcrude)	101.67	99.46
Inflation KR-CRB		
(FuturesPriceIndex)	305.21	299.40
Gold		
(CMXnearbyfutures)	1293.80	1336.00

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(END) Dow Jones Newswires

March 29, 2014 00:07 ET (04:07 GMT)

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DOW JONES NEWSWIRES

Dividends Reported March 26

741 字
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Dow Jones Institutional News
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英文

Company	Symbol	Yld	Per	Amount New	Amount Old	Payable	Record
Increased							
Steelcase	SCS	2.6	Q	.105	.1	Apr 14	Apr 04
Regular							
Acme United	ACU	1.9	Q	.08		Apr 25	Apr 03
Camden National	CAC	2.6	Q	.27		Apr 30	Apr 16
Empire Resources	ERS	2.4	Q	.025		Apr 14	Apr 07
Five Oaks Investment	OAKS	13.7	M	.125		Apr 29	Apr 15
Five Oaks Investment	OAKS	13.7	M	.125		May 29	May 15
Five Oaks Investment	OAKS	13.7	M	.125		Jun 27	Jun 16
Five Oaks Pfd. Series A	OAKSpA	8.5	M	.1823		Apr 27	Apr 15
Five Oaks Pfd. Series A	OAKSpA	8.5	M	.1823		May 27	May 15
Five Oaks Pfd. Series A	OAKSpA	8.5	M	.1823		Jun 27	Jun 16
Horizon Bancorp (Indiana)	HBNC	2.0	Q	.11		Apr 18	Apr 04
NiSource	NI	2.9	Q	.25		May 20	Apr 30
Washington Federal	WAFD	1.7	Q	.1		Apr 18	Apr 04
WD 40 Co	WDFC	1.8	Q	.34		Apr 30	Apr 11
Funds, Investment Cos.							
Alerian Engy Infr	ENFR	2.3	Q	.1535		Apr 02	Mar 28
ALPS Cohen Gbl Realty	GRI	2.3	Q	.2211		Apr 02	Mar 28
ALPS Equal Sector Weight	EQL	1.5	Q	.1982		Apr 02	Mar 28
ALPS Intl Sector Div Dogs	IDOG	3.4	Q	.2505		Apr 02	Mar 28
ALPS Sector Dividend Dogs	SDOG	3.6	Q	.3113		Apr 02	Mar 28
ALPS/GS Mom Multi Asset	GSMA	0.2	Q	.0142		Apr 02	Mar 28
ALPS/GS Risk Adj US LC	GSRA	0.2	Q	.0186		Apr 02	Mar 28
Horizons S&P Finl Select	HFIN	0.8	M	.0292		Apr 09	Mar 28
Jeffs/TR/J CRB Glbl Com	CRBQ	1.4	Q	.1489		Apr 02	Mar 28
ProSh Large Cap Core Plus	CSM	1.5	Q	.3324		Apr 01	Mar 28
ProShares Gl Listed Prv	PEX		Q	.3504		Apr 01	Mar 28
ProShares Merger ETF	MRGR	0.5	Q	.0487		Apr 01	Mar 28
ProShares RAFI Long/Short	RALS	0.9	Q	.0986		Apr 01	Mar 28
ProShares Short 30Y TIPS	FINF	1.8	Q	.1749		Apr 01	Mar 28
ProShares Ultra Dow30	DDM	0.6	Q	.1798		Apr 01	Mar 28
ProShares Ultra Finls	UYG	0.6	Q	.1788		Apr 01	Mar 28
ProShares Ultra Hlth Care	RXL	0.3	Q	.0714		Apr 01	Mar 28
ProShares Ultra Oil & Gas	DIG	0.7	Q	.1225		Apr 01	Mar 28
ProShares Ultra S&P500	SSO	0.1	Q	.03		Apr 01	Mar 28
ProShares Ultra Tech	ROM	0.3	Q	.0797		Apr 01	Mar 28
ProShares Ultra Utilities	UPW	1.4	Q	.2661		Apr 01	Mar 28
ProShares UltraPro Dow 30	UDOW	0.5	Q	.1289		Apr 01	Mar 28
ProShares UltraPro Shrt	SINF	0.3	Q	.037		Apr 01	Mar 28
ProShares3xFinan	FINU	0.6	Q	.0956		Apr 01	Mar 28
ProShr S&P500 Aristocrats	NOBL	1.6	Q	.1799		Apr 01	Mar 28
ProShr Ultra 20 + Yr Trea	UBT	0.0	Q	.0024		Apr 01	Mar 28
ProShrs Ultra 7-10 Yr Tr	UST	5.9	Q	.767		Apr 01	Mar 28
ProShrs Ultra Industrials	UXI	0.3	Q	.0839		Apr 01	Mar 28

ProShrs Ultra Real Estate	URE	1.7	Q	.332	Apr 01 Mar 28
ProShrs Ultra Telecomm	LTL	1.1	Q	.2356	Apr 01 Mar 28
ProShs Ultra Basic Matls	UYM	0.3	Q	.0351	Apr 01 Mar 28
ProShs Ultra Cnsmr Svcs	UCC	0.0	Q	.0014	Apr 01 Mar 28
ProShs Ultra Consumer Gds	UGE	0.8	Q	.1597	Apr 01 Mar 28
Proshs Ultra KBW Rgn Bnkg	KRU	0.4	Q	.0871	Apr 01 Mar 28
ProShs Ultra Rusl1000 Val	UVG	0.4	Q	.0611	Apr 01 Mar 28
ProShs Ultra Rusl2000 Val	UVT	0.1	Q	.0089	Apr 01 Mar 28
ProShs Ultra Semicon	USD	1.0	Q	.151	Apr 01 Mar 28
RiverFront Strat Incm Fd	RIGS	4.6	M	.0961	Apr 02 Mar 28
Velocity Tail Risk Hdg LC	TRSK	1.1	Q	.0773	Apr 02 Mar 28
VelocityShares Vol Hdg LC	SPXH	0.8	Q	.0559	Apr 02 Mar 28
Foreign					
Horizons S&P 500 Cov Call	HSPX	1.3	M	.0464	Apr 09 Mar 28

Source: Six Telekurs

(END) Dow Jones Newswires

March 26, 2014 17:08 ET (21:08 GMT)

文件 DJDN000020140326ea3q003y8

Has the Biotech Bubble Popped?

Barron's Blogs, 2014 年 3 月 25 日 15:35, 287 字, By Ben Levisohn, (英文)

No, says Credit Suisse analyst Ravi Mehrotra and team, when contemplating the recent drops in Gilead Sciences (GILD), Biogen Idec (BIIB), Celgene (CELG) and their ilk. They explain why:

文件 WCBBE00020140325ea3p0015p

DOW JONES
NEWSWIRES

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By Ben Levisohn
313 字
2014 年 3 月 25 日 15:35
Dow Jones Institutional News
DJDN
英文

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When looking at the overall picture, it is clear that the biotech bull markets of1999/2000 and 2013/2014 are notably different (now driven by an appetite for EPS growth vs. genomics/tech then, now valuation is arguably not stretched relative to other sectors). However, we also highlight that there are some similarities between this bull market and the last (generalist in-flows and preclinical public companies), which could drive some lingering market nervousness. In keeping with our (still standing) "generalist GARPy inflow hypothesis" we remain confident of the >25% large-cap biotech sector's medium-term EPS growth rate (vs. high single-digit for the S&P500). In our view, unless we see a fundamental disappointment in the "leadership" companies, we think valuation of (at least the large caps within) the biotech sector is supported and actually provides room for upside. We note that if we see a further 10.5% decline in the stock across the large caps it would place the sector at 2015 PE parity to the S&P (with >4x the EPS growth). Large cap biotech is now trading at a 2015 and 2016 PE discount to the S&P500!

Mehrotra's prefers Biogen Idec, Gilead Sciences and Celgene among large-cap biotech stocks.

Shares of Biogen Idec have dropped 1% to $309.37 today at 11:34 a.m., while Gilead Sciences has gained 0.9% to $72.74 and Celgene has advanced 1.5% to $143.55.

More at Barron's Stocks to Watch blog,
http://blogs.barrons.com/stockstowatchtoday/

(END) Dow Jones Newswires

March 25, 2014 11:35 ET (15:35 GMT)

文件 DJDN000020140325ea3p002es

DOW JONES
NEWSWIRES

JPMorgan Sees No Bubble, Hears No Bubble as Biotech Falls Again -- Barron's Blog

By Ben Levisohn
421 字
2014 年 3 月 24 日 14:32
Dow Jones Institutional News
DJDN
英文

Friday's biotech selloff, which caused Biogen Idec (BIIB), Amgen (AMGN), Celgene (CELG) and Regeneron (REGN) to plunge, began with a letter to Gilead Sciences (GILD) questioning the price of its hepatitis C drug and ended with speculation of a biotech bubble. JPMorgan calls such speculation just that--speculation.

Last Friday's biotech selloff was brutal. Biogen Idec plunged 8.2% last Friday, while Gilead Sciences fell 4.6%, Celgene has declined 3.7%, Amgen was off 3.2% and Regeneron dropped 5.5%.

JPMorgan's Geoff Meacham and team explain why fears of a biotech bubble are unfounded:

After two years of dramatic outperformance, concerns about valuation and a "biotech bubble" have emerged. We believe that the sector remains broadly attractive from a valuation/pipeline/growth perspective, particularly in large cap. Notably, the average 3-year revenue and EPS CAGR for the top 10 biotechs (market cap) is 4.5X and 3X that of the S&P500, yet the P/E/G on 2015-2016 forecasts for biotech is 0.7 versus the S&P at 1.4. Regarding the industry pipeline, product cycles are very long in biotech (>10 years) and dozens of major launches are occurring or are about to occur ([Gilead's] Sovaldi, [Biogen Idec's] Tecfidera, Imbruvica, Pomalyst, [Celgene's] Otezla, [Regeneron's] Eylea, Kalydeco, Xtandi, Linzess asfotase alfa, Vimizim, idelalisib, evolocumab, alirocumab, etc.). In addition, we estimate that at least 50+ compounds/label expansions that have some level of derisking are largely unaccounted for in Street models. Admittedly, companies with earlier-stage pipelines that haven't been fully de-risked are being awarded a higher probability of clinical success, but drug development has become more efficient, particularly for orphan drugs. The recent concern on pricing for Gilead's Sovaldi has caused much anxiety; at the end of the day, the benefit/risk and cost/benefit profile remains quite striking and we doubt that the recent Congressional inquiry would lead to an "innovation tax" (i.e., forced material discounts).

Biogen Idec has dropped 2% to $312.12, while Gilead Sciences has fallen 2.1% to $70.54, Celgene has declined 1.5% to $142.28 and Amgen is of 1.5% at $121.11. Shares of Regeneron are little changes at $310.88.

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

March 24, 2014 10:32 ET (14:32 GMT)

文件 DJDN000020140324ea3o001zl

BARRON'S

MARKET WEEK

Stocks --- The Trader: Fed Hints at Rising Rates, but Stocks Rally

By Vito J. Racanelli
2,055 字
2014 年 3 月 24 日
Barron's
B
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英文

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Comments from the Federal Open Market Committee (FOMC) and chair Janet Yellen on Wednesday suggested the Federal Reserve might raise its funds rate earlier than expected and shook up both stocks and bonds temporarily.

Despite that, on the week the Dow Jones Industrial Average still rose 237 points or 1.5% to 16,302.77. The Standard & Poor's 500 index rose 25 points, or 1.4%, to 1866.52. On Friday the S&P reached a new intraday high of 1883.97 before fading. The Nasdaq Composite index added 31 points, or 0.7%, to 4276.79.

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She shocked the market by putting a number on it -- six months, notes Frederic Dickson, chief investment strategist at D.A. Davidson. Investors are still mulling whether that was just a rookie mistake or perhaps an inadvertent disclosure of FOMC thinking. Investors know rates are going up, and probably in 2015, yet the subject will likely remain a trip wire for market volatility in coming months.

The market's new intraday high might be bracing but the makeup of the rally is worth exploring. For example, Ralph Fogel, head of investments at Fogel Neale, points out that fewer and fewer individual new stock highs are being seen even as the broad market rallies. Last May, for example, there were 762 new stock highs. That's down to 234 Thursday. The base of the market's high is narrowing, composed of fewer and bigger-capitalization stocks. It doesn't mean the bull market is over, but it's not a particularly good sign.

The road to a more normalized interest rate environment probably began in earnest last week. Get used to it.

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The damage, however, was more to its credibility -- and its stock price, as $8 billion was carved out of Target's market value, now $38 billion. At Friday's close of $59.45, the shares are down nearly 20% from their $73 high, hit in 2013. The decline has taken the shares back to levels first reached in 2010, and the market is up more than 50% since then.

In a market where few stocks of strong, reliable dividend-paying firms are cheap, Target looks attractive. Over a century old, it has nearly 2,000 stores across North America, more than 90% of them in the U.S. It remains a good operator with a recognized brand, despite what are likely to be short-term headwinds.

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The other problem is a sales slowdown, though some of that is residue of the data breach, which happened during the Christmas selling season. Target also opened stores in Canada last year -- it has 124 there now -- and they aren't performing well.

Nevertheless, the focus on the data breach is obscuring Target's attractions. That's an opportunity for patient investors with a long-term view. "The data breach is a discrete, fixable problem," says Bernie McGinn, president of McGinn Investments. He has recently been adding Target shares to his longstanding position. The brand is strong, the company well run, and ultimately Target will turn things around so customers who were driven away by the breach will return, he predicts.

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Regular readers might recall a Barron's story last year ("Whose CommonWealth is It Anyway? April 22) outlining activists' accusations of poor governance and conflicts of interest at the CWH board and management led by Barry and Adam Portnoy.

We noted that if the activists were successful, the stock, then $22, could move toward $30. On Friday, it closed near $27, for a market value of $3.2 billion. CommonWealth, whose 125 properties are mainly in second- and third-tier cities, has a book value of $4.6 billion and debt of $3 billion.

Jim Sullivan, an analyst with REIT research and analytics firm Green Street Advisors, called CommonWealth "uninvestible" in our story last year, due to the conflicts, among other things. If the activists are successful, he says now, CommonWealth would be on its way to "investible" status. A "cursory" Green Street estimate is that the shares could be worth $30.

Assuming that CommonWealth and the Portnoys accept the vote -- not a given -- the shares could eventually trade higher than that if new management undoes two decades of conflicts.

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e-mail: vito.racanelli@barrons.com

Vital Signs

	Friday's Close	Week's Change	Week's % Chg.
DJIndustrials	16302.77	+237.10	+1.48
DJTransportation	7515.18	+39.39	+0.53
DJUtilities	521.66	-0.63	-0.12
DJ65Stocks	5665.64	+53.25	+0.95
DJUSMarket	473.00	+6.09	+1.30
NYSEComp.	10392.22	+107.14	+1.04
NYSEMKTComp.	2506.70	-14.88	-0.59
S&P500	1866.52	+25.39	+1.38
S&PMidCap	1379.87	+15.77	+1.16
S&PSmallCap	678.37	+8.74	+1.31
Nasdaq	4276.79	+31.39	+0.74
ValueLine(arith.)	4488.03	+52.64	+1.19
Russell2000	1193.73	+12.32	+1.04
DJUSTSMFloat	19703.96	+249.72	+1.28

	Last Week	Week Earlier
NYSE		
Advances	1,940	1,196
Declines	1,258	2,006
Unchanged	47	41
NewHighs	337	240
NewLows	65	90
AvDailyVol(mil)	3,445.4	3,299.4
Dollar		
(Finexspotindex)	80.19	79.41
T-Bond		
(CBTnearbyfutures)	123-145	126-085
Crude Oil		
(NYMlightsweetcrude)	99.46	98.89
Inflation KR-CRB		
(FuturesPriceIndex)	299.40	302.88
Gold		
(CMXnearbyfutures)	1336.00	1379.00

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文件 B000000020140322ea3o0000w

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文件 WCBBE00020140324ea3o000jh

The Trader: Fed Hints At Rising Rates, But Stocks Rally -- Barron's

2,079 字
2014 年 3 月 22 日 04:07
Dow Jones Institutional News
DJDN
M3
英文

(FROM BARRON'S 3/24/14)
By Vito J. Racanelli

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Regular readers might recall a Barron's story last year ("Whose CommonWealth is It Anyway? April 22) outlining activists' accusations of poor governance and conflicts of interest at the CWH board and management led by Barry and Adam Portnoy.

We noted that if the activists were successful, the stock, then $22, could move toward $30. On Friday, it closed near $27, for a market value of $3.2 billion. CommonWealth, whose 125 properties are mainly in second- and third-tier cities, has a book value of $4.6 billion and debt of $3 billion.

22 Mar 2014 00:07 EDT The Trader: Fed Hints At Rising Rates, But Stocks -2-

Jim Sullivan, an analyst with REIT research and analytics firm Green Street Advisors, called CommonWealth "uninvestible" in our story last year, due to the conflicts, among other things. If the activists are successful, he says now, CommonWealth would be on its way to "investible" status. A "cursory" Green Street estimate is that the shares could be worth $30.

Assuming that CommonWealth and the Portnoys accept the vote -- not a given -- the shares could eventually trade higher than that if new management undoes two decades of conflicts.

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e-mail: vito.racanelli@barrons.com

Vital Signs

	Friday's Close	Week's Change	Week's % Chg.
DJIndustrials	16302.77	+237.10	+1.48
DJTransportation	7515.18	+39.39	+0.53
DJUtilities	521.66	-0.63	-0.12
DJ65Stocks	5665.64	+53.25	+0.95
DJUSMarket	473.00	+6.09	+1.30
NYSEComp.	10392.22	+107.14	+1.04
NYSEMKTComp.	2506.70	-14.88	-0.59
S&P500	1866.52	+25.39	+1.38
S&PMidCap	1379.87	+15.77	+1.16
S&PSmallCap	678.37	+8.74	+1.31
Nasdaq	4276.79	+31.39	+0.74
ValueLine(arith.)	4488.03	+52.64	+1.19
Russell2000	1193.73	+12.32	+1.04
DJUSTSMFloat	19703.96	+249.72	+1.28

	Last Week	Week Earlier
NYSE		
Advances	1,940	1,196
Declines	1,258	2,006
Unchanged	47	41
NewHighs	337	240
NewLows	65	90
AvDailyVol(mil)	3,445.4	3,299.4
Dollar		
(Finexspotindex)	80.19	79.41
T-Bond		
(CBTnearbyfutures)	123-145	126-085
Crude Oil		
(NYMlightsweetcrude)	99.46	98.89

Inflation KR-CRB (FuturesPriceIndex)	299.40	302.88
Gold (CMXnearbyfutures)	1336.00	1379.00

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(END) Dow Jones Newswires

文件 DJDN000020140322ea3m000bb

DOW JONES
NEWSWIRES

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

1,114 字
2014 年 3 月 19 日 12:04
Dow Jones Institutional News
DJDN
英文

BMO Asset Management Inc. Announces Cash Distributions for BMO Exchange Traded Funds

TORONTO, ONTARIO--(Marketwired - Mar 19, 2014) - BMO Asset Management Inc. today announced the March 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 March 28, 2014 will receive cash distributions payable on April 4, 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	0.027
BMO Mid Federal Bond Index ETF	ZFM	0.038
BMO Long Federal Bond Index ETF	ZFL	0.048
BMO Short Provincial Bond Index ETF	ZPS	0.039
BMO Mid Provincial Bond Index ETF	ZMP	0.043
BMO Long Provincial Bond Index ETF	ZPL	0.048
BMO Short Corporate Bond Index ETF	ZCS	0.039
BMO Mid Corporate Bond Index ETF	ZCM	0.053
BMO Long Corporate Bond Index ETF	ZLC	0.066
BMO Aggregate Bond Index ETF	ZAG	0.042
BMO Discount Bond Index ETF	ZDB	0.026
BMO Real Return Bond Index ETF	ZRR	0.026
BMO Floating Rate High Yield ETF	ZFH	0.044
BMO High Yield US Corporate Bond Hedged to CAD Index ETF	ZHY	0.081
BMO Emerging Markets Bond Hedged to CAD Index ETF	ZEF	0.065
BMO Mid-Term US IG Corporate Bond Index ETF	ZIC	0.048
BMO Mid-Term US IG Corporate Bond Index ETF (U.S. Dollar Units)	ZIC.U	0.046

BMO Short-Term US IG Corporate Bond Hedged to CAD Index ETF	ZSU	0.027
BMO Mid-Term US IG Corporate Bond Hedged to CAD Index ETF	ZMU	0.046
BMO Ultra Short-Term Bond ETF	ZST	0.160
BMO 2015 Corporate Bond Target Maturity ETF	ZXB	0.042
BMO 2020 Corporate Bond Target Maturity ETF	ZXC	0.054
BMO 2025 Corporate Bond Target Maturity ETF	ZXD	0.056
BMO S&P/TSX Equal Weight Banks Index ETF	ZEB	0.061
BMO Equal Weight Utilities Index ETF	ZUT	0.056
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	0.051
BMO US Dividend Hedged to CAD ETF	ZUD	0.040
BMO US Dividend ETF	ZDY	0.042
BMO US Dividend ETF (U.S. Dollar Units)	ZDY.U	0.040
BMO ETFs with Quarterly Distributions:		
BMO S&P/TSX Capped Composite Index ETF	ZCN	0.125
BMO S&P 500 Hedged to CAD Index ETF	ZUE	0.120
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	0.120
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

19 Mar 2014 08:04 EDT Press Release: BMO Asset Management Inc. -2-

*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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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 has total assets of $593 billion and more than 45,500 employees as at January 31, 2014.

Media Contacts:

Veronica Bart, Toronto

(416) 867-3996

veronica.bart@bmo.com

Valerie Doucet, Montreal

(514) 877-8224

valerie.doucet@bmo.com

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DOW JONES
NEWSWIRES

Tokyo Shares End Down After Crimean Vote Stirs Tensions, Yen Rise

By Brad Frischkorn
559 字
2014 年 3 月 17 日 06:59
Dow Jones Institutional News
DJDN
英文

TOKYO--Tokyo stocks fell for the fourth straight session Monday, as weekend exit polls showing Crimeans voted to break away from Ukraine and join Russia, leading to increased international tension and a rise in the yen.

While traders expressed concern over possible military action, ever-cheapening stocks had difficulty finding buyers.

The Nikkei Stock Average lost 0.4% at 14,277.67 following Friday's 3.3% fall, bringing the index to within 300 points of a new year low.

The market was set for a potentially volatile session after the Crimean vote to join Russia passed by an overwhelming margin--whereupon the U.S. and the E.U. immediately rejected the result.

The yen--considered a safe-haven currency--rose to a five-week high against the dollar as investors sold the U.S. currency--a negative for exporters, who find themselves with less latitude to cut prices on the goods they sell overseas.

As of the close of TSE trading at 0600 GMT, the greenback had rebounded somewhat, but was still was changing hands at just Y101.61.

"The Crimean vote result was not totally unexpected, but does nothing to diffuse geopolitical tension in the region, which will continue to bear on global equities markets for the time being," says SMBC Nikko Securities general manager of equities Hiroichi Nishi.

Recent sharp moves have pushed the Nikkei well out of its prior, more predictable trading channel.

"Whether the (recent) rebound with higher lows that had been since early February remains intact is now in question," said Eiji Kinouchi, chief technical strategist at Daiwa Securities.

Today's fall put the Nikkei down 12.4% for 2014 and Japan stocks' average price-to-earnings multiple near 14 times-- a good discount to the U.S. S&P500's 16 to 17 times.

"Despite all the selling we've seen lately, it's still too early to say that the market is oversold," said Monex market analyst Toshiyuki Kanayama. He pointed to the fact that the 'toraku' -- a mathematical measure of how close the market may be to a correction -- stands at about 103, well above the threshold of looking oversold (around 85). "With such weak overall market support, and little active participation, the Nikkei could still fall further," he said.

"Domestic investors are not buying the market, and that is preventing any kind of a meaningful rebound."

Among major market movers, asset-heavy stocks were hurt by the stronger yen due to its deflationary effect. Sumitomo Realty & Development fell 2.7%, while Daiwa Securities Group also surrendered 1.5%.

Shares of Nikon closed down 1.6% after China's government-controlled broadcaster, China Central Television, accused it of selling faulty cameras and skirting warranty policies.

Heavily-weighted SoftBank helped prevent more severe index selling, as it added 4.9% after Chinese e-commerce giant Alibaba Group Holding Ltd. said Sunday that it has decided to start the process for an initial public offering in the U.S. SoftBank holds about 37% stake in Alibaba, whose IPO is expected to raise more than $15 billion, persons familiar with the matter told Dow Jones Newswires.

Write to Brad Frischkorn at bradford.frischkorn@wsj.com

(END) Dow Jones Newswires

March 17, 2014 02:59 ET (06:59 GMT)

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DOW JONES
NEWSWIRES

Nikkei Falls on Crimea Vote; Domestic Investors Not Buying -- Market Talk

282 字
2014 年 3 月 17 日 00:41
Dow Jones Institutional News
DJDN
英文

0041 GMT [Dow Jones] The Nikkei is down in early trading, off 0.1% at 14,316.48. Stocks took initial sell pressure after weekend exit polls showed Crimeans voted to break away from Ukraine and join Russia by an overwhelming margin. From a technical perspective, the Nikkei has already fallen below key support several hundred points ago, notes says Eiji Kinouchi, chief technical strategist at Daiwa Securities. "Whether the (recent) rebound with higher lows that had been since early February remains intact is now in question," he says. Today's fall puts the Nikkei down more than 12% for 2014 and Japan stocks' average price-to-earnings multiple near 14 times. This is a hefty discount to the U.S. S&P500's 16 to 17 times, notes Tachibana Securities market analyst Kenichi Hirano.

"Domestic investors are still not buying the market, despite its cheapness, and that is preventing any kind of meaningful rebound." Tokyo shares are coming off their second-worst loss of the year Friday -- a 3.3% slide -- on tensions over Ukraine as well as jitters over China's economic slowdown. The yen has continued to rise as investors sell dollars; the USD/JPY pair now trades at Y101.39, and the EUR/JPY is at Y140.96. Among major market movers, China-exposed Fanuc (6954.TO) is off 1.5% at Y16,350 and euro market-exposed Nikon (7731.TO) is off 2.9% at Y1,708. (bradford.frischkorn@wsj.com)

Contact us in Singapore. 65 64154 140; MarketTalk@dowjones.com

(END) Dow Jones Newswires

March 16, 2014 20:41 ET (00:41 GMT)

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MARKET WEEK
Stocks --- The Trader: Dow Slides 2.4% on Week; Blame It On Putin!

By Avi Salzman
2,131 字
2014 年 3 月 17 日
Barron's
B
M3
英文

Vladimir Putin likes to say that there's nothing exceptional about the United States. And last week it was hard to argue with him, at least when it comes to the stock market.

U.S. markets finally succumbed to the malaise affecting the rest of the world, as the Dow tumbled for five straight days and the S&P slipped into the red for the year.

Putin, of course, is largely to blame. Russian troops have massed at the border of Ukraine, and Crimean residents are set to vote on Sunday about whether to secede. From there, the region would likely join Mother Russia. European and American diplomats have threatened sanctions.

"The markets are hostage to diplomacy, and diplomacy is not working right now," says Joseph Quinlan, chief market strategist for U.S. Trust. "There was no breakthrough between the U.S. and Russia going into the weekend."

Other factors sapped investors' enthusiasm. China's exports, factory production, and retail sales were weaker than expected. European industrial production and a reading of consumer confidence in the U.S. also proved disappointing.

For the week, the Dow Jones Industrial Average dropped 2.4%, or 387.05 points, to 16,065.67. The Standard & Poor's 500 index fell 2%, or 36.91 points, to 1841.13. The Nasdaq Composite index slipped 2.1%, or 90.83 points, to 4245.40.

Fears of a trade-sapping cold war with Russia may be the biggest factor holding stocks at bay for now. But even if the conflict dissipates, the U.S. economy and corporate performance are doing little to light a fire under the market. Analysts' earnings-growth forecasts for the first quarter have fallen below 1%, down from almost 5% at the start of the year. For the full year, earnings are now set to grow 7.7%, compared with expectations of more than 11% in October, according to S&P Capital IQ.

"Stocks are not overvalued, but they need validation from the economy," says Mark Luschini, chief investment strategist at Janney Capital Management.

That sets up poorly for the coming week. The Fed will meet on Tuesday and Wednesday and could decide to change the way it communicates its intentions to the market. So far, the Federal Open Market Committee has used a "quantitative" benchmark to determine when to raise interest rates, saying it will begin considering a raise only after the unemployment rate has fallen below 6.5% and expected inflation remains below 2.5%. But unemployment is now at 6.7%, and some Fed officials have begun discussing offering more "qualitative" guidance not connected to specific numbers. There's clearly a risk in doing that -- the Bank of England attempted to offer more qualitative guidance last month and was "somewhat ridiculed" for offering an unclear forecast, Luschini says. This will be Janet Yellen's first meeting at the helm, and it looks like it won't be easy.

Anxiety about the Fed may be feeding a rally in gold. Last week, gold futures rose 3.1%, closing at $1,379 per ounce, a new high for the year. The precious metal has recouped only a small portion of the losses it suffered in 2013, and it remains well below its all-time high of $1,921 per ounce, reached in 2011.

Even so, the move sparked a new debate about whether the commodity, and the stocks of gold miners, are headed higher, or if they have already risen too high. Ned Davis Research analyst Neil Leeson issued a report on Friday arguing that investor sentiment, as measured by a proprietary index, is nearing its historic top. "We have now reached excessive optimism in gold," he wrote.

Optimism in gold often depends on pessimism in the rest of the market. Putin's aggression and China's weakness have lifted gold bulls. But gold is not just responding to turmoil in international markets.

Michael Dudas, an analyst at Sterne Agee, notes that gold miners bottomed just days before the Fed announced the taper, and have been rising ever since. Central bank policy appears to have had an impact.

That dovetails with a longstanding argument by Fred Hickey, who writes the High-Tech Strategist newsletter and sits on the Barron's Roundtable. Although he paid dearly in the 2013 gold rout, Hickey thinks the commodity's recent move vindicates his thesis that Fed money-printing has destabilized markets and will eventually cause stocks to crash. While the Fed is moving toward tighter monetary policies, the great unwinding is bound to shake the market -- and perhaps lead to another round of quantitative easing, Hickey argued last week. He expects the rally to last, with gold hitting "$1,500 to $1,600 at least."

Hickey owns Central Fund of Canada (ticker: CEF), a closed-end fund that holds physical gold and silver in Canadian Treasury vaults. But he also owns several gold miners, which rise much faster than the commodity when times are good (and are often punished more severely when they're bad). So far this year, the Market Vectors Gold Miners ETF (GDX) is up 31%, versus 15% for the commodity. One reason: Once gold is above the miners' production and development costs, any price rises tend to flow to the bottom line.

The miners received their comeuppance in 2012 and 2013, when the drop in gold exposed bad investments during the boom. Nearly every major company in the sector has changed CEOs and vowed to preserve capital. Dudas is in the "it really is different this time" camp. "Finally it appears that the industry is managing its businesses for a $1,100 gold price," he says.

It's tough to choose stocks in the sector, in part because political risks are rampant. Luschini, another gold-mining bull, plays the group with GDX. In addition valuations look inflated when stocks are near the bottom, because earnings are weak.

"You buy them when there's no earnings," says Hickey.

One gold miner whose fortunes could continue to improve is Agnico-Eagle Mines (AEM), a Canadian miner whose shares are up 31% this year after falling 50% last year. Agnico-Eagle faces less geopolitical risk than competitors, as its main mines are in Canada, Mexico, and Finland. Dudas expects its production to grow 20% in the next two years even as most of its peers expect flat to negative growth.

Agnico recently cut its dividend payment to conserve cash, but it remains one of the few consistent dividend payers in the industry. It has been paying a dividend since 1983. "That's extremely rare in this business," says Dudas.

Shares trade at two times price to book value, a discount to the stock's historical average of 2.6 times.

Gold and the miners are bound to remain a controversial and volatile trade. But after riding the gold bust down last year, Hickey is determined to hang on tight in 2014. Every day he looks at a sign he stuck to his computer screen. It says: "Do not sell!"

No one takes the salesman's creed "Always Be Closing" more seriously than Jos. A Bank Clothiers (JOSB). In fact, the retailer's effort to get suits out the door has become easy fodder for comedy routines. "We'll give you three suits for $8. Just take it, just take it. It's crap. Nobody wants it. Get it out of here!" Jerry Seinfeld joked last month, mimicking the company's famous 4-for-1 sales pitches.

But if Jos. A Bank's sales tactics stimulate laughter, its corporate deal-making skills inspire a standing ovation. Last week, Men's Wearhouse bought Jos. A Bank for $1.8 billion, or $65 a share, a 56% premium to the target's price before a merger was first broached last October, and "a substantial premium over any price at which [the] stock has ever traded," boasted Jos. A Bank chairman Robert Wildrick in Men's Wearhouse's press release.

The joke, in this deal, could well be on the buyer. Jos. A Bank's board danced like Fred Astaire for four months, first offering to buy its bigger rival, then spurning an initial offer from Men's Wearhouse to buy the company for $55 a share. Jos. A Bank not only held out for more, but signed a preliminary deal to buy Eddie Bauer, which effectively forced Men's Wearhouse's hand. The merger of the two men's tailored-clothing chains is expected to be completed in the third quarter.

Importantly, the deal is all-cash, meaning top executives of Jos. A Bank didn't take an equity stake in the new company. More likely, they'll take the money and run, given the challenges Men's Wearhouse is expected to face.

Men's Wearhouse, based in Houston, is expected to borrow at least $1.5 billion to pay for the deal. It is buying a company whose profits have languished for years. In 2013, Jos. A Bank continued its outrageous giveaways to close sales; operating profit margins contracted to 12.2% in the year ended in January 2013 from 16.3% the year before, and they could slip below 10% in the fiscal year ending in January. Even as sales have risen, net income remains below 2012 levels.

Then there's the deal's inflated price. Men's Wearhouse paid about 10 times Jos. A Bank's earnings before interest, taxes, depreciation, and amortization, a premium to other recent retail deals, done for about 8.8 times, says John Kernan, an analyst at Cowen.

Men's Wearhouse has said it doesn't plan any "rebranding or remodels," which implies it won't be closing weak Jos. A Bank stores. At the operating level, it isn't clear how the two slow-growing companies will improve, beyond possibly expanding Men's Wearhouse tuxedo rentals to Jos. A Bank stores. While both sell suits, their business models are different. Jos. A Bank sells its own brand, while Men's Wearhouse sells apparel from other designers. Men's Wearhouse declined to comment on its long-term plans.

Men's Wearhouse, whose stock has risen more than 50% since October, traded at about $57 per share after the deal was announced. That, plus the debt it's taking on, give the company an enterprise value of eight times the combined company's estimated 2015 Ebitda, Kernan wrote the day after the announcement. By comparison, Macy's (M) EV/Ebitda ratio is 6.4, and Nordstrom's (JWN) is seven times. Investors might be having buyer's remorse already: Men's Wearhouse shares fell more than 7% in the last three trading days of the week, diminishing its still-inflated valuation.

What's more, the $100 million to $150 million it expects to wring out of corporate costs in the deal looks ambitious. At the high end, that amounts to 4.3% of the combined company's $3.5 billion in sales. PVH (PVH), a seasoned acquirer, forecast $100 million in cuts last year when it bought Warnaco, or about 1.2% of sales.

"Men's Wearhouse's cost-cutting projection is massive," Kernan says. "The integration risk is huge, and the upside is muted."

Kernan sees the stock falling to $48. Even that could be generous. At a multiple more in line with Macy's, Men's Wearhouse stock could fall 20%, to the low-$40s.

Vital Signs

	Friday's Close	Week's Change	Week's % Chg.
DJIndustrials	16065.67	-387.05	-2.35
DJTransportation	7475.79	-116.57	-1.54
DJUtilities	522.29	+8.09	+1.57
DJ65Stocks	5612.39	-87.19	-1.53
DJUSMarket	466.91	-9.26	-1.94
NYSEComp.	10285.08	-226.83	-2.16
NYSEMKTComp.	2521.59	-41.12	-1.60
S&P500	1841.13	-36.91	-1.97
S&PMidCap	1364.10	-24.85	-1.79
S&PSmallCap	669.63	-11.59	-1.70
Nasdaq	4245.40	-90.83	-2.09
ValueLine(arith.)	4435.39	-87.39	-1.93
Russell2000	1181.41	-21.90	-1.82
DJUSTSMFloat	19454.24	-385.02	-1.94

	Last Week	Week Earlier
NYSE		
Advances	1,196	1,864
Declines	2,006	1,344
Unchanged	41	36
NewHighs	240	512
NewLows	90	35
AvDailyVol(mil)	3,299.4	3,469.3
Dollar		
(Finexspotindex)	79.41	79.72
T-Bond		
(CBTnearbyfutures)	126-085	125-045
Crude Oil		
(NYMlightsweetcrude)	98.89	102.58
Inflation KR-CRB		

(FuturesPriceIndex) 302.88 307.19
Gold
(CMXnearbyfutures) 1379.00 1338.10
(See related letter: "Barron's Mailbag: Reducing Competition" -- Barron's March 31, 2014)

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文件 B000000020140315ea3h00014

DOW JONES
NEWSWIRES

USD/TWD Tad Lower; 30.30-30.35 Band Tipped -- Market Talk

1,896 字
2014 年 3 月 17 日 02:32
Dow Jones Institutional News
DJDN
英文

Contact us in Singapore. 65 64154 140; MarketTalk@dowjones.com

0232 GMT [Dow Jones] The USD/TWD falls slightly, with most market participants taking a cautious stance after China decided to widen CNY's trading band Saturday, say two local traders. The pair is at 30.317, off 30.380 at the open, and lower than 30.325 traded before the local central bank's suspected intervention Friday, which lifted it to 30.381 at the close of onshore trading session, traders say. Trader say the USD/TWD's rise at the open could be seen as knee-jerk reaction [to the CNY band widening]; "but the CNY's depreciation so far seems not as sharp as the market had expected, so some people started to sell the greenback," a trader says, and tips the pair to trade in a 30.300-30.350 band for the session. The Taiex is down 0.1%. (fanny.liu@wsj.com)

0229 GMT [Dow Jones] Tocom RSS3 rubber futures are reversing early gains after Shanghai opens to trade in the negative zone. A Tokyo-based broker says Tocom is weighed by high stockpiles in China and Japan, as well as external macroeconomic uncertainties; however, the spot March contract (which is in its last week of trading) is likely to remain firm due to the ongoing low-production season. Benchmark August rubber trades Y2.1 lower at Y238.1/kg, off the intraday low of Y235.2/kg. (huileng.tan@dowjones.com)

0223 GMT [Dow Jones] AUD/USD is vulnerable to Ukraine and China, despite its recent resilience to weaker iron-ore and copper prices, say NAB economists. The exchange rate's correlation with iron-ore has fallen to less than 25% in the past 12 months, and the fall in iron-ore may have been exaggerated by destocking, they note. Also, the Aussie dollar has been supported by strengthening Asian emerging markets currencies, a higher gold price, offshore demand for Australian assets, and a high degree of short positioning. "Looking ahead, we continue to view the lower edge of the current AUD/USD range as the more vulnerable, notwithstanding the fact the currency is trading beneath our short-term valuation estimates," the economists say. "Events in the Ukraine in the wake of the weekend referendum are one obvious potential source of a pressure via sharply reduced global risk appetite. We also see risk of renewed pressure on Asian EM currencies, to which the Australian dollar remains quite highly correlated, amid the incoming evidence that China growth is currently struggling to match the 'flexible' 7.5% official 2014 growth target." (david.rogers@wsj.com)

0206 GMT [Dow Jones] China's yuan falls in early trade after the PBOC doubled the currency's daily trading band against the U.S. dollar to up or down by 2%. The USD/CNY is at 6.1605 after trading between 6.1500 and 6.1624, vs 6.1502 Friday close. At 6.1624, the yuan falls by 0.5% against the 6.1321 central parity. "Given that the widening comes at a time of CNY weakness, we think the implicit message is that the authorities are comfortable with further currency weakness, as well as greater two-way movements in the exchange rate," says Brown Brothers Harriman. The band-widening came after the central bank in recent weeks engineered a decline in the yuan to squeeze out speculators betting on the yuan's steady rise and to introduce greater two-way volatility into its trading. (wynne.wang@dowjones.com)

0157 GMT [Dow Jones] Taiwan shares open 0.2% lower at 8674.42 as the growing tension surrounding Crimea's next move is prompting foreign investors to stay on the sidelines, says a local trader who expects the index to hit 8650 support. "Local investors are also weary of the long-stalled trade service pact with China. Some players are waiting to see if the government would implement more liberalization measures to boost the financial sector," he says. In tech, TSMC (2330.TW) is down 1.3% at NT$114 due to profit-taking after last week's record high, Hon Hai (2317.TW) gains 0.4% at NT$85.90 and UMC (2303.TW) rises 0.4% at NT$12.95. Banking names are mostly down; Cathay Financial (2882.TW) falls 0.2% at NT$44.25, Mega Financial (2886.TW) skids 0.9% at NT$22.95 while Fubon Financial (2881.TW) and CTBC (2891.TW) are both flat at NT$41.35 and NT$19.15, respectively. (jenny.hsu@wsj.com)

0150 GMT [Dow Jones] Crude-oil futures are higher in early Asian trade Monday after preliminary results showed that more than 95% of Crimeans voted to break away from Ukraine and rejoin Russia, threatening to escalate tensions in the region. Over the weekend, Russian forces had partially pulled back from an incursion into mainland Ukraine. "With the overwhelming pro-Russian vote in the region clashing with the West's assertions that the referendum is not valid, expect further geopolitical risk-related support this week," ANZ says. It also says the El Sharara oilfield in Libya halted production once again, less than a week after returning to production. However, CFTC data showed that money managers sold over 18,000 WTI contracts in the week ended March 11. Overall, speculative holdings remain quite high with plenty of potential for a further cycle of selling, Citi Futures says. Nymex crude is up 24 cents at $99.13/bbl, Brent crude is up 14 cents at $108.35/bbl. (eric.yep@wsj.com)

0136 GMT [Dow Jones] Reorient Financial Markets calls the market calamity last week over weaker Chinese economic data "overdrawn" and tensions between Russia and Ukraine something investors will want to get used to for awhile. "If it were only for Ukraine and China, we'd recommend buying on dips," the brokerage says. "It's the shape of the US economy that gives us pause." Slow business investment and wage growth in the world's largest economy figures large in that pause. "Markets are unlikely to get much relief in the course of this coming week," Reorient adds. (mia.lamar@wsj.com)

0111 GMT [Dow Jones] Some banks are anticipating a near-term weakness and longer-term strength in the CNY following the widening of the trading band by the People's Bank of China. "We expect the authorities to keep the RMB fix stable to slightly weaker through the coming week, mirroring the pattern after the last band widening, in order to ensure stability and reinforce their recent actions to discourage speculative long RMB positions," Goldman Sachs analysts say in a note. Still, they said they expect the currency's fundamentals to push it slightly stronger by year end. Meanwhile, Barclays says given recent weakness in Chinese economic activity and continued concerns about domestic financial sector risks, the bank now expects further CNY depreciation in the near term and forecast USD/CNY to reach 6.20 in one month, before gradually moving lower to 6.05 in 12 months' time. (kosaku.narioka@wsj.com)

0108 GMT [Dow Jones] Some banks are anticipating a near-term weakness and longer-term strength in the CNY following the widening of the trading band by the People's Bank of China. "We expect the authorities to keep the RMB fix stable to slightly weaker through the coming week, mirroring the pattern after the last band widening, in order to ensure stability and reinforce their recent actions to discourage speculative long RMB positions," Goldman Sachs analysts say in a note. Still, they said they expect the currency's fundamentals to push it slightly stronger by year end. Meanwhile, Barclays says given recent weakness in Chinese economic activity and continued concerns about domestic financial sector risks, the bank now expects further CNY depreciation in the near term and forecast USD/CNY to reach 6.20 in one month, before gradually moving lower to 6.05 in 12 months' time. (kosaku.narioka@wsj.com)

0041 GMT [Dow Jones] The Nikkei is down in early trading, off 0.1% at 14,316.48. Stocks took initial sell pressure after weekend exit polls showed Crimeans voted to break away from Ukraine and join Russia by an overwhelming margin. From a technical perspective, the Nikkei has already fallen below key support several hundred points ago, notes says Eiji Kinouchi, chief technical strategist at Daiwa Securities. "Whether the (recent) rebound with higher lows that had been since early February remains intact is now in question," he says. Today's fall puts the Nikkei down more than 12% for 2014 and Japan stocks' average price-to-earnings multiple near 14 times. This is a hefty discount to the U.S. S&P500's 16 to 17 times, notes Tachibana Securities market analyst Kenichi Hirano. "Domestic investors are still not buying the market, despite its cheapness, and that is preventing any kind of meaningful rebound." Tokyo shares are coming off their second-worst loss of the year Friday -- a 3.3% slide -- on tensions over Ukraine as well as jitters over China's economic slowdown. The yen has continued to rise as investors sell dollars; the USD/JPY pair now trades at Y101.39, and the EUR/JPY is at Y140.96. Among major market movers, China-exposed Fanuc (6954.TO) is off 1.5% at Y16,350 and euro market-exposed Nikon (7731.TO) is off 2.9% at Y1,708. (bradford.frischkorn@wsj.com)

0038 GMT [Dow Jones] Russia's central bank, fearing a freeze on its U.S. assets, is likely to have sold a record amount of U.S. Treasurys last week as the U.S. warned of sanctions after Russia took control of Crimea, says Westpac currency strategist Sean Callow. Central bank holdings of U.S. treasurys fell by a record US$104.5 billion in the week to March 12, smashing the prior record change--a US$42 billion rise in February 2013. "The weakness in the Rouble is chipping away at Russia's reserves so it is likely to be a net seller until further notice," Callow says. U.S. data shows Russia held US$138.6 billion in treasurys at end-2013, he adds. (david.rogers@wsj.com)

16 Mar 2014 22:32 EDT USD/TWD Tad Lower; 30.30-30.35 Band Tipped -- -2-

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(END) Dow Jones Newswires

March 16, 2014 22:32 ET (02:32 GMT)

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DOW JONES
NEWSWIRES

Oil Rises After Crimean Vote -- Market Talk

1,933 字
2014 年 3 月 17 日 01:52
Dow Jones Institutional News
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英文

Contact us in Singapore. 65 64154 140; MarketTalk@dowjones.com

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0019 GMT [Dow Jones] As broadly expected, China's central bank widened the trading band of the yuan to 2% over the weekend, but it may not be a big catalyst for the markets either way, says Goldman Sachs. The bank looks at the previous widening of the trading band in 2012, when it was doubled to 1%, and concluded that the widening did not send a directional signal for the currency. Goldman says today's moves for the yuan fix is likely to be small and emphasize two-way volatility, instead of sending the message of a weaker currency. "We think the band widening could be overshadowed by other events this week in terms of its importance for markets, notably events in Ukraine and the FOMC," it says. (jacky.wong@wsj.com)

2323 GMT [Dow Jones] Gold is pushing higher at the start of Asian trading as early results show Crimeans voted overwhelmingly to break away from Ukraine and join Russia. Geopolitical tensions are likely to escalate with Western governments, including the U.S., threatening Russia with sanctions if it agrees to annex Crimea after the poll's results are tabulated. The political crisis in Crimea has catalyzed gold's gains in recent weeks, highlighting the metal's role as a perceived safe-haven from global turmoil. Spot gold is at $1,392.08/oz, up $10.08 from its previous close. Friday's close at a new six month high came as positioning shows that short-term speculators are betting that prices will rise, while longer-term investors are also returning, Australia & New Zealand Banking Group says in a report. Gold holdings in the physically backed exchange traded fund--SPDR Gold Trust, the largest gold ETF--increased by 10 tons in the last week to 813 tons, the bank notes. "The declining trend in ETF gold holdings now looks to have based/bottomed in January, with very mild gains since," it adds. (arpan.mukherjee@wsj.com)

2308 GMT [Dow Jones] Crimea's vote to annex itself from Ukraine and join Moscow was widely expected by financial markets, yet there is some evidence of additional risk aversion and safe-haven demand in early Asian trading as investors worry about potential reactions and counter reactions from the West and Russia. S&P 500 futures are down 0.3% at 1846, while spot gold is up 0.5% at US$1388.86 and silver is up 0.7% at US$21.58. "What will be market-sensitive is if the West increases financial sanctions on Russia. That is where the change will be felt," says IG market strategist Evan Lucas. "So far the West looks toothless to act." (david.rogers@wsj.com)

2242 GMT [Dow Jones] Australia's S&P/ASX 200 remains vulnerable to concern over Crimea and weak economic data from the U.S. and China. SPI 200 futures point to a 0.3% opening fall. The S&P 500 lost 2% last week, the biggest drop in seven weeks. Commodity prices were mixed Friday night. Spot gold rose 0.9% to a six-month high US$1381.1. Nymex crude oil was up 0.7% at US$98.89 and LME copper gained 1.1%, while spot iron ore was down 1.3% at US$110.10. Over the weekend, Crimeans voted overwhelmingly to break away from Ukraine and join Russia, according to preliminary results in a referendum Western countries condemned as illegal. With half of the votes counted, 95.5% of Crimea residents support breaking away from Ukraine, local officials said. The focus now turns to the extent of sanctions imposed on Russia and how the country responds, particularly in respect to energy supply to Europe. The S&P/ASX 200 has 50- and 100-day moving average support at 5310/15 and potentially strong resistance at 5340. Index last 5329.4. (david.rogers@wsj.com)

Write to Shani Raja at shani.raja@wsj.com

16 Mar 2014 21:52 EDT Oil Rises After Crimean Vote -- Market Talk -2-

2236 GMT [Dow Jones] New Zealand consumer confidence is at its highest since March 2005 as consumers see the combination of a construction boom and export prices at multi-decade highs has put New Zealand in a "sweet spot," says Westpac Chief Economist Dominick Stephens. The Westpac McDermott Miller Consumer Confidence index rose to 121.7 in March, from 120.1 in the prior survey in December. Stephens adds that consumers' feelings about their own finances and attitudes toward spending have also picked up over the past six months, but not to the same degree. "For now that suggests that growth in consumer spending will stay relatively moderate. Consumers are sharing in the economic upturn, but unlike in the 2000s they're not driving it this time around." (lucy.craymer@wsj.com, @lucy_craymer)

(END) Dow Jones Newswires

March 16, 2014 21:52 ET (01:52 GMT)

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DOW JONES
NEWSWIRES

Nikkei Down 0.4% Midday; Market Still Not Oversold --Monex -- Market Talk

239 字
2014 年 3 月 17 日 03:16
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DJDN
英文

0316 GMT [Dow Jones] The Nikkei is down 0.4% at 14,264.21 midday as thin volume, a lack of buyers and a stronger yen continue to weigh on the market in the wake of weekend exit polls showing Crimeans voted to break away from Ukraine and join Russia by an overwhelming margin. "Despite all the selling we've seen lately, it's still too early to say that the market is oversold," says Monex market analyst Toshiyuki Kanayama. He points to the fact that while the average price-to-earnings ratio for Japan shares is now around 14 times (vs over 16 times for U.S. S&P500 shares), they still remain within their historical 14 to 16 range. He also points to the fact that the 'toraku' -- a mathematical measure of how close the market may be to a correction -- stands at about 103, well above the threshold of looking oversold (around 85). "With such weak overall market support, and little active participation, the Nikkei could still fall further," he says.

Total trading volume is light at just 883 million shares. The Nikkei suffered its second-worst percentage fall last Friday, dropping 3.3%. (bradford.frischkorn@wsj.com)

Contact us in Singapore. 65 64154 140; MarketTalk@dowjones.com

(END) Dow Jones Newswires

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DOW JONES
NEWSWIRES

The Trader: Dow Slides 2.4% On Week; Blame It On Putin! -- Barron's

2,151 字
2014 年 3 月 17 日 07:34
Dow Jones Newswires Chinese (English)
RTNW
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(FROM BARRON'S 3/17/14)

By Avi Salzman

Vladimir Putin likes to say that there's nothing exceptional about the United States. And last week it was hard to argue with him, at least when it comes to the stock market.

U.S. markets finally succumbed to the malaise affecting the rest of the world, as the Dow tumbled for five straight days and the S&P slipped into the red for the year.

Putin, of course, is largely to blame. Russian troops have massed at the border of Ukraine, and Crimean residents are set to vote on Sunday about whether to secede. From there, the region would likely join Mother Russia. European and American diplomats have threatened sanctions.

"The markets are hostage to diplomacy, and diplomacy is not working right now," says Joseph Quinlan, chief market strategist for U.S. Trust. "There was no breakthrough between the U.S. and Russia going into the weekend."

Other factors sapped investors' enthusiasm. China's exports, factory production, and retail sales were weaker than expected. European industrial production and a reading of consumer confidence in the U.S. also proved disappointing.

For the week, the Dow Jones Industrial Average dropped 2.4%, or 387.05 points, to 16,065.67. The Standard & Poor's 500 index fell 2%, or 36.91 points, to 1841.13. The Nasdaq Composite index slipped 2.1%, or 90.83 points, to 4245.40.

Fears of a trade-sapping cold war with Russia may be the biggest factor holding stocks at bay for now. But even if the conflict dissipates, the U.S. economy and corporate performance are doing little to light a fire under the market. Analysts' earnings-growth forecasts for the first quarter have fallen below 1%, down from almost 5% at the start of the year. For the full year, earnings are now set to grow 7.7%, compared with expectations of more than 11% in October, according to S&P Capital IQ.

"Stocks are not overvalued, but they need validation from the economy," says Mark Luschini, chief investment strategist at Janney Capital Management.

That sets up poorly for the coming week. The Fed will meet on Tuesday and Wednesday and could decide to change the way it communicates its intentions to the market. So far, the Federal Open Market Committee has used a "quantitative" benchmark to determine when to raise interest rates, saying it will begin considering a raise only after the unemployment rate has fallen below 6.5% and expected inflation remains below 2.5%. But unemployment is now at 6.7%, and some Fed officials have begun discussing offering more "qualitative" guidance not connected to specific numbers. There's clearly a risk in doing that -- the Bank of England attempted to offer more qualitative guidance last month and was "somewhat ridiculed" for offering an unclear forecast, Luschini says. This will be Janet Yellen's first meeting at the helm, and it looks like it won't be easy.

Anxiety about the Fed may be feeding a rally in gold. Last week, gold futures rose 3.1%, closing at $1,379 per ounce, a new high for the year. The precious metal has recouped only a small portion of the losses it suffered in 2013, and it remains well below its all-time high of $1,921 per ounce, reached in 2011.

Even so, the move sparked a new debate about whether the commodity, and the stocks of gold miners, are headed higher, or if they have already risen too high. Ned Davis Research analyst Neil Leeson issued a report on Friday arguing that investor sentiment, as measured by a proprietary index, is nearing its historic top. "We have now reached excessive optimism in gold," he wrote.

Optimism in gold often depends on pessimism in the rest of the market. Putin's aggression and China's weakness have lifted gold bulls. But gold is not just responding to turmoil in international markets.

Michael Dudas, an analyst at Sterne Agee, notes that gold miners bottomed just days before the Fed announced the taper, and have been rising ever since. Central bank policy appears to have had an impact.

That dovetails with a longstanding argument by Fred Hickey, who writes the High-Tech Strategist newsletter and sits on the Barron's Roundtable. Although he paid dearly in the 2013 gold rout, Hickey thinks the commodity's recent move vindicates his thesis that Fed money-printing has destabilized markets and will eventually cause stocks to crash. While the Fed is moving toward tighter monetary policies, the great unwinding is bound to shake the market -- and perhaps lead to another round of quantitative easing, Hickey argued last week. He expects the rally to last, with gold hitting "$1,500 to $1,600 at least."

Hickey owns Central Fund of Canada (ticker: CEF), a closed-end fund that holds physical gold and silver in Canadian Treasury vaults. But he also owns several gold miners, which rise much faster than the commodity when times are good (and are often punished more severely when they're bad). So far this year, the Market Vectors Gold Miners ETF (GDX) is up 31%, versus 15% for the commodity. One reason: Once gold is above the miners' production and development costs, any price rises tend to flow to the bottom line.

The miners received their comeuppance in 2012 and 2013, when the drop in gold exposed bad investments during the boom. Nearly every major company in the sector has changed CEOs and vowed to preserve capital. Dudas is in the "it really is different this time" camp. "Finally it appears that the industry is managing its businesses for a $1,100 gold price," he says.

It's tough to choose stocks in the sector, in part because political risks are rampant. Luschini, another gold-mining bull, plays the group with GDX. In addition valuations look inflated when stocks are near the bottom, because earnings are weak.

"You buy them when there's no earnings," says Hickey.

One gold miner whose fortunes could continue to improve is Agnico-Eagle Mines (AEM), a Canadian miner whose shares are up 31% this year after falling 50% last year. Agnico-Eagle faces less geopolitical risk than competitors, as its main mines are in Canada, Mexico, and Finland. Dudas expects its production to grow 20% in the next two years even as most of its peers expect flat to negative growth.

Agnico recently cut its dividend payment to conserve cash, but it remains one of the few consistent dividend payers in the industry. It has been paying a dividend since 1983. "That's extremely rare in this business," says Dudas.

Shares trade at two times price to book value, a discount to the stock's historical average of 2.6 times.

Gold and the miners are bound to remain a controversial and volatile trade. But after riding the gold bust down last year, Hickey is determined to hang on tight in 2014. Every day he looks at a sign he stuck to his computer screen. It says: "Do not sell!"

No one takes the salesman's creed "Always Be Closing" more seriously than Jos. A Bank Clothiers (JOSB). In fact, the retailer's effort to get suits out the door has become easy fodder for comedy routines. "We'll give you three suits for $8. Just take it, just take it. It's crap. Nobody wants it. Get it out of here!" Jerry Seinfeld joked last month, mimicking the company's famous 4-for-1 sales pitches.

But if Jos. A Bank's sales tactics stimulate laughter, its corporate deal-making skills inspire a standing ovation. Last week, Men's Wearhouse bought Jos. A Bank for $1.8 billion, or $65 a share, a 56% premium to the target's price before a merger was first broached last October, and "a substantial premium over any price at which [the] stock has ever traded," boasted Jos. A Bank chairman Robert Wildrick in Men's Wearhouse's press release.

The joke, in this deal, could well be on the buyer. Jos. A Bank's board danced like Fred Astaire for four months, first offering to buy its bigger rival, then spurning an initial offer from Men's Wearhouse to buy the company for $55 a share. Jos. A Bank not only held out for more, but signed a preliminary deal to buy Eddie Bauer, which effectively forced Men's Wearhouse's hand. The merger of the two men's tailored-clothing chains is expected to be completed in the third quarter.

Importantly, the deal is all-cash, meaning top executives of Jos. A Bank didn't take an equity stake in the new company. More likely, they'll take the money and run, given the challenges Men's Wearhouse is expected to face.

Men's Wearhouse, based in Houston, is expected to borrow at least $1.5 billion to pay for the deal. It is buying a company whose profits have languished for years. In 2013, Jos. A Bank continued its outrageous giveaways to close sales; operating profit margins contracted to 12.2% in the year ended in January 2013 from 16.3% the year before, and they could slip below 10% in the fiscal year ending in January. Even as sales have risen, net income remains below 2012 levels.

Then there's the deal's inflated price. Men's Wearhouse paid about 10 times Jos. A Bank's earnings before interest, taxes, depreciation, and amortization, a premium to other recent retail deals, done for about 8.8 times, says John Kernan, an analyst at Cowen.

Men's Wearhouse has said it doesn't plan any "rebranding or remodels," which implies it won't be closing weak Jos. A Bank stores. At the operating level, it isn't clear how the two slow-growing companies will improve, beyond possibly expanding Men's Wearhouse tuxedo rentals to Jos. A Bank stores. While both sell suits, their business models are different. Jos. A Bank sells its own brand, while Men's Wearhouse sells apparel from other designers. Men's Wearhouse declined to comment on its long-term plans.

The Trader: Dow Slides 2.4% On Week; Blame It On Putin! -- Barron's -2-

Men's Wearhouse, whose stock has risen more than 50% since October, traded at about $57 per share after the deal was announced. That, plus the debt it's taking on, give the company an enterprise value of eight times the combined company's estimated 2015 Ebitda, Kernan wrote the day after the announcement. By comparison, Macy's (M) EV/Ebitda ratio is 6.4, and Nordstrom's (JWN) is seven times. Investors might be having buyer's remorse already: Men's Wearhouse shares fell more than 7% in the last three trading days of the week, diminishing its still-inflated valuation.

What's more, the $100 million to $150 million it expects to wring out of corporate costs in the deal looks ambitious. At the high end, that amounts to 4.3% of the combined company's $3.5 billion in sales. PVH (PVH), a seasoned acquirer, forecast $100 million in cuts last year when it bought Warnaco, or about 1.2% of sales.

"Men's Wearhouse's cost-cutting projection is massive," Kernan says. "The integration risk is huge, and the upside is muted."

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Vital Signs

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DJIndustrials	16065.67	-387.05	-2.35
DJTransportation	7475.79	-116.57	-1.54
DJUtilities	522.29	+8.09	+1.57
DJ65Stocks	5612.39	-87.19	-1.53
DJUSMarket	466.91	-9.26	-1.94
NYSEComp.	10285.08	-226.83	-2.16
NYSEMKTComp.	2521.59	-41.12	-1.60
S&P500	1841.13	-36.91	-1.97
S&PMidCap	1364.10	-24.85	-1.79
S&PSmallCap	669.63	-11.59	-1.70
Nasdaq	4245.40	-90.83	-2.09
ValueLine(arith.)	4435.39	-87.39	-1.93
Russell2000	1181.41	-21.90	-1.82
DJUSTSMFloat	19454.24	-385.02	-1.94

	Last Week	Week Earlier
NYSE		
Advances	1,196	1,864
Declines	2,006	1,344
Unchanged	41	36
NewHighs	240	512
NewLows	90	35
AvDailyVol(mil)	3,299.4	3,469.3
Dollar		

(Finexspotindex) 79.41 79.72
T-Bond

(CBTnearbyfutures) 126-085 125-045
Crude Oil

(NYMlightsweetcrude) 98.89 102.58
Inflation KR-CRB

(FuturesPriceIndex) 302.88 307.19
Gold

(CMXnearbyfutures) 1379.00 1338.10

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(END) Dow Jones Newswires

17-03-14 0734GMT

文件 RTNW000020140317ea3h0006j

The Trader: Dow Slides 2.4% On Week; Blame It On Putin! -- Barron's

2,168 字
2014 年 3 月 15 日 04:08
Dow Jones Institutional News
DJDN
M3
英文

(FROM BARRON'S 3/17/14)
By Avi Salzman

Vladimir Putin likes to say that there's nothing exceptional about the United States. And last week it was hard to argue with him, at least when it comes to the stock market.

U.S. markets finally succumbed to the malaise affecting the rest of the world, as the Dow tumbled for five straight days and the S&P slipped into the red for the year.

Putin, of course, is largely to blame. Russian troops have massed at the border of Ukraine, and Crimean residents are set to vote on Sunday about whether to secede. From there, the region would likely join Mother Russia. European and American diplomats have threatened sanctions.

"The markets are hostage to diplomacy, and diplomacy is not working right now," says Joseph Quinlan, chief market strategist for U.S. Trust. "There was no breakthrough between the U.S. and Russia going into the weekend."

Other factors sapped investors' enthusiasm. China's exports, factory production, and retail sales were weaker than expected. European industrial production and a reading of consumer confidence in the U.S. also proved disappointing.

For the week, the Dow Jones Industrial Average dropped 2.4%, or 387.05 points, to 16,065.67. The Standard & Poor's 500 index fell 2%, or 36.91 points, to 1841.13. The Nasdaq Composite index slipped 2.1%, or 90.83 points, to 4245.40.

Fears of a trade-sapping cold war with Russia may be the biggest factor holding stocks at bay for now. But even if the conflict dissipates, the U.S. economy and corporate performance are doing little to light a fire under the market. Analysts' earnings-growth forecasts for the first quarter have fallen below 1%, down from almost 5% at the start of the year. For the full year, earnings are now set to grow 7.7%, compared with expectations of more than 11% in October, according to S&P Capital IQ.

"Stocks are not overvalued, but they need validation from the economy," says Mark Luschini, chief investment strategist at Janney Capital Management.

That sets up poorly for the coming week. The Fed will meet on Tuesday and Wednesday and could decide to change the way it communicates its intentions to the market. So far, the Federal Open Market Committee has used a "quantitative" benchmark to determine when to raise interest rates, saying it will begin considering a raise only after the unemployment rate has fallen below 6.5% and expected inflation remains below 2.5%. But unemployment is now at 6.7%, and some Fed officials have begun discussing offering more "qualitative" guidance not connected to specific numbers. There's clearly a risk in doing that -- the Bank of England attempted to offer more qualitative guidance last month and was "somewhat ridiculed" for offering an unclear forecast, Luschini says. This will be Janet Yellen's first meeting at the helm, and it looks like it won't be easy.

Anxiety about the Fed may be feeding a rally in gold. Last week, gold futures rose 3.1%, closing at $1,379 per ounce, a new high for the year. The precious metal has recouped only a small portion of the losses it suffered in 2013, and it remains well below its all-time high of $1,921 per ounce, reached in 2011.

Even so, the move sparked a new debate about whether the commodity, and the stocks of gold miners, are headed higher, or if they have already risen too high. Ned Davis Research analyst Neil Leeson issued a report on Friday arguing that investor sentiment, as measured by a proprietary index, is nearing its historic top. "We have now reached excessive optimism in gold," he wrote.

Optimism in gold often depends on pessimism in the rest of the market. Putin's aggression and China's weakness have lifted gold bulls. But gold is not just responding to turmoil in international markets.

Michael Dudas, an analyst at Sterne Agee, notes that gold miners bottomed just days before the Fed announced the taper, and have been rising ever since. Central bank policy appears to have had an impact.

That dovetails with a longstanding argument by Fred Hickey, who writes the High-Tech Strategist newsletter and sits on the Barron's Roundtable. Although he paid dearly in the 2013 gold rout, Hickey thinks the commodity's recent move vindicates his thesis that Fed money-printing has destabilized markets and will eventually cause stocks to crash. While the Fed is moving toward tighter monetary policies, the great unwinding is bound to shake the market -- and perhaps lead to another round of quantitative easing, Hickey argued last week. He expects the rally to last, with gold hitting "$1,500 to $1,600 at least."

Hickey owns Central Fund of Canada (ticker: CEF), a closed-end fund that holds physical gold and silver in Canadian Treasury vaults. But he also owns several gold miners, which rise much faster than the commodity when times are good (and are often punished more severely when they're bad). So far this year, the Market Vectors Gold Miners ETF (GDX) is up 31%, versus 15% for the commodity. One reason: Once gold is above the miners' production and development costs, any price rises tend to flow to the bottom line.

The miners received their comeuppance in 2012 and 2013, when the drop in gold exposed bad investments during the boom. Nearly every major company in the sector has changed CEOs and vowed to preserve capital. Dudas is in the "it really is different this time" camp. "Finally it appears that the industry is managing its businesses for a $1,100 gold price," he says.

It's tough to choose stocks in the sector, in part because political risks are rampant. Luschini, another gold-mining bull, plays the group with GDX. In addition valuations look inflated when stocks are near the bottom, because earnings are weak.

"You buy them when there's no earnings," says Hickey.

One gold miner whose fortunes could continue to improve is Agnico-Eagle Mines (AEM), a Canadian miner whose shares are up 31% this year after falling 50% last year. Agnico-Eagle faces less geopolitical risk than competitors, as its main mines are in Canada, Mexico, and Finland. Dudas expects its production to grow 20% in the next two years even as most of its peers expect flat to negative growth.

Agnico recently cut its dividend payment to conserve cash, but it remains one of the few consistent dividend payers in the industry. It has been paying a dividend since 1983. "That's extremely rare in this business," says Dudas.

Shares trade at two times price to book value, a discount to the stock's historical average of 2.6 times.

Gold and the miners are bound to remain a controversial and volatile trade. But after riding the gold bust down last year, Hickey is determined to hang on tight in 2014. Every day he looks at a sign he stuck to his computer screen. It says: "Do not sell!"

No one takes the salesman's creed "Always Be Closing" more seriously than Jos. A Bank Clothiers (JOSB). In fact, the retailer's effort to get suits out the door has become easy fodder for comedy routines. "We'll give you three suits for $8. Just take it, just take it. It's crap. Nobody wants it. Get it out of here!" Jerry Seinfeld joked last month, mimicking the company's famous 4-for-1 sales pitches.

But if Jos. A Bank's sales tactics stimulate laughter, its corporate deal-making skills inspire a standing ovation. Last week, Men's Wearhouse bought Jos. A Bank for $1.8 billion, or $65 a share, a 56% premium to the target's price before a merger was first broached last October, and "a substantial premium over any price at which [the] stock has ever traded," boasted Jos. A Bank chairman Robert Wildrick in Men's Wearhouse's press release.

The joke, in this deal, could well be on the buyer. Jos. A Bank's board danced like Fred Astaire for four months, first offering to buy its bigger rival, then spurning an initial offer from Men's Wearhouse to buy the company for $55 a share. Jos. A Bank not only held out for more, but signed a preliminary deal to buy Eddie Bauer, which effectively forced Men's Wearhouse's hand. The merger of the two men's tailored-clothing chains is expected to be completed in the third quarter.

Importantly, the deal is all-cash, meaning top executives of Jos. A Bank didn't take an equity stake in the new company. More likely, they'll take the money and run, given the challenges Men's Wearhouse is expected to face.

Men's Wearhouse, based in Houston, is expected to borrow at least $1.5 billion to pay for the deal. It is buying a company whose profits have languished for years. In 2013, Jos. A Bank continued its outrageous giveaways to close sales; operating profit margins contracted to 12.2% in the year ended in January 2013 from 16.3% the year before, and they could slip below 10% in the fiscal year ending in January. Even as sales have risen, net income remains below 2012 levels.

Then there's the deal's inflated price. Men's Wearhouse paid about 10 times Jos. A Bank's earnings before interest, taxes, depreciation, and amortization, a premium to other recent retail deals, done for about 8.8 times, says John Kernan, an analyst at Cowen.

Men's Wearhouse has said it doesn't plan any "rebranding or remodels," which implies it won't be closing weak Jos. A Bank stores. At the operating level, it isn't clear how the two slow-growing companies will improve, beyond possibly expanding Men's Wearhouse tuxedo rentals to Jos. A Bank stores. While both sell suits, their business models are different. Jos. A Bank sells its own brand, while Men's Wearhouse sells apparel from other designers. Men's Wearhouse declined to comment on its long-term plans.

15 Mar 2014 00:08 EDT The Trader: Dow Slides 2.4% On Week; Blame It On -2-

Men's Wearhouse, whose stock has risen more than 50% since October, traded at about $57 per share after the deal was announced. That, plus the debt it's taking on, give the company an enterprise value of eight times the combined company's estimated 2015 Ebitda, Kernan wrote the day after the announcement. By comparison, Macy's (M) EV/Ebitda ratio is 6.4, and Nordstrom's (JWN) is seven times. Investors might be having buyer's remorse already: Men's Wearhouse shares fell more than 7% in the last three trading days of the week, diminishing its still-inflated valuation.

What's more, the $100 million to $150 million it expects to wring out of corporate costs in the deal looks ambitious. At the high end, that amounts to 4.3% of the combined company's $3.5 billion in sales. PVH (PVH), a seasoned acquirer, forecast $100 million in cuts last year when it bought Warnaco, or about 1.2% of sales.

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Dollar		

(Finexspotindex) 79.41 79.72
T-Bond
(CBTnearbyfutures) 126-085 125-045
Crude Oil
(NYMlightsweetcrude) 98.89 102.58
Inflation KR-CRB
(FuturesPriceIndex) 302.88 307.19
Gold
(CMXnearbyfutures) 1379.00 1338.10
(See related letter: "Barron's Mailbag: Reducing Competition -- Barron's" -- Barron's March 31, 2014)

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(END) Dow Jones Newswires

March 15, 2014 00:08 ET (04:08 GMT)

文件 DJDN000020140315ea3f000bx

The Biotech Bubble: Is It or Isn't It?
Barron's Blogs, 2014 年 3 月 13 日 14:56, 247 字, By Ben Levisohn, (英文)
Not yet, but biotech is getting there, say Citigroup's Yaron Werber and team, who try to answer that question. The best they can do, in fact, is assure investors that the bull market in biotech stocks like Gilead (GILD), Celgene ...
文件 WCBBE00020140313ea3d000p1

DOW JONES
NEWSWIRES

Nymex Crude Consolidating Near-Term, $98.60 Resistance

1,747 字
2014 年 3 月 13 日 23:47
Dow Jones Institutional News
DJDN
英文

2347 GMT [Dow Jones] Nymex crude is likely to consolidate near-term after settling just 21 cents higher Thursday at $98.20/bbl, Dow Jones technical analysis shows. The daily continuation chart is still negative-biased as the five-day moving average is below the 15-day moving average and declining, while the MACD and slow stochastic indicators are bearish, although the latter is at the oversold level. Resistance is at $98.60 (Thursday's high); a breach would be near-term positive, exposing the upside to 99.60 (Wednesday's high), then to $101.52 (Tuesday's high), $102.91 (March 7 reaction high), $103.53 (March 5 high) and $104.96 (March 4 high). But a drop below $97.67 (Thursday's low) would reinstate the negative near-term view, targeting $97.55 (Wednesday's low), then the 100-day moving average (now at $97.28), $97.11 (Feb. 7 low), $96.26 (Feb. 3 reaction low) and $95.21 (Jan. 27 reaction low). April crude is down three cents at $98.17/bbl on Globex. (jerry.tan@wsj.com)

2324 GMT [Dow Jones] The USD/JPY, EUR/USD and EUR/JPY are expected to fall further in Asia as investors were surprised at ECB Draghi's comments on Thursday signaling the bank's discomfort the EUR/USD reaching 1.40, says a senior dealer at a major bank in Tokyo. Another concern is development in Ukraine toward this weekend's referendum. "What we are scared of is a possibly military clash over the weekend, and the market sentiment is it won't be too late to resume buying the risk-sensitive currencies after the coming weekend," he says. The USD/JPY is at 101.78, while EUR/USD at 1.3867 and EUR/JPY at 141.15.(takashi.mochizuki@wsj.com)

2304 GMT [Dow Jones] Japan stocks are set for a steep fall Friday, as the DJIA and S&P500 suffered their worst day since early February on rising tensions between Ukraine and Russia, as well as on yesterday's data illustrating China's economic slowdown. The China data are more worrisome, say traders, as they more concretely confirm long-simmering fears. The yen also gained ground as traders sold dollars (USD/JPY is now at 101.82). China January-February industrial output figures--which were published minutes before Thursday's TSE close--were almost a full percentage point below what economists had been expecting, and pushed the Nikkei to a negative finish. "Japan stocks take the first hit on bad Asian news, then when the U.S. markets fall late, they react to that as well, resulting in a 'double whammy' effect," says a Tokyo-based hedge fund manager. "It's not uncommon." "Japan shares are cheap, but it's not about valuations; it's about risk, and investors are now firmly back in 'risk-off' mode now," says SMBC Nikko Securities general manager of equities Hiroichi Nishi. "Meanwhile recent lack of buyers and thinning volume could exacerbate the severity of the fall." He puts the index range for the session at 14,400 to 14,650. Nikkei 225 March futures ended yesterday's Chicago trading down 375 points at 14,440 vs their close earlier yesterday in Osaka at 14,750. The cash market closed down 0.1% at 14,815.98 Thursday. (bradford.frischkorn@wsj.com)

2253 GMT [Dow Jones] Australia's S&P/ASX 200 is expected to fall sharply Friday after increasing concern about China's economy and geopolitical risk from Ukraine pushed the S&P 500 down 1.2%. Overnight index futures suggest the S&P/ASX 200 will open down about 1.1%, so the index may test key support from a potential double-top trigger point at 5440.3. A close below that level would target 5220 on a technical basis. BHP's (BHP.AU) ADR closed at A$35.66, suggesting the market heavyweight will open down about 2% despite stronger iron-ore prices. Spot-iron ore rose 3.8% to US$111.50, although LME copper fell 1.3% after China's disappointing economic data. Despite potential bargain-hunting in iron-ore miners, risk aversion may temper any rebound before Sunday's Russian-backed independence referendum in Crimea. Index last 5412.6. (david.rogers@wsj.com)

2143 GMT - Nomura trims its China 1Q GDP forecast to 7.3% from 7.5%, and sees downside risk to its overall 2014 growth forecast of 7.4% after China's disappointing industrial production, retail sales and fixed-assets investment data released yesterday. While the broker notes that Premier Li recently indicated some flexibility on the 2014 GDP target of 7.5%, it continues to expect the PBOC to stimulate its economy by cutting the reserve requirement ratio by 50 basis points in 2Q and another 50 basis points in 3Q. "We also believe fiscal policy needs to become more expansionary to prevent GDP growth [from] dropping below 7%," the broker adds. (david.rogers@wsj.com)

2122 GMT - Credit Suisse's February survey of US real estate agents points to ongoing weakness in US housing demand, even as recent bad weather subsides, warranting a cautious view on US-exposed Australian building materials companies James Hardie (JHX.AU) and Boral (BLD.AU), the broker says. "The February traffic index came in below expectations for the seventh consecutive month, which is in contrast to the generally positive comments from US homebuilders and optimism reflected in both the JHX and BLD share prices," firm says. It has a neutral stock ratings on James Hardie and Boral, with respective price targets of A$15.00/share and A$5.90/share, versus Thursday's closes at A$14.99 and A$5.91. (david.rogers@wsj.com)

16:59 EDT - Ulta Salon Cosmetics (ULTA) 4Q results top expectations and company gives strong guidance as it opens more stores and adds brands to its portfolio. For this year, ULTA expects same-store sales growth of 4%-6% and total sales in the mid-teens percentage range. It plans to open 100 new stores and remodel 12 more, slightly off 2013's pace. ULTA gains 6.9% to $95.70 after hours, still well off highs above $130 a share hit last year before weak holiday sales guidance sent the shares tumbling late in 2013. (patrick.sullivan@wsj.com)

16:25 EDT - Aeropostale (ARO) loses $70M in 4Q as sales drop 16% during a challenging holiday season for the teen retailer. ARO projects a 1Q loss of 70c-75c a share, with plans to close 50 Aeropostale Stores and two P.S. stores. ARO also receives $150M in corporate loans from Sycamore Partners along with convertible stock that allows Sycamore to buy up to 5% of its shares at $7.25 a piece, which would make up a 12.3% stake if converted. Sycamore deal also comes with a 10-year sourcing deal with its affiliate MFG. ARO drops 10% to $6.30 after hours, extending its 20% fall so far this year. (patrick.sullivan@wsj.com)

16:13 EDT - It's rarely one thing that sends stocks off the rails into a selling tizzy, and no single obvious trigger today to blame for a sharp selloff. Concerns about valuation, brewing geopolitical turmoil, sobering comments from the Fed vice chair nominee, weakening growth in China and lukewarm US data all have a role in ushering US equities sharply lower today. Biggest decline for the Dow Industrials since February 3, though remember that markets have a recent history of snapping back pretty quickly from these downdrafts. Volume picked up a little, DJIA sheds 231.19 to 16108.89, and Nasdaq Comp falls 62.91 to 4260.42. S&P 500 ends 21.86 lower at 1846.34. (john.shipman@wsj.com)

Call us at (212) 416-2181 or john.shipman@dowjones.com

Corrections & Amplifications

This item was was corrected at 4:18 p.m. ET. The orginal misstated the closing level for the S&P 500. It closed at 1846.34, not 1846.43.

15:54 EDT - Trading volume climbed during Thursday's session as prices rallied -- a sign of investors' desire to exit riskier bets and plow cash into haven markets. Ian Lyngen, a senior government bond strategist at CRT Capital, says it was the most active session in the Treasurys market since a selloff in late June. GMP Securities' Adrian Miller said $485B Treasury bonds changed hands as of 2 pm, versus a daily average of $306B over the past two weeks. Ten-year notes up 23/32 to yield 2.645%. (min.zeng@wsj.com; @minzengwsj)

15:48 EDT - Colombia's peso was showing signs of a modest rebound this week, but a drop in US stock markets today is pushing the currency back toward a three-year-low. As the Dow Jones Industrial Average fell more than 200 points, COP ended the Bogota trading session at 2,049/USD, according to Set-FX, its weakest close since March 3 and not far from the COP2,056/USD mark reached Feb. 26, its lowest since late 2010. Emerging markets currencies including COP are still being tested after sharp falls earlier this year as the Fed tapered. (dan.molinski@dowjones.com)

15:44 EDT - Considering the overbearing influence of central banks, it's reasonable to partly credit Stanley Fischer's testimony for today's stock-market selloff. The Fed vice chair nominee spoke earlier before the Senate Banking Committee. "What unnerved markets was likely Fischer's claim that the Fed is currently doing all it can to help the economy, even as it slows down its asset purchases," writes IHS Global Insight's Paul Edelstein. He adds that with the taper plan "apparently impervious to any downside risks popping up in the economy (from bad weather or a slowdown in China), markets are sensing that they are increasingly on their own." (john.shipman@wsj.com)

To contact the Market Talk Editors,
Bradley Davis, 212 416-2654, bradley.davis@dowjones.com
Kevin Kingsbury, 212 416-2354, kevin.kingsbury@dowjones.com
John Shipman, 212 416-2181,john.shipman@dowjones.com
Patrick Sullivan, 212 416-2326,Patrick.sullivan@dowjones.com

(END) Dow Jones Newswires

March 13, 2014 19:47 ET (23:47 GMT)

文件 DJDN000020140313ea3d004z4

DOW JONES
NEWSWIRES

Nikkei Set To Tumble on China, Ukraine Jitters; Buyers Lacking, SMBC Nikko Says -- MarketTalk

287 字
2014 年 3 月 13 日 23:04
Dow Jones Institutional News
DJDN
英文

2304 GMT [Dow Jones] Japan stocks are set for a steep fall Friday, as the DJIA and S&P500 suffered their worst day since early February on rising tensions between Ukraine and Russia, as well as on yesterday's data illustrating China's economic slowdown. The China data are more worrisome, say traders, as they more concretely confirm long-simmering fears. The yen also gained ground as traders sold dollars (USD/JPY is now at 101.82). China January-February industrial output figures--which were published minutes before Thursday's TSE close--were almost a full percentage point below what economists had been expecting, and pushed the Nikkei to a negative finish. "Japan stocks take the first hit on bad Asian news, then when the U.S. markets fall late, they react to that as well, resulting in a 'double whammy' effect," says a Tokyo-based hedge fund manager.

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(END) Dow Jones Newswires

March 13, 2014 19:04 ET (23:04 GMT)

文件 DJDN000020140313ea3d004p8

DOW JONES
NEWSWIRES

The Biotech Bubble: Is It or Isn't It? -- Barron's Blog

By Ben Levisohn
273 字
2014 年 3 月 13 日 14:56
Dow Jones Institutional News
DJDN
英文

Not yet, but biotech is getting there, say Citigroup's Yaron Werber and team, who try to answer that question. The best they can do, in fact, is assure investors that the bull market in biotech stocks like Gilead (GILD), Celgene (CELG), Biogen Idec (BIIB), Alkermes (ALKS) and Medivation (MDVN) is not ready to end yet.

Werber explains why:

Large cap biotech did very well [in 2013] driven by new products/pipeline, upwards EPS revisions, favorable pricing environment, and solid growth in a low growth global macro environment. Hence, generalist interest was high. Small/mid cap performance was also solid...

While the fundamentals are better than the S&P500, we anticipate that generalists will move away from biotech to other sectors when the macro environment improves. Until then, large-cap biotech will continue to post solid gains, but even large cap valuations are getting stretched.

The upshot: "We expect further consolidation and volatility but looks like the sector has another leg up," Werber says. "[Be] cognizant that valuation is rich already so watch for signs of continued sell off."

Werber's favorite stocks include Gilead has risen 0.3% to $80.01 at 10:54 a.m., Celgene has gained 0.9% to $159.29, Biogen Idec has advanced 0.4% to $340.94, Medivation has dropped 0.5% to $69.14 and Alkermes has dipped 0.2% to $46.72.

More at Barron's Stocks to Watch blog,
http://blogs.barrons.com/stockstowatchtoday/

(END) Dow Jones Newswires

March 13, 2014 10:56 ET (14:56 GMT)

文件 DJDN000020140313ea3d002vt

DOW JONES
NEWSWIRES

European Stocks Lower as China Concerns Continue

By Tommy Stubbington
567 字
2014 年 3 月 12 日 11:03
Dow Jones Institutional News
DJDN
英文

Markets were swept up in a fresh wave of nerves over China's growth prospects Wednesday, with stocks, some emerging-market currencies and copper the key pressure points.

Week Chinese trade data released at the weekend have rattled investors who were already nervous over the standoff between Russia and the West in Ukraine.

Copper, already battered in recent days, continued to fall amid fears of a sharp slowdown in the world's second-largest economy.

The metal sank more than 1% to $6,376.45 a ton, its lowest price since July 2010. The copper price has fallen nearly 10% over the past four trading sessions.

Concerns over China continued to spill into a wide range of assets. European stocks followed Asian shares lower and U.S. stock futures fell, while traditional safe harbors including government debt, the Japanese yen, and gold, rallied.

"The slowdown has been going on for some time but is increasingly becoming apparent. The risk of contagion from China to the rest of the world is now the number one tail risk for markets," said Jeanne Asseraf-Bitton, head of cross-asset research at Lyxor Asset Management in Paris, which manages about $110 billion of assets.

The recent depreciation of the yuan likely indicates that Chinese authorities are becoming increasingly worried about slackening growth, Ms. Asseraf-Bitton added.

Emerging-market currencies, which have recently steadied after a swoon earlier this year, were also showing signs of stress.

The South African rand declined to a two-week low of 10.9624 rand per dollar. The Turkish lira also briefly hit a five-week low against the greenback.

Turkey's government bonds also sank, amid clashes between police and protesters following the death of a 15-year-old boy hit by a police tear-gas capsule during antigovernment protests last summer. Two-year Turkish bond yields climbed to 11.75%, the highest since July 2009.

Elsewhere the yen, which typically rises in times of stress, gained 0.2% against the dollar.

Gold added 0.5% to hit $1362.50 an ounce, its highest since late October.

In equity markets, Japan's Nikkei closed 2.6% lower, while Hong Kong's Hang Seng lost 1.7%. The Stoxx Europe 600 index followed suit, falling by 1% midmorning in Europe with mining shares leading the decline.

Germany's DAX, a notably week performer over the past two weeks because of the country's unusually heavy reliance on Russian gas, fell by 1.2%.

In the U.S., futures contracts pointed to a 0.2% opening loss for both the S&P500 and the Dow Jones Industrial Average. Changes in futures don't necessarily accurately predict market moves after the opening bell.

In the background, tensions between Russia and the West in Ukraine ahead of Sunday's referendum over the future of Crimea are giving investors further reason for caution.

"The more risk-averse trading environment has also been triggered by the latest developments in the Ukraine with little signs of progress having been made toward resolving the ongoing standoff with Russia over its occupation of Crimea," said Lee Hardman, a currency analyst at Bank of Tokyo Mitsubishi.

Ben Winkley contributed to this article.

Write to Tommy Stubbington at tommy.stubbington@wsj.com

(END) Dow Jones Newswires

March 12, 2014 07:03 ET (11:03 GMT)

文件 DJDN000020140312ea3c001ew

DOW JONES
NEWSWIRES

Nomura Picked a Bad Day to Upgrade US Steel -- Barron's Blog

By Ben Levisohn
265 字
2014 年 3 月 10 日 18:52
Dow Jones Institutional News
DJDN
英文

I just wrote about iron miners getting pounded; now it's time for the steel stocks like US Steel (X), AK Steel (AKS) and Steel Dynamics (STLD).

US Steel has dropped 2.4% to $24.24 at 2:50 p.m., while AK Steel has fallen 0.9% to $6.26, Steel Dynamics has declined 3.4% to $17.11, and Nucor (NUE) is off 1.1% at $49.58. And yes, it's for the same reason that iron miners are getting pounded: China.

The funny thing: Nomura's Curt Woodworth upgraded US Steel to Buy from Neutral. He explains why:

[Free cash flow potential significant] as US Steel transformation elevates earnings profile. We are upgrading US Steel to Buy and increasing our PT to $32 from $27 to account for higher through-the-cycle EBITDA / FCF generation. After the stock's 18% correction since January (vs. S&P500 +2%), we see many reasons to own [US Steel]. After meeting with the CEO and CFO last week, we have increased conviction in the company's direction as well as the opportunity sets in the commercial, financial, and operating functions of the business. We see US Steel's cash flow significantly increasing in the coming years.

Well, after today's drop, that would make US Steel an even better buy, wouldn't it?

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

March 10, 2014 14:52 ET (18:52 GMT)

文件 DJDN000020140310ea3a002zg

BARRON'S

MARKET WEEK
Stocks --- The Trader: Stocks Rise 1%, S&P 500 Reaches New High

By Vito J. Racanelli
2,057 字
2014 年 3 月 10 日
Barron's
B
M3
英文

It's beginning to seem that, short of war, this market's going up, so perhaps it's no wonder that talk is building of a 2000-style stock market bubble.

Shares jumped 1% last week, notching another all-time record high despite a serious confrontation between the U.S. and Russia over its moves in the eastern Ukraine. Geopolitical concerns were trumped by improving U.S. economic data, and conciliatory-sounding comments from Russian President Vladimir Putin assuaged the market. Nevertheless, the situation on the ground in Crimea remains unpredictable and tense, and could yet come back to slam the market.

On the week, the Dow Jones Industrial Average picked up 131 points, or 0.8%, to 16,452.72. The Standard & Poor's 500 index gained nearly 19 points, or 1%, to 1878.04, a new high. The Nasdaq Composite index rose 28 points, or 0.65%, to 4336.22. The Russell 2000 small cap index soared 1.7%, or 20 points, to 1203.32, and a nearly 3% one-day jump Tuesday helped fuel the bubble talk.

The more important geopolitical issue could extend beyond the dust-up over the Ukraine, leading to future market-slamming confrontations between the West and Russia over other issues, like Syria and Iran, says James Russell, senior equity strategist at U.S. Bank Wealth Management. "Cooperation with Russia could be off the table, and that could lead to more strident event risk later this year," he adds.

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In addition to the equity rally, a hot IPO market is also behind the bubble talk. Initial public offerings are ramping up so the market will have to digest a lot of new stock supply, he adds. Bad-weather issues might also be reflected in the first-quarter reporting season.

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History notes that the Nasdaq then fell 80% over 30 months, and that the initial bubble pinprick wasn't macroeconomic. (More on bubble talk below.)

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Indeed, AOL notes that because of higher variable costs at Networks compared with more fixed costs at Brands and Membership, the same Networks revenue rise would probably lead to lower incremental margin gains. Networks is basically a middleman, not a typically high-margin position, says Trainer.

The Street expects $1 billion in Networks sales this year, up from $785 million last year, but a lot of that comes from acquisitions. And annual Networks results need to be put in context. In 2013, revenue did rise a solid 22% to $785 million, but that's down from a 31% jump in 2012. Networks' adjusted OIBDA has been choppy: a negative $40 million in 2011; a positive $7.3 million in 2012; and back again to a loss of $15 million last year. Consistency is important for a high P/E multiple. Where are the sustainable and rapid revenue and profit increases usually required of highflying digital media companies?

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AOL has improved its position from a few years ago, but the stock discounts that and more, and bulls are extrapolating Networks' double-digit sales rise far into the future. If that proves to be unsustainable, disappointment will ensue. It won't take much of a miss in quarterly results for the stock price to suffer.

Talk of a new stock-market bubble is intensifying. Perhaps such worries proliferate now because last Friday, March 6, was the fifth anniversary of the market's intraday low -- 666.79 on the S&P 500 index -- in the terrible 2008-09 bear market. Since then stocks have risen 180% and some investors are understandably scared of heights.

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But to see how "bubbly" the market or biotech have become, it's useful to look at one of the best-known bubbles of them all, the dot-com bubble that ended in 2000.

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And while biotech gets much of the attention, technology stocks are at it again. The Nasdaq Internet index (QNET), which includes AOL, for example, has risen almost 500% from the March 2009 lows.

Do such comparisons sound the all-clear?

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DJUSMarket	476.17	+4.60	+0.98
NYSEComp.	10511.91	+86.05	+0.83
NYSEMKTComp.	2562.71	+51.73	+2.06
S&P500	1878.04	+18.59	+1.00
S&PMidCap	1388.95	+13.62	+0.99
S&PSmallCap	681.22	+13.89	+2.08
Nasdaq	4336.22	+28.10	+0.65
ValueLine(arith.)	4522.78	+62.09	+1.39
Russell2000	1203.32	+20.29	+1.71
DJUSTSMFloat	19839.26	+201.57	+1.03

	Last Week	Week Earlier
NYSE		
Advances	1,864	2,217
Declines	1,344	994
Unchanged	36	33
NewHighs	512	457
NewLows	35	63
AvDailyVol(mil)	3,469.3	3,602.0
Dollar (Finexspotindex)	79.69	79.78
T-Bond (CBTnearbyfutures)	125-045	126-035

Crude Oil (NYMlightsweetcrude)	102.58	102.59
Inflation KR-CRB (FuturesPriceIndex)	307.19	302.43
Gold (CMXnearbyfutures)	1338.10	1321.40

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文件 B000000020140308ea3a0000t

Nomura Picked a Bad Day to Upgrade US Steel

Barron's Blogs, 2014 年 3 月 10 日 18:52, 240 字, By Ben Levisohn, (英文)

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DOW JONES
NEWSWIRES

The Trader: Stocks Rise 1%, S&P 500 Reaches New High -- Barron's

2,092 字
2014 年 3 月 10 日 08:07
Dow Jones Newswires Chinese (English)
RTNW
英文

(FROM BARRON'S 3/10/14)

By Vito J. Racanelli

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The Trader: Stocks Rise 1%, S&P 500 Reaches New High -- Barron's -2-

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NYSEMKTComp.	2562.71	+51.73	+2.06
S&P500	1878.04	+18.59	+1.00
S&PMidCap	1388.95	+13.62	+0.99
S&PSmallCap	681.22	+13.89	+2.08
Nasdaq	4336.22	+28.10	+0.65
ValueLine(arith.)	4522.78	+62.09	+1.39
Russell2000	1203.32	+20.29	+1.71
DJUSTSMFloat	19839.26	+201.57	+1.03

	Last Week	Week Earlier
NYSE		
Advances	1,864	2,217
Declines	1,344	994
Unchanged	36	33
NewHighs	512	457
NewLows	35	63
AvDailyVol(mil)	3,469.3	3,602.0
Dollar		
(Finexspotindex)	79.69	79.78

T-Bond

(CBTnearbyfutures)	125-045	126-035

Crude Oil

(NYMlightsweetcrude)	102.58	102.59

Inflation KR-CRB

(FuturesPriceIndex)	307.19	302.43

Gold

(CMXnearbyfutures)	1338.10	1321.40

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DOW JONES
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What Traders Said About the Market 'Freight Train' in March 2009 -- WSJ Blog

By Erik Holm
2,289 字
2014 年 3 月 9 日 17:44
Dow Jones Institutional News
DJDN
英文

The beginning of March 2009 was a nightmare for investors. Markets kept going down, down, down, reaching their lowest levels in more than a decade. Major American companies were trading as if they were penny stocks. No one seemed sure it was ever going to stop.

"I don't know if I've ever heard as many people being negative on the market as what's happening right now," said William Lefkowitz, chief derivatives strategist at vFinance Investments, at the time.

But then, in a four-day span, stocks went up 10%. It was just the start of a 151% gain for the Dow Jones Industrial Average over the next five years.

At the time, no one was sure whether it was the start of something great...or just a brief respite from the months of declines. Here's a day-by-day account of what people were saying as markets reached their nadir and started their long climb up:

Monday, March 2: Five trading days before the market bottom.

The Dow fell 299.64 points, or 4.2%, to 6763.29. It was the Dow's lowest close since April 25, 1997, and the first close below 7000 since May 1, 1997.

Citigroup plunged 20%, to $1.20. General Electric Co. dropped 11%, to 7.60, a roughly 15-year low.

Manufacturing data indicated that a freeze in industrial activity continued into February, while continued government intervention in American International Group Inc. "raised fears of an incremental nationalization of the U.S. financial sector," the Journal wrote.

"We're in a bottoming process and it's going to take a while," said Anthony Conroy, head equity trader at BNY ConvergEx. "Two things need to happen for the market to bottom: financials need to be healthy and the housing market needs to stabilize."

Tuesday, March 3: Four trading days before the market bottom.

The Dow fell 37.27 points, or 0.6%, to 6726.02, its fifth consecutive decline and its eleventh drop in 13 sessions. The S&P500 fell 4.49 points, or 0.6%, to 696.33. It was the first time the S&P closed below 700 since 1996.

President Barack Obama said he was "absolutely confident" in his plans to revive the economy and restore stability to the financial system. Federal Reserve Chairman Ben Bernanke backed the White House's efforts, saying aggressive action was needed to avoid an economic calamity even as it added trillions of dollars in new government debt.

The Journal wrote that February auto sales from Ford Motor Co. and General Motors, alongside "grim signals" from a manufacturing report and pending-home-sales data, showed "the economic paralysis that set in when Lehman Brothers failed in September lingers despite more than a trillion dollars committed by the U.S. government to save banks and stimulate the economy."

JPMorgan Chase & Co. strategist Thomas Lee reversed his tentative "buy" call on the S&P 500 from a week earlier, telling clients he saw the stock index trading sideways until it reached a final low in the second half of 2009.

"There is no doubt that equities are severely oversold, but the more glaring question is, where is the next catalyst?," he wrote.

"Given the magnitude of this crisis we may have to eventually see very cheap levels before we bottom," Deutsche Bank analysts said in a research note. The market's precipitous decline to levels considered "cheap" is "not a reason to suggest an imminent sustainable bounce."

Wednesday, March 4: Three trading days before the market bottom.

Stocks snapped their five-day losing skid as traders clung to news of a new stimulus package in China and sent shares of industrial and commodities stocks higher. The Dow rose 149.82 points, or 2.2%, to 6875.84. The S&P climbed 16.53, or 2.4%, to 712.86. Caterpillar and Alcoa each rose 13%.

Analyst Steve Condon, of the portfolio-management firm Truepoint Capital in Cincinnati, said he'd been trying to convince jittery clients not to unload their stock holdings.

"At these valuations, you have to be a buyer if you're investing for a long-term frame," said Mr. Condon. "At the very least, if we can't get people to add to their positions, we try to avoid liquidating."

Don Bright of Bright Trading in Chicago told the Journal he was hopeful that financial markets had returned to normal for the moment, arguing that the latest round of gains could mark the start of a longer rally--lasting perhaps through the summer. Still, he stopped short of declaring an end to the overall bear market.

"Let's just say the bear is asleep for now," said Don Bright.

Thursday, March 5: Two trading days before the market bottom.

The declines resumed in earnest, with banks and life insurers taking the hardest hit. The Dow fell 281.40 points, or 4.1%, to 6594.44. The S&P shed 30.32, or 4.25%, to 682.55. That was 56% below the S&P's bull-market peak in October 2007.

MetLife Inc. fell 18%, Hartford Financial Services Group Inc. plunged 20%, Wells Fargo & Co. fell 16% and JPMorgan was off 14%.

Traders were petrified of owning stocks overnight, said Joseph Saluzzi, co-founder of Themis Trading.

"Nobody wants to get in the way as the freight train comes down the embankment," he said.

Dow Jones Newswires wrote: "Nothing seems to stop a contagion of confidence crises from spreading from one part of the financial sector to the next."

"It's just a never ending spiral," said Lorenzo Di Mattia, manager of hedge fund Sibilla Global Fund.

Friday, March 6: One trading day before the market bottom.

The Dow rose 32.5 points, or 0.49%, to 6626.94. But it was off 6.2% on the week, marking the fourth straight weekly decline and the 15th drop in the last 18 weeks. The S&P rose 0.83, or 0.1%, to 683.38, after dipping as low as 666.79 during the session.

Few people believed the day's gains were anything to crow about.

The Journal summed it up this way: "Hopes that the bad news is priced in have dwindled as bad turns to worse in the economy and in the banking sector. Burned by so many recoveries gone awry, traders and retail investors have become gun shy, and rallies are fleeting affairs."

Frank Beck, chief investment officer at Capital Financial Group in Austin, Texas sounded ready to pack it in: "Really, how much demand is there for stocks? You can look at all the great fundamentals in the world, but if there's not a demand for the stock, it really doesn't matter."

Traders said apathy had replaced fear on the market. "Some days, the volume of selling is not intense, but you don't see the buyers coming in, " said Quincy Krosby, chief investment strategist at Hartford Financial.

Monday, March 9: The bottom.

On the very morning of the day that the market would finally reach its nadir, the Journal asked "Just how low can stocks go?" In an article called " Dow 5000? There's a Case for That," we said that reduced earnings estimates and fading hopes for a quick economic fix meant "the once-inconceivable notion of returning to Dow 5000 or S&P 500 at 500 looks a little less far-fetched."

And then...

The Dow fell 79.89 points, or 1.2%, to 6547.05, its lowest close since April 14, 1997. The S&P fell 6.85 points, or 1%, to 676.53, its lowest close since Sept. 12, 1996. The Nasdaq fell 25.21 points, or 2%, to 1268.64.

Warren Buffet went on CNBC and said that the economy had "fallen off a cliff." The World Bank forecast that the global economy was likely to shrink for the first time since World War II.

In a separate piece, the Journal wrote that "markets seem unable to shake the perception that the global economy is rapidly deteriorating."

"I don't know if I've ever heard as many people being negative on the market as what's happening right now," said William Lefkowitz, chief derivatives strategist at vFinance Investments.

"We have a bad combination of lousy technical performance with lousy fundamentals, which is not a recipe for any strong sustained movement upward," said Craig Peckham, a strategist with Jefferies.

"There's a good chance the market could keep going lower," says Bill Strazzullo, chief market strategist at Bell Curve Trading.

"Some people may say that is the bottom, but I think there is another leg to go on this," Mr. Strazzullo said. "That last leg will probably be the general public throwing in the towel."

But a few people were ready to call the decline overdone.

"Analysts are just slashing numbers and people are trying to extrapolate that earnings plunge into Dante's Inferno," Citigroup's chief U.S. equity strategist, Tobias Levkovich, said in the "Dow 5000?" article. The piece said Mr. Levkovich was keeping a year-end target of 1,000 on the S&P. It would end the year at 1,115.10.

Tuesday, March 10: One day after the market bottom.

Comeback! The Dow closed up 379.44 points, or 5.8%, at 6926.49, marking its biggest percentage gain since Nov. 21 and closing at its highest level since Feb. 27.

Citigroup Inc. surged 40 cents, or 38%, to $1.45, though it was still down 98% from the same time a year earlier. Bank of America Corp. surged 28%. JPMorgan rose 23%.

"This kind of broad-based move is encouraging, but the question becomes, will it be sustained? At this point, it certainly feels that way," said Gordon Charlop, managing director at Rosenblatt Securities.

"Should we see higher prices over the next week or so, the more important question will be whether we are dealing with anything more than an oversold bounce," said Prieur du Plessis, executive chairman of Plexus Asset Management in Durbanville, South Africa.

March 11: Two days after the market bottom

U.S. stocks eked out their first back-to-back gains since early February. At the close, the Dow was up 3.91, or 0.1%, to 6930.40. The S&P gained 1.76, or 0.2%, to 721.36.

Freddie Mac, still suffering from the lax mortgage-lending practices of the housing boom, reported a loss of $23.9 billion for the fourth quarter and said it would need a $30.8 billion injection of capital from the U.S. Treasury.

The Journal wrote that investors remained concerned about the fate of banks laden with toxic assets on their balance sheets.

9 Mar 2014 13:44 EDT What Traders Said About the Market 'Freight -2-

"So far, we've [mostly] seen the degradation of asset values in housing and derivatives of housing, but you still have corporate credits deteriorating, commercial-mortgage credits are still deteriorating," said Daniel Alpert, a founder of boutique investment bank Westwood Capital.

Prophetically, a Dow Jones Newswires article said Wall Street "may be getting its appetite for risk back, as evidenced by...the resurfacing of bullish factoids. An email pinged around trading desks claiming Tuesday's close on the S&P 500 at 719.6 was the first time in 27 years the index had closed at a new low one day, then rallied enough the next to wipe out the previous five-session deficit. Naturally, [the email said] 'the 1982 instance marked the end of that bear market.'"

Thursday, March 12: Three days after the market bottom

The Dow jumped 239.66 points, or 3.5%, to 7170.06, marking its first three-day streak of gains since January. The index was up 9.5% over the three sessions.

Market watchers embraced the gains but remain cautious about whether it was sustainable. After all, there was still deep uncertainty about the economy and the state of credit markets.

"In the short term, it is encouraging, but we've seen this before," said Ryan Detrick, technical analyst at Schaeffer's Investment Research. "We are still so oversold, we are due for something like this."

Meanwhile, Bernie Madoff pleaded guilty to defrauding investors in a massive ponzi scheme.

Friday, March 13: Four days after the market bottom.

The Dow gained 53.92 points, or 0.8%, to 7223.98 for the day and ending the week up 9%. The weekly gain snapped a four-week losing spell and marked just the fourth weekly gain since the end of October 2008. The S&P 500 climbed 5.81 points, or 0.8%, to 756.55.

"This was an encouraging week, but it's still too early to tell," said Michael Cuggino, president of the Permanent Portfolio Family of Funds, based in San Francisco.

"At this point, we'll take a good week anytime, any way we can get it," said Keith Wirtz, president and chief investment officer at Fifth Third Asset Management in Cincinnati.

Traders clung to assurances from banks that their underlying businesses were profitable in the first months of the year, and liked what they saw in a report on retail sales for February. Both gave the market a "little assurance that, yes, there is a real economy out there and it has a chance of doing better," said Todd Clark, director of trading at Nollenberger Capital Partners.

More at The Wall Street Journal's MoneyBeat blog,
http://blogs.wsj.com/moneybeat/
(END) Dow Jones Newswires

March 09, 2014 13:44 ET (17:44 GMT)

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DOW JONES
NEWSWIRES

The Trader: Stocks Rise 1%, S&P 500 Reaches New High -- Barron's

2,091 字
2014 年 3 月 8 日 05:11
Dow Jones Institutional News
DJDN
M3
英文

(FROM BARRON'S 3/10/14)
By Vito J. Racanelli

It's beginning to seem that, short of war, this market's going up, so perhaps it's no wonder that talk is building of a 2000-style stock market bubble.

Shares jumped 1% last week, notching another all-time record high despite a serious confrontation between the U.S. and Russia over its moves in the eastern Ukraine. Geopolitical concerns were trumped by improving U.S. economic data, and conciliatory-sounding comments from Russian President Vladimir Putin assuaged the market. Nevertheless, the situation on the ground in Crimea remains unpredictable and tense, and could yet come back to slam the market.

On the week, the Dow Jones Industrial Average picked up 131 points, or 0.8%, to 16,452.72. The Standard & Poor's 500 index gained nearly 19 points, or 1%, to 1878.04, a new high. The Nasdaq Composite index rose 28 points, or 0.65%, to 4336.22. The Russell 2000 small cap index soared 1.7%, or 20 points, to 1203.32, and a nearly 3% one-day jump Tuesday helped fuel the bubble talk.

The more important geopolitical issue could extend beyond the dust-up over the Ukraine, leading to future market-slamming confrontations between the West and Russia over other issues, like Syria and Iran, says James Russell, senior equity strategist at U.S. Bank Wealth Management. "Cooperation with Russia could be off the table, and that could lead to more strident event risk later this year," he adds.

U.S. domestic data continue to show trends that are "two steps forward, one step back," Russell adds, but remain supportive nonetheless of the rally. Last week's report of a drop in jobless claims and a larger-than-expected rise in payrolls was welcomed by investors.

In addition to the equity rally, a hot IPO market is also behind the bubble talk. Initial public offerings are ramping up so the market will have to digest a lot of new stock supply, he adds. Bad-weather issues might also be reflected in the first-quarter reporting season.

A "cautious" Bernie McGinn says the fact controversial stock Tesla Motors (ticker: TSLA) doubled its share price since late Novembersuggests the market is starting to look "frothy." Still, the president of McGinn Investment Management and 30-year market veteran doesn't put himself in the bubble camp: "I don't see a big drop when the economy is limping to a recovery."

Bubble talk can go on for a while, he adds. There was plenty of such worry in 1999 and the Nasdaq still doubled from August of that year to March 2000, he says.

History notes that the Nasdaq then fell 80% over 30 months, and that the initial bubble pinprick wasn't macroeconomic. (More on bubble talk below.)

AOL is a name that may remind some readers of the Internet bubble of 2000, but it was spun off from Time Warner (TWX) in 2009. AOL's stock has tripled since 2011, to $44.04 Friday, far surpassing an already blistering 50% rise by the broad market over the same period.

The excitement is over AOL (AOL) turning itself into a "digital media" company, with substantial earnings from its traditional but declining Membership unit used to support future strong growth expected from its Brand and Networks divisions.

Consensus analysts' earnings-per-share estimates have duly risen -- up to $2.24 per share in 2014 from a $1.82 expectation 12 months ago -- as the Street anticipates a promising digital-media future for AOL. But it's a view that could turn out overly rosy, which won't be good news for the stock price.

AOL's profit growth in the past 24 months has come primarily from cost-cutting, says David Trainer, president of New Constructs, an independent research firm. "Cost cuts are not a long-term strategy," he says.

That's particularly true of "digital media" companies. Yet the cost-cutting goes on, as AOL reduced its workforce 10% in the first two months of this year, to 4,600. There's nothing wrong with reducing costs, but what kind of multiple does that deserve?

Total adjusted operating income before depreciation, and amortization (OIBDA) jumped 17% last year to $481 million, from $413 million in 2012 and revenue rose 6% $2.3 billion. Looks good, but the increase in income is accounted for -- and then some -- by last year's $91 million reduction in general expenses. Large 2012 extraordinary items make operating numbers more relevant.

Skeptics also point out that AOL still derives the overwhelming amount of its profit from its better-known but deteriorating Membership business, which includes AOL Mail, where paid subscribers have dropped to 2.5 million from 3.3 million two years ago. Membership-adjusted OIBDA was $593 million last year, down 6% but more than the 2013 AOL consolidated total OIBDA because of losses at the corporate level and the Networks group. Average membership revenue per user was up 12%, but not enough to offset the decline in numbers, which AOL acknowledges will continue.

The Brand group, a publisher of online content -- including the Huffington Post and Engadget.com Websites, among others -- gets revenue from advertising and searches. Sales rose a robust 9% last year to $794 million and adjusted OIBDA swung to $40 million in income from a $33 million loss. That's nice, but given its small percentage of overall profit, not worthy of the stock's tripling or the current price/earnings ratio of 20 times 2014 EPS.

AOL Networks' growth, meanwhile, is creating the most excitement. Networks basically matches up online ad inventory and content from a diverse array of publishers, with advertisers looking for specific viewer criteria. The ads appear across various platforms from personal-computers to mobile devices. It's a promising business and bulls point out that fourth-quarter Networks revenue rose 50%. That's attractive, yet Networks' adjusted OIBDA fell $0.5 million from the same quarter of 2012. AOL needs to show consistent profit rises at the divisional level.

Indeed, AOL notes that because of higher variable costs at Networks compared with more fixed costs at Brands and Membership, the same Networks revenue rise would probably lead to lower incremental margin gains. Networks is basically a middleman, not a typically high-margin position, says Trainer.

The Street expects $1 billion in Networks sales this year, up from $785 million last year, but a lot of that comes from acquisitions. And annual Networks results need to be put in context. In 2013, revenue did rise a solid 22% to $785 million, but that's down from a 31% jump in 2012. Networks' adjusted OIBDA has been choppy: a negative $40 million in 2011; a positive $7.3 million in 2012; and back again to a loss of $15 million last year. Consistency is important for a high P/E multiple. Where are the sustainable and rapid revenue and profit increases usually required of highflying digital media companies?

Like the Brand division, Networks is currently an insignificant part of the total profit pie, and even a return to black ink this year would most likely not be as financially meaningful as cost cuts have been.

AOL responds by noting that it has shown consistent improvements in revenue, expenses, profit, and usage on a consolidated basis. The company has also said that it expects Networks and Brand margins to improve in 2014 from 2013.

AOL bulls also point out that rival Rocket Fuel (FUEL) is much smaller in revenue but trades at a big premium, a P/E of 93 times 2015 EPS estimates. But Rocket Fuel is a pure play and showing 100% revenue growth. And while AOL Networks produced 2013 triple-digit growth in the hot digital-media business called "programmatic" ad sales, much is from an acquisition and it was less than 10% of total revenue.

AOL has improved its position from a few years ago, but the stock discounts that and more, and bulls are extrapolating Networks' double-digit sales rise far into the future. If that proves to be unsustainable, disappointment will ensue. It won't take much of a miss in quarterly results for the stock price to suffer.

Talk of a new stock-market bubble is intensifying. Perhaps such worries proliferate now because last Friday, March 6, was the fifth anniversary of the market's intraday low -- 666.79 on the S&P 500 index -- in the terrible 2008-09 bear market. Since then stocks have risen 180% and some investors are understandably scared of heights.

Many seem particularly troubled by the parabolic move in biotechnology stocks. While the group fell about 3% one day last week, the Nasdaq Biotech index is up 14% this year alone, and about 75% since 2012. Since March 2009, the index has shot up more than 360%.

But to see how "bubbly" the market or biotech have become, it's useful to look at one of the best-known bubbles of them all, the dot-com bubble that ended in 2000.

In a recent report, Bespoke Investment Group dated the Internet Bubble from December 1994 to March 2000, a period in which the Nasdaq 100 index produced a mammoth 1,118% rise in some 1,900 days.

Since the low in March 2009, the Nasdaq Biotech index is up 361% in over 1,800 days. Heady as it is, that move pales in comparison. Biotech isn't even second, the BIG report notes. The home-building stocks in the S&P 1500 soared 835% from March 2000 to July 2005, also roughly the same in days.

And while biotech gets much of the attention, technology stocks are at it again. The Nasdaq Internet index (QNET), which includes AOL, for example, has risen almost 500% from the March 2009 lows.

Do such comparisons sound the all-clear?

Market bears will say that the entire market is a bubble now. But in hindsight the nearly 60% market drop five years ago was exceptional and overdone.

8 Mar 2014 00:11 EDT The Trader: Stocks Rise 1%, S&P 500 Reaches New -2-

The current S&P 500 index forward P/E of 16 times is a bit above the long-term average but much lower than in 2000. Both profit growth and interest rates are low, but rates will eventually go higher and corporate profit margins will get squeezed. For all the nervousness right now, investor sentiment looks complacent by historic measures, and the individual investor is returning to stocks, which suggests more a bull in its latter stages than a bubble.

At these levels, what's true is that stocks are more exposed to unforeseen exogenous shocks than they were a year ago. Turmoil in Ukraine took the market down only for a few days, but no one can predict when or whether such events will happen, or the severity of the reaction.

Many investors are getting increasingly uncomfortable, but the sad truth is that bubbles are only proven after they pop.

Vital Signs

	Friday's Close	Week's Change	Week's % Chg.
DJIndustrials	16452.72	+131.01	+0.80
DJTransportation	7592.36	+243.99	+3.32
DJUtilities	514.20	-4.57	-0.88
DJ65Stocks	5699.58	+72.63	+1.29
DJUSMarket	476.17	+4.60	+0.98
NYSEComp.	10511.91	+86.05	+0.83
NYSEMKTComp.	2562.71	+51.73	+2.06
S&P500	1878.04	+18.59	+1.00
S&PMidCap	1388.95	+13.62	+0.99
S&PSmallCap	681.22	+13.89	+2.08
Nasdaq	4336.22	+28.10	+0.65
ValueLine(arith.)	4522.78	+62.09	+1.39
Russell2000	1203.32	+20.29	+1.71
DJUSTSMFloat	19839.26	+201.57	+1.03

	Last Week	Week Earlier
NYSE		
Advances	1,864	2,217
Declines	1,344	994
Unchanged	36	33
NewHighs	512	457
NewLows	35	63
AvDailyVol(mil)	3,469.3	3,602.0
Dollar		
(Finexspotindex)	79.69	79.78
T-Bond		

(CBTnearbyfutures)	125-045	126-035
Crude Oil		
(NYMlightsweetcrude)	102.58	102.59
Inflation KR-CRB		
(FuturesPriceIndex)	307.19	302.43
Gold		
(CMXnearbyfutures)	1338.10	1321.40

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(END) Dow Jones Newswires

March 08, 2014 00:11 ET (05:11 GMT)

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DOW JONES
NEWSWIRES

Prudential: Interest Rates or the Upgrade? -- Barron's Blog

By Ben Levisohn
251 字
2014 年 3 月 7 日 19:55
Dow Jones Institutional News
DJDN
英文

Sometimes even a stodgy life insurer needs some love, and Merrill Lynch has provided it in spades to Prudential (PRU).

That's because Merrill Lynch's Seth Weiss and Ian Ryave decided to upgrade Prudential today. They explain why:

We are upgrading Prudential from Neutral to Buy and raising our PO by 10% from $94 to $103. PRU has been the poorest performing life stock to start the year (down 6% vs. a 2% increase in S&P500 and a 1% increase in the median life name), and we view valuation as attractive. The increase in our PO is driven by 1) increased confidence that PRU can sustain an operating ROE at or above 14% and 2) new peaks in equity market suggesting a lower cost of equity for the industry.

It's been a good day for life insurers across the board today, thanks to speculation that the Fed could get more hawkish following today's jobs report--and higher interest rates would benefit insurers. Shares of Prudential have gained 2% to $88.47 at 2:53 p.m. today, while Metlife (MET) has risen 1.3% to $53.04 and Lincoln National (LNC) has advanced 1.6% to $52.75. American International Group (AIG) has dropped 0.2% to $51.05.

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

March 07, 2014 14:55 ET (19:55 GMT)

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Prudential: Interest Rates or the Upgrade?
Barron's Blogs, 2014 年 3 月 7 日 19:55, 226 字, By Ben Levisohn, (英文)
Sometimes even a stodgy life insurer needs some love, and Merrill Lynch has provided it in spades to Prudential (PRU).That's because Merrill Lynch's Seth Weiss and Ian Ryave decided to upgrade Prudential today. They explain why:
文件 WCBBE00020140307ea37001p6

DOW JONES
NEWSWIRES

Yen, Swiss Franc Rise, Stocks Fall, as Tensions Mount in Ukraine

By Kosaku Narioka
701 字
2014 年 3 月 3 日 00:40
Dow Jones Institutional News
DJDN
英文

Safe-haven currencies including the yen and Swiss franc rose and Tokyo stocks fell on Monday in Asia amid growing tensions over the Ukraine situation.

The Japanese currency rose to the highest level in nearly one month against the dollar and the Swiss franc hit a one-year high against the euro.

Tokyo stocks fell sharply in early trading, with the benchmark Nikkei Stock Average losing 2.0%, extending a three-day streak of losses.

Russia's parliament voted unanimously to deploy troops in Ukraine, defying warnings from Western leaders not to intervene. With more than 6,000 airborne and naval forces, Russia has taken control of the Crimean peninsula in Ukraine and appears to be preparing to occupy the territory.

"Tensions have risen with the United States," said Atsushi Hirano, head of FX sales Japan at Royal Bank of Scotland. "Stocks are likely to be negatively affected."

The dollar fell to Y101.26 - its lowest since Feb. 6 - from Y101.80 late Friday in New York. The dollar was at Y101.36 at mid-morning. The euro dropped to the lowest level since January 2013 at CHF1.2102 from CHF1.2138 late Friday. The euro was at CHF1.2112 mid-morning.

For Tokyo shares, traders said the impact would likely be limited.

"The mood has gone decidedly risk-off, which for the time being will undermine the arguments about how stock fundamentals are looking strong," says CLSA equity strategist Nicholas Smith. "Sure, the tension could be protracted, but it's hardly a tension that significantly involves Japan."

There was no immediate sign of tensions lessening. Russian President Vladimir Putin ignored a warning from President Barack Obama that there would be "costs" for any military intervention in Ukraine-as the U.S. said it tracked thousands of additional Russian troops arriving into Crimea. Western governments appeared split Sunday over how to react to Moscow's military intervention in Ukraine in what could be the worst breach in East-West relations since the Cold War.

Early in Asia, U.S. stock futures were lower with S&P500 futures down 13 Points, or 0.7%. Oil futures also rose with Nymex April crude up more than 1.3% at $103.96.

"It will be a risk off day. Everything is ebbing and flowing with each new Russian/Ukraine headline," said Stuart Ive, Wellington-based adviser at OM Financial.

Sean Callow, currency strategist at Westpac in Sydney, said that while the situation is serious, the financial consequences don't appear substantial.

Mr. Ive also said there will also be a continued focus on China, in particular after a closely watched gauge of China's manufacturing activity dropped to an eight-month low in February, according to figures released Saturday, the latest sign of a slowdown in the country's factory sector.

Interbank Foreign Exchange Rates At 18:50 EST / 2350 GMT

Dollar Rates	Latest	Previous Close	%Chg	Daily High	Daily Low	%Chg 12/31

USD/JPY Japan	101.28-30	101.46-50	-0.18	101.68	101.26	-3.82
EUR/USD Euro	1.3773-76	1.3759-62	+0.11	1.3787	1.3758	+0.22
GBP/USD U.K.	1.6730-32	1.6710-16	+0.11	1.6745	1.6714	+1.05
USD/CHF Switzerland	0.8790-94	0.8804-10	-0.17	0.8806	0.8784	-1.55
USD/CAD Canada	1.1068-70	1.1077-82	-0.09	1.1082	1.1070	+4.21
AUD/USD Australia	0.8904-06	0.8894-99	+0.10	0.8912	0.8894	-0.11
NZD/USD New Zealand	0.8361-64	0.8353-66	+0.03	0.8376	0.8356	+1.72

Euro Rate

EUR/JPY Japan	139.53-58	139.60-67	-0.06	140.06	139.50	-3.58

Source:
ICAP PLC
--Brad Frischkorn in Tokyo and Rebecca Howard in Wellington contributed to this article.

Write to Kosaku Narioka at kosaku.narioka@wsj.com and Rebecca Howard at rebecca.howard@wsj.com

(END) Dow Jones Newswires

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MARKET WEEK
Stocks --- The Trader: Yellen Comments Help Lift Dow 1.4% on Week

By Avi Salzman
2,026 字
2014 年 3 月 3 日
Barron's
B
M3
英文

The big question for investors on the sidelines over the past two years has been: Am I late to the party?

Fret not. This party never seems to end.

The S&P 500 hit another new closing high on Friday, and the Dow finished just 1.5% off its all-time peak. Importantly, the S&P closed on Thursday above 1850, a technical level that investors have been talking about for weeks.

Asked why everyone's so bullish, several strategists pointed to strong consumer confidence data and evidence of sales growth for durable goods -- major manufactured products like electronics and defense equipment. Federal Reserve Chair Janet Yellen also helped lift markets in testimony before Congress when she remarked that economic data had been surprisingly weak for the past six weeks, opening the door to a pause in the taper.

Results from retailers also indicated that Americans are feeling confident. Macy's (ticker: M) reported better than expected earnings results, and held the line on holiday season discounts even as its peers gave away the store.

But data and Fed-speak just added extra oomph onto the Street's already-bullish sentiment. "I don't think there was a particularly strong positive catalyst," said Paul LaFleche, who oversees a $13 billion portfolio for insurer FM Global. "Maybe it's the absence of negatives. People continue to have a lot of cash and want to come back to stocks." La-Fleche says FM Global's portfolio tends to hold 45% to 50% in equities, but the firm has increased its equity weighting to more than 50%.

Sunday, March 9 will mark the five-year anniversary of the S&P 500's closing low of 676.53. Including dividends, stock returns have more than tripled since then. LaFleche says the growth has mostly been driven by multiple expansion -- investors willing to pay more for the same earnings. He agrees with most strategists that stocks will rise by high single digits this year, driven almost entirely by earnings growth.

For the week, the Dow Jones Industrial Average rose 1.4%, or 218 points, to 16,321.71. The Standard & Poor's 500 index rose 1.3%, or 23 points, to 1859.45. The Nasdaq Composite index climbed 1%, or 45 points, to 4308.12.

The Dow rose 4% in February, and the S&P 500 was up 4.3%, its best February reading since 1998. And while the S&P 500 is up just 0.6% for the year, several stocks have considerably outpaced the benchmark. In fact, 77 stocks have risen at least 10%, while only 30 have fallen that much. "Maybe it's a stockpicker's market," commented Howard Silverblatt, an analyst at the S&P Dow Jones Indices.

Judging by the action in the stock market in the past few weeks, we've either solved the obesity epidemic or completely given up. Starting with Weight Watchers' report on Feb. 13, nearly every stock associated with weight-loss has fallen dramatically after reporting earnings.

There is some evidence that efforts in the U.S. to curb obesity have worked. This past week, the Centers for Disease Control and Prevention reported that the obesity rate dropped to 8% in 2011-2012 from 14% eight years earlier for children ages 2 to 5. The adult obesity rate has not shown similar progress, and the same report indicated that 35.4% of women over 60 were considered obese, up from 31%.

The problems facing each weight-loss company are different.

Weight Watchers (WTW) fell 28% on Feb. 14 after reducing its 2014 earnings guidance to a range of $1.30 to $1.60, versus analysts' expectations for $2.72. The company has struggled to keep up with Internet trends, losing ground to free apps that allow users to track their calories. The company's stock, which closed Friday at $21, hasn't traded this low since the dog days of 2009, and it's tempting to see the dip as a buying opportunity. But management's bearish tone and Weight Watchers heavy debt load -- nearly twice the company's market value, at $1.2 billion -- should give investors pause. And with earnings expectations cut in half, the company is still trading at 15 times forward earnings, a premium to its historical average. If Weight Watchers is downgraded by credit rating agencies, its interest payments will rise, creating another risk for shareholders.

Nutrisystem (NTRI) also fell hard last week after issuing disappointing earnings guidance for the year. Annual earnings expectations of 51 to 61 cents missed analysts' expectations for 64 cents, in part because of increased marketing expenses.

The stock, at $14.72, was down 5.8% on the week, but Nutrisystem is still up 74% in the past year. CEO Dawn Zier, who was appointed in November 2012, has turned the company around after earnings fell dramatically under the previous management. The stock is no longer cheap, trading at 25 times forward earnings. But Nutrisystem is still earning well below its potential. Earnings before interest, taxes, depreciation and amortization is about a third of its level in 2008. It has no debt, and does not face Weight Watchers' challenges with smartphone apps, because Nutrisystem sells food, not advice. As Zier noted on the conference call: "You can't really eat an app."

Gregory Taxin, a managing director at Clinton Group, which owns 6.4% of the shares and helped initiate management changes, says the new management has figured out how to reach consumers again, through targeted deals and television ads. The comeback, he argues, is just beginning.

"You finally have people back in there who know how to sell," Taxin says. "If you get anywhere close to its previous Ebitda levels, the stock is incredibly cheap."

Also hit hard last week were two companies that make diet drugs: Vivus (VVUS) and Arena Pharmaceuticals (ARNA). Both have FDA approved drugs to treat obesity, but neither has found the key to reaching consumers, and both face challenges growing their prescription base and sales. Vivus has fallen 52% in the past year, to $6.03, and Arena is off 22%, at $6.51.

Their struggles have puzzled analysts, many of whom expected doctors and consumers to jump at the chance to use a pill for obesity. Arena's prospects may be brighter, because it has partnered with a Japanese company to distribute the drug, and television ads are expected this year. Vivus has no such partner. To propel the stock, a big pharmaceutical company might have to swoop in and partner with Vivus or buy it outright. Still, the odds of that happening aren't great right now.

"Big pharma is very risk averse," warns Needham analyst Alan Carr. "Weight loss drugs have a very checkered past."

With no clear indication of how the companies will reach their target markets, the stocks remain a hard sell.

Not enough people this winter have been warming their frigid bodies at restaurant chain Noodles & Co. (NDLS), which serves everything from spaghetti and meatballs to pad thai. The company's fourth-quarter earnings fell a penny shy of analysts' estimates, and its guidance failed to satiate the Street. Management expects flat comparable-store sales in the first quarter because of the cold weather, and sees comps rising 2.5% to 3% this year, not the kind of lift usually associated with a fast-growth food company.

The company's shares fell 2.3% on the news. At $40, they are down 11% since we wrote, following the initial public offering, that the market was pricing in an unproven level of growth. Noodle's recent performance only bolsters that case. It still trades at 76 times forward earnings expectations, and there are reasons to think the stock chart could resemble a wet noodle for the foreseeable future.

The company operated 380 restaurants as of the end of 2013, and CEO Kevin Reddy projects that Noodles can expand to as many as 2,500 locations and grow earnings by 25% a year. But Noodles has struggled to boost its comparable-store sales; they rose 3.9% in the fourth quarter, versus 9.3% for Chipotle Mexican Grill (CMG), the company whose growth Noodles is attempting to emulate. Noodles' operating margins at the restaurant level also slipped in the quarter.

In addition, Noodles has been adding more franchised restaurants, even though their same-store sales have lagged behind company-owned stores (1.5% versus 4.3%). Noodles expects to open 52 to 65 new restaurants in 2014, with 10 to 15 of them run by franchisees. John Gordon of Pacific Management Consulting Group, which advises restaurants and investors, says he's optimistic about the strategy, which reduces a chain's overhead, but notes that it carries risks: "If the model's not mature, you can lose control of the system. First, the store-level economics have got to be right."

Noodles was not the only "fast casual" restaurant company that has struggled to live up to its post-IPO valuation. Potbelly (PBPB), which more than doubled on its first day of trading in October, to $30.77 per share, has caused investors plenty of heartburn since, briefly falling below $20 this week. Its multiple of 60 times forward-earnings estimates appears particularly pricey, given that company-owned comparable-store sales rose by just 0.7% in the most recent quarter.

By comparison, Chipotle looks almost like a bargain. At $565.21, the Mexican food chain's stock trades at 42 times forward earnings estimates. Clearly, that's a rich valuation. But the stock has historically traded near this range, and it has justified those valuations year after year. Its restaurant base is still growing about as fast as its smaller rivals -- Chipotle added 185 restaurants in 2013, ending the year at 1,595 -- with a 13% increase, just behind Noodles' 16%. Chipotle plans to add about the same number in the coming year.

It's easy to imagine Chipotle doubling its restaurant base in the U.S. without saturating the market -- Taco Bell has about 5,700 locations, while the Subway sandwich chain has more than 26,000 -- while adding to its fledgling operations overseas. Store growth isn't Chipotle's only path to gains; to the surprise of many analysts, the company's same-store-sales growth has stayed in the mid-to-high single digits.

A likely 3% to 5% price increase later this year should give Chipotle an extra boost, says Brian Sozzi, chief equities strategist at Belus Capital Advisors. At its expected growth rate, earnings could double by 2017.

Investors continue to crown each new fast casual chain "the next Chipotle." Maybe the next Chipotle is Chipotle.

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e-mail: avi.salzman@barrons.com

Vital Signs

	Friday's Close	Week's Change	Week's % Chg.
DJIndustrials	16321.71	+218.41	+1.36
DJTransportation	7348.37	+39.77	+0.54
DJUtilities	518.77	-4.70	-0.90
DJ65Stocks	5626.95	+43.11	+0.77
DJUSMarket	471.57	+5.95	+1.28
NYSEComp.	10425.85	+118.95	+1.15
NYSEMKTComp.	2510.98	+60.66	+2.48
S&P500	1859.45	+23.20	+1.26
S&PMidCap	1375.33	+18.77	+1.38
S&PSmallCap	667.33	+12.15	+1.85
Nasdaq	4308.12	+44.71	+1.05
ValueLine(arith.)	4460.69	+67.52	+1.54
Russell2000	1183.03	+18.40	+1.58
DJUSTSMFloat	19637.68	+253.30	+1.31

	Last Week	Week Earlier
NYSE		
Advances	2,217	1,948
Declines	994	1,247
Unchanged	33	47
NewHighs	457	353
NewLows	63	52
AvDailyVol(mil)	3,602.0	3,433.5
Dollar		
(Finexspotindex)	79.78	80.26
T-Bond		
(CBTnearbyfutures)	126-035	125-195
Crude Oil		
(NYMlightsweetcrude)	102.59	102.20
Inflation KR-CRB		
(FuturesPriceIndex)	302.43	301.58

Gold		
(CMXnearbyfutures)	1321.40	1323.90

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NEWSWIRES
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Analysis
Nikkei Volatility Keeping Stock Investors On Edge

By Brad Frischkorn
645 字
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Dow Jones Top Global Market Stories
DJTGMS
英文

TOKYO--An increasingly volatile Japanese stock market has forced many traders to think hard about their strategies for 2014.

The market has seen wide price swings recently. The Nikkei Stock Average, the main market barometer, booked its most volatile week of the year in the week through Feb. 21, gaining almost 4%, largely in response to strong U.S. manufacturing data and a higher dollar, both seen as positive for stocks.

But there have been plenty of negative days as well. Overall, the Nikkei saw price swings of at least 1.5% on more than half of the trading days in February.

Such swings have made many investors nervous, pushing up the Nikkei's implied volatility to 29%, nearly double the levels for the S&P500 VIX index and European indexes, such as Germany's DAX and France's CAC 40. Implied volatility, sometimes known as the fear index, demonstrates the level of concern among investors that the market may fall.

"Japan looks a lot more like a trader's market, not an investor's market, " said Adam Fisher, CIO at Commonwealth Opportunity Capital, a U.S.-based hedge fund.

For buy-and-hold investors, the resulting volatility can be discouraging. Amundi Asset Management, with 20 billion euros (US$27.3 billion) invested in Japanese equities, is considering reducing its exposure by the second quarter of 2014 as concerns grow over whether the economy will be able to keep growing, despite a planned increase in Japan's sales tax due to take effect in April.

Investor uncertainty is evidenced by the fact that after adding 57% in 2013, the Nikkei continues to rank among the world's worst performing markets, sliding almost 9% through the first two months of the year.

At the same time trading levels have dropped sharply. February volume on the TSE 1st Section totaled just 49 billion shares, one of the lowest tallies since the market first began to rally on hopes for more aggressive central bank easing in November 2012. As volume falls, market swings tend to be exaggerated.

Among those largely on the sidelines are individual investors, traders say. "After getting burned in January, they are no longer a factor in the market," said Kuninobu Takeuchi, executive portfolio manager at Diam Co., an asset manager and one of Japan's largest pension managers.

TSE data show that domestic individual investors comprised around 28% of trades by value in December, but only 21% by mid-February.

And foreigners--long a dominant force in the market--may have grown weary of the swings as well. After selling a net Yen1.1 trillion of stock in January, they remain mostly sellers in February, too.

"When individuals pull their money out, there is now nobody to fill the void," said CLSA equity strategist Nicholas Smith.

Nudgem Richyal, a fund manager at equity fund JO Hambro, said volatility will likely continue through this year due to the impact U.S. monetary policy tightening on global markets.

"The entire Japanese market may not resume upward movement again until 2015," said Richyal, who manages about $6.5 billion in Japanese stocks. He has been picking over the market for bargains, including Yaskawa Electric and Omron, both robotic manufacturers that fell sharply in January.

For a others with the right strategy, however, greater volatility can be a blessing.

"We aim to find profits from market movement, not market direction," said Chris McGuire, CEO/CIO at Phalanx Capital Management, a Chicago-based convertible bond arbitrage fund. Sony Corp. has been a recent focus of Phalanx, as its price has moved sharply on weak profit forecasts and credit downgrades. McGuire's fund added 1.1% for January, and around 2% for February, well ahead of the Nikkei.

Write to Brad Frischkorn at bradford.frischkorn@wsj.com

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HK Bourse: Results Announcement From Asia Financial Holdings Ltd.

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For full details, please click on the following link:

http://www.hkexnews.hk/listedco/listconews/sehk/2014/0303/LTN20140303355.pdf

ANNOUNCEMENT OF FINAL RESULTS

FOR THE YEAR ENDED 31ST DECEMBER, 2013 RESULTS The board of directors (the "Board") of Asia Financial Holdings Limited (the "Company") announces the results of the Company and its subsidiaries (collectively known as the "Group") for the year ended 31st December, 2013 as follows: Consolidated Statement of Profit or Loss Year ended 31st December, 2013

Notes 2013 2012

HK$'000 HK$'000 REVENUE 3 1,448,080 1,321,365

________ ________

________ ________ Gross premiums 1,363,390 1,182,994 Reinsurers' share of gross premiums (420,244) (340,973)

________ ________ Net insurance contracts premiums revenue 943,146 842,021 Gross claims paid (528,717) (535,632) Reinsurers' share of gross claims paid 116,296 124,704 Gross change in outstanding claims (234,008) (161,541) Reinsurers' share of gross change in outstanding claims 65,395 48,249

________ ________ Net claims incurred (581,034) (524,220) Commission income 72,087 71,034 Commission expense (273,316) (249,152)

________ ________ Net commission expense (201,229) (178,118) Management expenses for underwriting business (62,325) (57,869)

________ ________ Underwriting profit 98,558 81,814

continued

1 Consolidated Statement of Profit or Loss (continued) Year ended 31st December, 2013

Notes 2013 2012

HK$'000 HK$'000 Dividend income 75,116 68,017 Realised gain/(loss) on investments (5,598) 80,544 Unrealised gain on investments 63,910 153,662 Interest income 71,036 67,856 Other income and gains, net 9,379 1,797

________ ________

312,401 453,690 Operating expenses (92,650) (90,305) Finance costs 4 (2,545) -

________ ________

217,206 363,385 Share of profits and losses of joint ventures 35,809 31,194 Share of profits and losses of associates 35,202 50,446

________ ________ PROFIT BEFORE TAX 5 288,217 445,025 Income tax expense 6 (13,010) (38,990)

________ ________ PROFIT FOR THE YEAR 275,207 406,035

________ ________

________ ________ Attributable to:

Equity holders of the Company 270,731 403,796

Non-controlling interests 4,476 2,239

________ ________

275,207 406,035

________ ________

________ ________ EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY 8

Basic

- For profit for the year HK26.6 cents HK39.6 cents

___________ ____________

___________ ____________

Diluted

- For profit for the year N/A N/A

___________ ____________

___________ ____________ Details of the dividends payable and proposed are disclosed in note 7 to the announcement.

2

2 Mar 2014 23:09 EDT HK Bourse: Results Announcement From Asia Financial Holdings Ltd. -2-

Consolidated Statement of Comprehensive Income Year ended 31st December, 2013
2013 2012

HK$'000 HK$'000 PROFIT FOR THE YEAR 275,207 406,035

________ ________ OTHER COMPREHENSIVE INCOME Other comprehensive income to be reclassified to profit or loss in subsequent periods: Available-for-sale securities: Changes in fair value (167,423) 443,809

________ ________ Share of other comprehensive income/(expense) of joint ventures: Changes in available-for-sale investment reserve 466 434 Changes in exchange reserve (2,423) 2,175 Reclassification of exchange difference included

in the consolidated statement of profit or loss

for capital reduction of a joint venture - (5,476)

________ ________

(1,957) (2,867)

________ ________ Share of other comprehensive income/(expense) of associates: Changes in available-for-sale investment reserve (11,023) 16,767 Changes in exchange reserve 8,966 2,983

________ ________

(2,057) 19,750

________ ________ Exchange differences on translation of foreign operations (45) 471

________ ________ OTHER COMPREHENSIVE INCOME/(EXPENSE) FOR THE YEAR, NET OF TAX (171,482) 461,163

________ _________ TOTAL COMPREHENSIVE INCOME FOR THE YEAR 103,725 867,198

________ _________

________ _________ ATTRIBUTABLE TO: Equity holders of the Company 102,606 859,871 Non-controlling interests 1,119 7,327

________ _________

103,725 867,198

________ _________

________ _________

3 Consolidated Statement of Financial Position 31st December, 2013

2013 2012

HK$'000 HK$'000 ASSETS Property, plant and equipment 144,657 150,174 Investment property 7,260 4,770 Interests in joint ventures 227,615 209,863 Loan to a joint venture 11,503 14,337 Interests in associates 291,389 230,270 Due from an associate 168,390 168,390 Deferred tax assets 7,111 11,571 Held-to-maturity securities 697,217 681,904 Available-for-sale securities 3,030,914 2,853,817 Pledged deposits 120,080 102,605 Loans and advances and other assets 220,352 209,881 Securities measured at fair value through profit or loss 1,912,760 1,759,393 Insurance receivables 250,395 198,499 Reinsurance assets 588,997 541,140 Cash and cash equivalents 1,566,933 1,484,550

_________ _________ Total assets 9,245,573 8,621,164

_________ _________

_________ _________ EQUITY AND LIABILITIES Equity attributable to equity holders of the Company Issued capital 1,019,200 1,019,200 Reserves 5,179,836 5,138,382 Proposed final dividend 45,864 43,826

_________ _________

6,244,900 6,201,408 Non-controlling interests 30,520 21,776

_________ _________ Total equity 6,275,420 6,223,184

_________ _________ Liabilities Insurance contract liabilities 2,251,822 1,933,124 Insurance payables 200,163 174,095 Due to a joint venture 26,244 - Due to associates 4,222 4,222 Other liabilities 257,315 222,562 Interest-bearing bank borrowing 200,000 - Tax payable 20,541 54,131 Deferred tax liabilities 9,846 9,846

_________ _________ Total liabilities 2,970,153 2,397,980

_________ _________ Total equity and liabilities 9,245,573 8,621,164

_________ _________

_________ _________

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Notes 1. Changes in Accounting Policies and Disclosures
The Group has adopted the following new and revised Hong Kong Financial Reporting Standards

("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting

Standards ("HKASs") and Interpretations) for the first time for the current year's financial

statements.

HKFRS 1 Amendments Amendments to HKFRS 1 First-time Adoption of Hong Kong

Financial Reporting Standards Government Loans

Amendments to HKFRS 7 Financial Instruments: Disclosures

HKFRS 7 Amendments

Offsetting Financial Assets and Financial Liabilities

HKFRS 10 Consolidated Financial Statements

HKFRS 11 Joint Arrangements

HKFRS 12 Disclosure of Interests in Other Entities

Amendments to HKFRS 10, HKFRS 11 and HKFRS 12

HKFRS 10, HKFRS 11 and

HKFRS 12 Amendments Transition Guidance

HKFRS 13 Fair Value Measurement

Amendments to HKAS 1 Presentation of Financial Statements

HKAS 1 Amendments

Presentation of Items of Other Comprehensive Income

HKAS 19 (2011) Employee Benefits

HKAS 27 (2011) Separate Financial Statements

HKAS 28 (2011) Investments in Associates and Joint Ventures

Amendments to HKAS 36 Impairment of Assets Recoverable

HKAS 36 Amendments

Amount Disclosures for Non-Financial Assets (early adopted)

HK(IFRIC)-Int 20 Stripping Costs in the Production Phase of a Surface Mine

Annual Improvements Amendments to a number of HKFRSs issued in June 2012

2009-2011 Cycle

Other than as further explained below regarding the impact of HKFRS 12, HKFRS 13 and HKAS 1 Amendments, the adoption of the new and revised HKFRSs has had no significant financial effect on these financial statements.

The principal effects of adopting these new and revised HKFRSs are as follows:

(a) HKFRS 12 sets out the disclosure requirements for subsidiaries, joint arrangements, associates and structured entities previously included in HKAS 27 Consolidated and Separate Financial Statements, HKAS 31 Interests in Joint Ventures and HKAS 28 Investments in Associates. It also introduces a number of new disclosure requirements for these entities.

(b) HKFRS 13 provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The standard does not change the circumstances in which the Group is required to use fair value, but rather provides guidance on how fair value should be applied where its use is already required or permitted under other HKFRSs. HKFRS 13 is applied prospectively and the adoption has had no material impact on the Group's fair value measurements. As a result of the guidance in HKFRS 13, the policies for measuring fair value have been amended.

5 Notes (continued) 1. Changes in Accounting Policies and Disclosures (continued)

(c) The HKAS 1 Amendments change the grouping of items presented in other comprehensive income ("OCI"). Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) are presented separately from items which will never be reclassified (for example, the revaluation of land and buildings). The amendments have affected the presentation only and have had no impact on the financial position or performance of the Group. The consolidated statement of comprehensive income has been restated to reflect the changes. In addition, the Group has chosen to use the new title "statement of profit or loss" as introduced by the amendments in these financial statements.

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Notes (continued) 2. Operating Segment Information

(a) Operating segments

The following tables present revenue and profit and assets and liabilities for the Group's operating segments.

Group Insurance Corporate Eliminations Consolidated

2013 2013 2013 2013

HK$'000 HK$'000 HK$'000 HK$'000

Segment revenue:

External customers 1,448,080 - - 1,448,080

Other revenue, income,

gains, net 138,350 75,493 - 213,843

Intersegment 3,322 - (3,322) -

Total 1,589,752 75,493 (3,322) 1,661,923

Segment results 189,483 27,723 - 217,206

Share of profits and losses of:

Joint ventures 18,185 17,624 - 35,809

Associates 16,799 18,403 - 35,202

Profit before tax 288,217

Income tax expense (9,259) (3,751) - (13,010)

Profit for the year 275,207

	Group Insurance	Corporate	Eliminations	Consolidated
	2012	2012	2012	2012
	HK$'000	HK$'000	HK$'000	HK$'000
Segment revenue:				
External customers	1,321,365	-	-	1,321,365
Other revenue, income, gains, net	241,194	130,682	-	371,876
Intersegment	1,951	-	(1,951)	-
Total	1,564,510	130,682	(1,951)	1,693,241
Segment results	276,666	86,719	-	363,385
Share of profits and losses of:				
Joint ventures	15,233	15,961	-	31,194
Associates	13,026	37,420	-	50,446
Profit before tax				445,025
Income tax expense	(30,538)	(8,452)	-	(38,990)
Profit for the year				406,035

7 Notes (continued) 2. Operating Segment Information (continued)

(a) Operating segments (continued)

	Group Insurance	Corporate	Consolidated
	HK$'000	HK$'000	HK$'000
31st December, 2013			
Segment assets	5,043,178	3,683,391	8,726,569
Interests in joint ventures	134,132	93,483	227,615
Interests in associates	131,822	159,567	291,389
Total assets	5,309,132	3,936,441	9,245,573
Segment liabilities	2,549,219	420,934	2,970,153

	Group Insurance	Corporate	Consolidated
	HK$'000	HK$'000	HK$'000
31st December, 2012			
Segment assets	4,870,933	3,310,098	8,181,031
Interests in joint ventures	119,691	90,172	209,863
Interests in associates	98,072	132,198	230,270
Total assets	5,088,696	3,532,468	8,621,164
Segment liabilities	2,145,964	252,016	2,397,980

(b) Geographical information

Over 90% of the Group's revenue and results are derived from operations carried out in Hong Kong, Macau and Mainland China. 3. Revenue

Revenue, which is also the Group's turnover, represents gross premiums net of discounts, from the direct and reinsurance businesses underwritten during the year. 4. Finance Costs

	2013	2012
	HK$'000	HK$'000
Interest on a bank loan wholly repayable within five years	2,545	-

________ ________

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Notes (continued) 5. Profit before Tax
The Group's profit before tax is arrived at after crediting/(charging):

2013 2012

HK$'000 HK$'000

Depreciation (5,762) (8,020)

Employee benefit expense (including directors' remuneration):

Wages and salaries (90,114) (88,210)

Pension scheme contributions (4,120) (3,795)

Less: Forfeited contributions 73 140

________ _________

Net pension scheme contributions (4,047) (3,655)

________ _________

Total employee benefit expense (94,161) (91,865)

________ _________

________ _________

Minimum lease payments under operating leases

in respect of land and buildings (1,305) (1,014)

Realised gain/(loss) on:

- disposal of securities measured at fair value

through profit or loss (held for trading), net (4,257) 67,537

- exercise of prepaid derivative - 11,508

- disposal of available-for-sale securities 58 70

- redemption/call-back of held-to-maturity securities (1,399) 1,429

________ ________

Total realised gain/(loss) on investments (5,598) 80,544

________ ________

________ ________

Unrealised gain/(loss) on securities measured at

fair value through profit or loss (held for trading), net 64,004 157,381

Impairment of available-for-sale securities (740) (3,760)

Write-back of impairment of available-for-sale-securities 646 41

________ ________

Total unrealised gain on investments 63,910 153,662

________ ________

________ ________

Interest income 71,036 67,856

Gain/(loss) on disposal/write-off of items of property,

plant and equipment (12) 117

Change in fair value of an investment property 2,490 620

Impairment allowance on insurance receivables - (300)

Reclassification of exchange difference included in

the consolidated statement of profit or loss for

capital reduction of a joint venture - 5,476

9 Notes (continued) 5. Profit before Tax (continued)

The Group's profit before tax is arrived at after crediting/(charging): (continued)

2013 2012

HK$'000 HK$'000

Dividend income from:

Listed investments 62,982 62,650

Unlisted investments 12,134 5,367

________ ________

75,116 68,017

________ ________

________ ________

Reclassification of exchange difference included in the consolidated statement of profit or

loss for capital reduction of a joint venture was included in "Share of profits and losses of

joint ventures" on the face of the consolidated statement of profit or loss. 6. Income Tax

Hong Kong profits tax has been provided at the rate of 16.5% (2012: 16.5%) on the estimated

assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere

have been calculated at the rates of tax prevailing in the locations in which the Group operates.

2013 2012

HK$'000 HK$'000

Group:

Current - Hong Kong

Charge for the year 16,431 12,083

Overprovision in prior years (12,097) (2)

Current - Elsewhere

Charge for the year 4,216 3,392

Underprovision in prior years - 59

Deferred 4,460 23,458

_______ _______

Total tax charge for the year 13,010 38,990

_______ _______

_______ _______

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Notes (continued) 7. Dividends
2013 2012

HK$'000 HK$'000

Interim HK1.5 cents (2012: HK3.5 cents) per ordinary share 15,288 35,672

Proposed final HK4.5 cents (2012: HK4.3 cents)

per ordinary share 45,864 43,826

________ _______

61,152 79,498

________ _______

________ _______

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting. Accordingly, the proposed final dividend has been included in the proposed final dividend reserve account within the equity attributable to the equity holders of the Company of the statement of financial position.

Earnings Per Share Attributable to Ordinary Equity Holders of the Company 8.

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the Company of HK$270,731,000 (2012: HK$403,796,000) and 1,019,200,000 (2012: 1,019,200,000) ordinary shares in issue during the year.

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31st December, 2013 and 2012 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during those years.

11 MANAGEMENT DISCUSSION AND ANALYSIS (All changes in % refer to the same period last year) Profit attributable to equity holders of the Company: HK$270.7 million -33.0% Earnings per share: HK26.6 cents -32.8% Final dividend per share: HK4.5 cents +4.7% Total dividend per share: HK6.0 cents -23.1% Asia Financial Holdings Limited ("Asia Financial") achieved net profit attributable to shareholders of HK$270.7 million in 2013, a 33.0% fall from the HK$403.8 million reported in 2012. This result is due to the decrease in the realised and unrealised gain in the value of portfolio investments, which outweighed continued growth in underwriting profit and insurance operations. Overall returns from joint ventures and associated companies showed satisfactory performance. Economic Background The global economy continued its long cyclical recovery from recession during 2013. Growth in the United States was sufficient to generate job creation and some strengthening of property prices, while the Chinese economy began to slow down after a period of debt- and investment-led expansion. Hong Kong showed GDP expansion of 3% for the year and maintained

low unemployment. Loose monetary policy around the world and expectations of future recovery in leading economies led to some rises in asset prices during the year. In the United States, the S&P500 ended the year up 29.6%; in Europe, the FTSE Eurofirst was up 16% and Japan's Nikkei was up 57%. However, the Hang Seng Index rose just 2.9%, and was particularly weighed down by weakness in Mainland-linked stocks during much of the year; this accounted for much of the year-on-year decline in Asia Financial's investment income. Positive performance among both overseas and domestic sectors of Hong Kong's economy supported growth in insurance operations. Management Approach and Future Prospects Despite some positive signs for the global economy during 2013, the outlook for the year ahead is uncertain. The prospect of rising interest rates has recently unnerved markets in developed and emerging economies; meanwhile, the US economy still needs to rebalance in favour of more investment, just as China's needs to adjust more towards consumption. However, we believe the prospects for significant rises in interest rates are in fact limited, and Europe and the US can expect continued recovery. We are therefore cautiously optimistic about the global economy and markets in 2014. Given this continued uncertainty, we will maintain our prudent management of our cash and direct and indirect investments in the coming year. This is our longstanding approach, and it has served our shareholders well over the years. At the same time, we will continue to examine possible investment opportunities within acceptable levels of risk. We must also remain mindful of our costs, given that consumer price inflation in Hong Kong remained at around 4% in 2013. The outlook for our insurance operations is generally positive, thanks to the underlying economic strength of our main markets and management efforts to develop the scope of the business and the quality of its client base. The Group will remain alert to possible new opportunities in health care coverage reforms in Hong Kong and in other health-related demographic and geographical sectors.

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MANAGEMENT DISCUSSION AND ANALYSIS (continued) Management Approach and Future Prospects (continued) Our focus will remain very much on the long term, which we believe offers attractive future opportunities arising from the continued positive economic development in much of the East Asian region. In addition to ongoing plans for investments in various health-related projects mentioned below, we will continue to seek opportunities to build our interests in livelihood-related service industries such as insurance, retirement, health and property development, focused on Greater China and elsewhere in Asia. This choice of investment segments is based upon the transformation of the Greater China/East Asia region as a large middle class comes into being, societies begin to age and governments seek market-based solutions to demographic policy challenges. This is the long-term environment on which Asia Financial's management focuses. Our existing base of investments fits well with our traditional expertise and networks of clients and partners, and is well-positioned to benefit from long-term economic and social trends. In considering ways to build upon this base, we will adhere to this fundamental approach and exercise patience and caution. Overview by Investment Segments Insurance Wholly owned subsidiary, Asia Insurance Company, Limited ("Asia Insurance")'s profit attributable to shareholders fell by 21.5% in 2013 compared with the previous year. Turnover rose by 9.6%, supported in particular by rising employees' compensation premiums. Underwriting profit increased by a healthy 20.3%, reflecting continued success in general development of the business, and helped by a lack of exposure to any major acts of god during the reporting period. This continued positive performance of insurance operations reflects ongoing efforts to attract and grow high-quality business and to maintain prudent balances between levels of reinsurance and direct insurance business and among geographical regions. The success of these measures underlines Asia Insurance's status as one of Hong Kong's leading local insurers. The continued strength of the employees' compensation is partly due to the large number of construction projects taking place in Hong Kong and Macau, but it also reflects our efforts to enlarge specialized risk management capacities in this sector. Most other lines of business produced stable profits. There were no significant changes to the size and reach of our agent network. As with Asia Financial's other portfolio investments, Asia Insurance's securities holdings suffered a drop in year-on-year gain in valuations owing to sluggishness and volatility in key stock markets, especially Greater China, during 2013. This was partly offset by an increase in investment income arising from an increase in bond holdings, higher deposit rates and a higher weighting given to RMB holdings. Asia Insurance has no significant direct exposure to vulnerable European sovereign debt and related investments. Other income rose 105.9% largely as a result of one-off fees, foreign exchange gains and investment property revaluation. The 2.4% rise in expenses is well within inflation and reflects well on Asia Insurance's efforts to keep costs under control despite growth in turnover.
13 MANAGEMENT DISCUSSION AND ANALYSIS (continued) Overview by Investment Segments (continued) Insurance (continued) Asia Insurance continued in 2013 to build on its sound reputation among a steadily expanding base of clients in the Hong Kong and regional general insurance market. The outlook for core underwriting in 2014 looks reasonable, not least because of continuing high levels of infrastructure construction and resilient consumption levels. Asia Insurance has expanded its management capacity in the employees' benefits sector. It already provides group life and health coverage for a range of quality large and

medium employers in both the private and public sector, and we see further opportunities in this segment. We are also paying close attention to possible new opportunities arising from the Hong Kong government's intentions to expand personal health care coverage, although this policy still faces some political uncertainty. One potential problem for Asia Insurance's core business (and indeed Hong Kong as a whole) would be a major setback to the Mainland China or wider regional economy. Prospects for portfolio investments reflect the wider global picture, and management will maintain its prudent approach to management of traded investments and the maintenance of a well-balanced investment portfolio. Joint ventures and associates in the insurance segment all performed satisfactorily. Hong Kong Life Insurance Limited's profit rebounded, helped particularly by exposure to investments in bonds. BC Reinsurance Limited saw lower investment income in line with market volatility, but showed good underwriting profit performance. The People's Insurance Company of China (Hong Kong), Limited reported a healthy increase in profit, and Professional Liability Underwriting Services Limited continued to perform steadily. PICC Life Insurance Company Limited in Mainland China, in which Asia Financial has a 5% stake, continues to take advantage of its opportunities as a company with a nationwide licence in a country where life insurance premiums are growing at double-digit rates. It now ranks fifth in the Chinese market and operates a network of some 2,088 offices. The company reported RMB75.3 billion in gross premiums for 2013, up 17.6% on the same period for the year before. All other business performance and risk control indicators showed positive and healthy figures. The insurance liability reserves and solvency ratio were maintained at high levels in line with the fast-growing business volume. Other Portfolio Investment Realised and unrealised gains on trading investments fell compared with 2012. This largely reflected weak and sometimes volatile performance in key equities markets, notably as a result of tightening liquidity in China and of political uncertainty in Thailand. Net interest income increased slightly in line with exposure to bonds and firmer deposit rates. The small rise in the expenses largely reflects certain one-off costs; underlying recurrent costs are under control. Asia Financial has no direct exposure to vulnerable European sovereign debt. Secondary exposure via equity and fund investments is limited by our policy of diversification and focus on quality, while our fixed income investments are of investment grade or above.

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MANAGEMENT DISCUSSION AND ANALYSIS (continued) Overview by Investment Segments (continued) Other Portfolio Investment (continued) The uncertainty and volatility in equities markets has continued into 2014, and forecasts by market analysts differ sharply about the outlook for asset prices in the coming year as global monetary easing slows down. Our portfolio investment strategy will continue to focus on the long term rather than on simple year-on-year changes in valuations. While being flexible enough to cope with market changes, we will continue to place the highest priority on preservation of core shareholder wealth. At the same time, we will remain alert to strategic and long-term opportunities arising from structural changes in the international environment. Health Care Our 3.7% holding in Bumrungrad Hospital Public Company Limited ("Bumrungrad") in Bangkok remains one of our best performing investments, with its valuation rising 10.6% in 2013. This is largely due to market recognition of Bumrungrad's success in attracting patients internationally through the delivery of high-quality medical services. This success looks likely to continue. Asia Financial is involved in a number of future health care-related projects. We are preparing to open a wellness centre aimed at the over-50s in Hong Kong later this year; more details about this new type of venture will be released in due course. We are also taking part in a hospital-related project in Mongolia in conjunction with Bumrungrad; and we are actively considering participation in a potential specialist facility in Mainland China. More details about these will be released as and when plans are finalised. These and other possible investments reflect our belief in very good prospects for the health care business in the region, owing to long-term demographic and policy trends. We will remain alert to further potential new opportunities in the sector. Pension and Asset Management The Group's holding in Bank Consortium Holding Limited ("BCH") enjoyed healthy profit growth in 2013, and for the second year declared a dividend. Bank Consortium Trust Company Limited ("BCT"), a wholly owned subsidiary of BCH, remains one of the top five providers of Mandatory Provident Fund services in Hong Kong and is now selling back-office services to other players. Members of MPF schemes may now transfer their personal contributions up to one time a year to other service providers; so far, this has not had much effect on the behaviour. At some stage, employees will have control over all their funds, and this may lead to greater competition in the market. We are confident that BCT's commitment to quality client service will give it an edge in retaining and indeed attracting funds. Future expansion of this market will to some extent be influenced by government policy, but we expect BCT to remain a solid and steady contributor to Asia Financial. Property Development The Group's interests in real estate are focused on Shanghai and Suzhou and represent 4.4% of our total assets. The main project is a residential and commercial complex in Jiading, in which we have a 27.5% stake. Sales of 156 remaining units in Phase 2 of the project were completed during 2013, yielding share of profits of HK$18.4 million booked for the year. The remaining 46 units at Phase 2 are expected to be sold equally successfully during 2014.

15 MANAGEMENT DISCUSSION AND ANALYSIS (continued) Overview by Investment Segments (continued) Property Development (continued) Plans for the development of Phase 3 and a smaller plot of land are now underway. Initial work on eight towers on the smaller plot has begun, and sales of apartments are expected to begin in 2015. Phase 3 will be divided into two stages, which are expected to result in seven towers coming on the market in 2016 and eight towers in 2017. Asia Financial therefore expects a further four years of income from these combined projects. The outlook for the China residential property market depends to some extent on regulatory issues. However, we are confident that where financing is concerned, existing capital and cash flow will be sufficient for future projects. We are also confident that our projects contribute to a socially positive housing market, being aimed at middle-class end-users in a competitive local market, and are therefore not the prime targets of anti-speculative policies. Given the overall success of this project, we will consider new possible opportunities in this sector. Liquidity, Financial Resources and Gearing Ratio Cash and cash equivalents as at 31st December, 2013 amounted to HK$1,566,933,000 (2012: HK$1,484,550,000). The Group had a bank borrowing of HK$200,000,000 as at 31st December, 2013 (2012: Nil), which was secured by certain Hong Kong listed shares, repayable on demand and charged at 1% over the 3-month Hong Kong Interbank Offered Rate. No gearing ratio was calculated as the Group had no net debt as at 31st December, 2013. The gearing ratio was based on net debt divided by total capital plus net debt. Net debt includes insurance contract liabilities, insurance payables, amounts due to associates and a joint venture, interest-bearing bank borrowing and other liabilities, less cash and cash equivalents and securities measured at fair value through profit or loss. Capital represents equity attributable to equity holders of the Company. The Group's liquidity position remains strong and the Group has sufficient financial resources to satisfy its commitment and working capital requirements. Charge on Assets As at 31st December, 2013, Asia Insurance charged assets with a carrying value of HK$127,981,000 (2012: HK$102,912,000) in favour of a cedant to secure the performance of Asia Insurance's obligation to the cedant under certain pecuniary loss reinsurance contracts. The Group also pledged certain Hong Kong listed shares with a market value of not less than HK$200,000,000 (2012: Nil) to a bank to secure the interest-bearing bank borrowing of HK$200,000,000 (2012: Nil).

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MANAGEMENT DISCUSSION AND ANALYSIS (continued) Contingent Liabilities As at 31st December, 2013, there was an outstanding counter guarantee issued by the Company in favour of People's Insurance Company (Group) of China Limited (the "PICC Group") amounting to 5% of all the liabilities and expenses of RMB112.5 million (approximately HK$144.1 million) (2012: RMB112.5 million) under a master guarantee provided by the PICC Group. The master guarantee is to secure the repayment of 10-year subordinated term debt of RMB2.25 billion issued by PICC Life Insurance Company Limited. The counter guarantee will expire on 25th April, 2019. EMPLOYEES AND REMUNERATION POLICY The total number of employees of the Group for the year ended 31st December, 2013 was 261 (2012: 255). Employees were remunerated on the basis of their performance, experience and prevailing industry practice. Remuneration of the employees includes salary and discretionary bonus which is based on the Group's results and individual performance. Medical and retirement benefit schemes are made available to all levels of personnel. There was no share option scheme in operation during the year. The Group also offers various training and induction programmes to its employees. The remuneration policy of the Group is set up by the Remuneration Committee of the Company, responsibilities of which include reviewing and approving the management's remuneration proposals, and to make recommendations to the Board on the Group's annual adjustments to remuneration packages payable to directors, senior management and employees of the Group. ANNUAL GENERAL MEETING The Annual General Meeting (the "AGM") of the Company will be held on Wednesday, 7th May, 2014. Notice of the AGM will be published and despatched to the shareholders on or about Friday, 28th March, 2014. FINAL DIVIDEND The Board has resolved to recommend to the shareholders the payment of a final dividend of HK4.5 cents (2012: HK4.3 cents) per share which, together with the interim dividend of HK1.5 cents (2012: HK3.5 cents) per share, will make a total dividend of HK6.0 cents (2012: HK7.8 cents) per share for the year ended 31st December, 2013. The proposed final dividend will be paid in cash to those shareholders whose names are on the Register of Members of the Company on Monday, 19th May, 2014 and the dividend warrants will be despatched to shareholders on or about Monday, 26th May, 2014.
17 CLOSURE OF REGISTER OF MEMBERS The Register of Members of the Company will be closed for the following periods: (a) For the purpose of ascertaining shareholders' right to attend and vote at the AGM:

Latest time to lodge transfers 4:30 p.m. on 2nd May, 2014

Book close dates (both days inclusive) 5th to 7th May, 2014

Record date 7th May, 2014

AGM 7th May, 2014 (b) For the purpose of ascertaining shareholders' entitlement to the proposed final dividend:

Ex-dividend date for final dividend 13th May, 2014

Latest time to lodge transfers 4:30 p.m. on 14th May, 2014

Book close dates (both days inclusive) 15th to 19th May, 2014

Record date for final dividend 19th May, 2014 All transfers accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong Branch Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than the above specified time. PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES During the year ended 31st December, 2013, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares. CORPORATE GOVERNANCE CODE Throughout the year ended 31st December, 2013, the Company has complied with all the code provisions set out in the Corporate Governance Code contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. REVIEW OF ACCOUNTS The Audit Committee has reviewed the consolidated financial statements of the Group for the year ended 31st December, 2013.

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PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT This results announcement is published on the Company's website at
www.afh.hk and the HKExnews website at www.hkexnews.hk. The 2013 annual report will be despatched to the shareholders and available at the same websites on or about Friday, 28th March, 2014.

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THE WALL STREET JOURNAL.
ASIA EDITION

International Investor: Nikkei Has Turned Volatile

By Brad Frischkorn
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2014 年 3 月 3 日
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23
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TOKYO -- An increasingly volatile Japanese stock market has forced many traders to think hard about their strategies for 2014.

The market has seen wide price swings recently. The Nikkei Stock Average, the main market barometer, booked its most volatile week of the year in the week through Feb. 21, gaining almost 4%, largely in response to strong U.S. manufacturing data and a higher dollar, both seen as positive for stocks.

But there have been plenty of negative days as well. Overall, the Nikkei saw swings of at least 1.5% on more than half of the trading days in February.

Such swings have made many investors nervous, pushing up the Nikkei's implied volatility to 29%, nearly double the levels for the S&P500 VIX index and European indexes, such as Germany's DAX and France's CAC 40. Implied volatility, sometimes known as the fear index, demonstrates the level of concern among investors that the market may fall.

"Japan looks a lot more like a trader's market, not an investor's market," said Adam Fisher, chief investment officer at Commonwealth Opportunity Capital, a U.S.-based hedge fund.

For buy-and-hold investors, the resulting volatility can be discouraging. Amundi Asset Management, with 20 billion euros ($27.6 billion) invested in Japanese equities, is considering cutting its exposure by the second quarter as worry grows over whether the economy can keep growing.

Investor uncertainty is evidenced by the fact that, after adding 57% in 2013, the Nikkei continues to rank among the world's worst-performing markets this year, sliding almost 9% through the first two months.

At the same time, trading levels have dropped sharply. February volume on the Tokyo Stock Exchange's blue-chip platform totaled just 49 billion shares, one of the lowest tallies since the market began to rally on hopes for more-aggressive central-bank easing in November 2012. As volume falls, market swings tend to be exaggerated.

Among those largely on the sidelines are individual investors, traders say. "After getting burned in January, they are no longer a factor in the market," said Kuninobu Takeuchi, executive portfolio manager at Diam Co., an asset manager and one of Japan's largest pension managers.

TSE data show that domestic individual investors were responsible for around 28% of trades by value in December, but only 21% by mid-February. And foreigners -- long a dominant force in the market -- may have grown weary of the swings as well. After selling a net 1.1 trillion yen ($10.8 billion) of stock in January, they remained mostly sellers in February, too.

"When individuals pull their money out, there is now nobody to fill the void," said CLSA equity strategist Nicholas Smith.

Nudgem Richyal, a fund manager at equity fund JO Hambro, said volatility will likely continue through this year because of the impact of U.S. monetary policy tightening on global markets.

"The entire Japanese market may not resume upward movement again until 2015," said Mr. Richyal, who manages about $6.5 billion in Japanese stocks. He has been picking over the market for bargains, including Yaskawa Electric and Omron, both robotic manufacturers that fell sharply in January.

Some see the greater volatility as a blessing.

"We aim to find profits from market movement, not market direction," said Chris McGuire, chief executive at Phalanx Capital Management, a Chicago-based convertible-bond arbitrage fund. Sony Corp. has been a recent focus of Phalanx.

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The Trader: Yellen Comments Help Lift Dow 1.4% On Week -- Barron's

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(FROM BARRON'S 3/3/14)
By Avi Salzman
The big question for investors on the sidelines over the past two years has been: Am I late to the party?

Fret not. This party never seems to end.

The S&P 500 hit another new closing high on Friday, and the Dow finished just 1.5% off its all-time peak. Importantly, the S&P closed on Thursday above 1850, a technical level that investors have been talking about for weeks.

Asked why everyone's so bullish, several strategists pointed to strong consumer confidence data and evidence of sales growth for durable goods -- major manufactured products like electronics and defense equipment. Federal Reserve Chair Janet Yellen also helped lift markets in testimony before Congress when she remarked that economic data had been surprisingly weak for the past six weeks, opening the door to a pause in the taper.

Results from retailers also indicated that Americans are feeling confident. Macy's (ticker: M) reported better than expected earnings results, and held the line on holiday season discounts even as its peers gave away the store.

But data and Fed-speak just added extra oomph onto the Street's already-bullish sentiment. "I don't think there was a particularly strong positive catalyst," said Paul LaFleche, who oversees a $13 billion portfolio for insurer FM Global. "Maybe it's the absence of negatives. People continue to have a lot of cash and want to come back to stocks." La-Fleche says FM Global's portfolio tends to hold 45% to 50% in equities, but the firm has increased its equity weighting to more than 50%.

Sunday, March 9 will mark the five-year anniversary of the S&P 500's closing low of 676.53. Including dividends, stock returns have more than tripled since then. LaFleche says the growth has mostly been driven by multiple expansion -- investors willing to pay more for the same earnings. He agrees with most strategists that stocks will rise by high single digits this year, driven almost entirely by earnings growth.

For the week, the Dow Jones Industrial Average rose 1.4%, or 218 points, to 16,321.71. The Standard & Poor's 500 index rose 1.3%, or 23 points, to 1859.45. The Nasdaq Composite index climbed 1%, or 45 points, to 4308.12.

The Dow rose 4% in February, and the S&P 500 was up 4.3%, its best February reading since 1998. And while the S&P 500 is up just 0.6% for the year, several stocks have considerably outpaced the benchmark. In fact, 77 stocks have risen at least 10%, while only 30 have fallen that much. "Maybe it's a stockpicker's market," commented Howard Silverblatt, an analyst at the S&P Dow Jones Indices.

Judging by the action in the stock market in the past few weeks, we've either solved the obesity epidemic or completely given up. Starting with Weight Watchers' report on Feb. 13, nearly every stock associated with weight-loss has fallen dramatically after reporting earnings.

There is some evidence that efforts in the U.S. to curb obesity have worked. This past week, the Centers for Disease Control and Prevention reported that the obesity rate dropped to 8% in 2011-2012 from 14% eight years earlier for children ages 2 to 5. The adult obesity rate has not shown similar progress, and the same report indicated that 35.4% of women over 60 were considered obese, up from 31%.

The problems facing each weight-loss company are different.

Weight Watchers (WTW) fell 28% on Feb. 14 after reducing its 2014 earnings guidance to a range of $1.30 to $1.60, versus analysts' expectations for $2.72. The company has struggled to keep up with Internet trends, losing ground to free apps that allow users to track their calories. The company's stock, which closed Friday at $21, hasn't traded this low since the dog days of 2009, and it's tempting to see the dip as a buying opportunity. But management's bearish tone and Weight Watchers heavy debt load -- nearly twice the company's market value, at $1.2 billion -- should give investors pause. And with earnings expectations cut in half, the company is still trading at 15 times forward earnings, a premium to its historical average. If Weight Watchers is downgraded by credit rating agencies, its interest payments will rise, creating another risk for shareholders.

Nutrisystem (NTRI) also fell hard last week after issuing disappointing earnings guidance for the year. Annual earnings expectations of 51 to 61 cents missed analysts' expectations for 64 cents, in part because of increased marketing expenses.

The stock, at $14.72, was down 5.8% on the week, but Nutrisystem is still up 74% in the past year. CEO Dawn Zier, who was appointed in November 2012, has turned the company around after earnings fell dramatically under the previous management. The stock is no longer cheap, trading at 25 times forward earnings. But Nutrisystem is still earning well below its potential. Earnings before interest, taxes, depreciation and amortization is about a third of its level in 2008. It has no debt, and does not face Weight Watchers' challenges with smartphone apps, because Nutrisystem sells food, not advice. As Zier noted on the conference call: "You can't really eat an app."

Gregory Taxin, a managing director at Clinton Group, which owns 6.4% of the shares and helped initiate management changes, says the new management has figured out how to reach consumers again, through targeted deals and television ads. The comeback, he argues, is just beginning.

"You finally have people back in there who know how to sell," Taxin says. "If you get anywhere close to its previous Ebitda levels, the stock is incredibly cheap."

Also hit hard last week were two companies that make diet drugs: Vivus (VVUS) and Arena Pharmaceuticals (ARNA). Both have FDA approved drugs to treat obesity, but neither has found the key to reaching consumers, and both face challenges growing their prescription base and sales. Vivus has fallen 52% in the past year, to $6.03, and Arena is off 22%, at $6.51.

Their struggles have puzzled analysts, many of whom expected doctors and consumers to jump at the chance to use a pill for obesity. Arena's prospects may be brighter, because it has partnered with a Japanese company to distribute the drug, and television ads are expected this year. Vivus has no such partner. To propel the stock, a big pharmaceutical company might have to swoop in and partner with Vivus or buy it outright. Still, the odds of that happening aren't great right now.

"Big pharma is very risk averse," warns Needham analyst Alan Carr. "Weight loss drugs have a very checkered past."

With no clear indication of how the companies will reach their target markets, the stocks remain a hard sell.

Not enough people this winter have been warming their frigid bodies at restaurant chain Noodles & Co. (NDLS), which serves everything from spaghetti and meatballs to pad thai. The company's fourth-quarter earnings fell a penny shy of analysts' estimates, and its guidance failed to satiate the Street. Management expects flat comparable-store sales in the first quarter because of the cold weather, and sees comps rising 2.5% to 3% this year, not the kind of lift usually associated with a fast-growth food company.

The company's shares fell 2.3% on the news. At $40, they are down 11% since we wrote, following the initial public offering, that the market was pricing in an unproven level of growth. Noodle's recent performance only bolsters that case. It still trades at 76 times forward earnings expectations, and there are reasons to think the stock chart could resemble a wet noodle for the foreseeable future.

The company operated 380 restaurants as of the end of 2013, and CEO Kevin Reddy projects that Noodles can expand to as many as 2,500 locations and grow earnings by 25% a year. But Noodles has struggled to boost its comparable-store sales; they rose 3.9% in the fourth quarter, versus 9.3% for Chipotle Mexican Grill (CMG), the company whose growth Noodles is attempting to emulate. Noodles' operating margins at the restaurant level also slipped in the quarter.

In addition, Noodles has been adding more franchised restaurants, even though their same-store sales have lagged behind company-owned stores (1.5% versus 4.3%). Noodles expects to open 52 to 65 new restaurants in 2014, with 10 to 15 of them run by franchisees. John Gordon of Pacific Management Consulting Group, which advises restaurants and investors, says he's optimistic about the strategy, which reduces a chain's overhead, but notes that it carries risks: "If the model's not mature, you can lose control of the system. First, the store-level economics have got to be right."

Noodles was not the only "fast casual" restaurant company that has struggled to live up to its post-IPO valuation. Potbelly (PBPB), which more than doubled on its first day of trading in October, to $30.77 per share, has caused investors plenty of heartburn since, briefly falling below $20 this week. Its multiple of 60 times forward-earnings estimates appears particularly pricey, given that company-owned comparable-store sales rose by just 0.7% in the most recent quarter.

By comparison, Chipotle looks almost like a bargain. At $565.21, the Mexican food chain's stock trades at 42 times forward earnings estimates. Clearly, that's a rich valuation. But the stock has historically traded near this range, and it has justified those valuations year after year. Its restaurant base is still growing about as fast as its smaller rivals -- Chipotle added 185 restaurants in 2013, ending the year at 1,595 -- with a 13% increase, just behind Noodles' 16%. Chipotle plans to add about the same number in the coming year.

It's easy to imagine Chipotle doubling its restaurant base in the U.S. without saturating the market -- Taco Bell has about 5,700 locations, while the Subway sandwich chain has more than 26,000 -- while adding to its fledgling operations overseas. Store growth isn't Chipotle's only path to gains; to the surprise of many analysts, the company's same-store-sales growth has stayed in the mid-to-high single digits.

1 Mar 2014 00:09 EDT The Trader: Yellen Comments Help Lift Dow 1.4% On -2-

A likely 3% to 5% price increase later this year should give Chipotle an extra boost, says Brian Sozzi, chief equities strategist at Belus Capital Advisors. At its expected growth rate, earnings could double by 2017.

Investors continue to crown each new fast casual chain "the next Chipotle." Maybe the next Chipotle is Chipotle.

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e-mail: avi.salzman@barrons.com

Vital Signs

	Friday's Close	Week's Change	Week's % Chg.
DJIndustrials	16321.71	+218.41	+1.36
DJTransportation	7348.37	+39.77	+0.54
DJUtilities	518.77	-4.70	-0.90
DJ65Stocks	5626.95	+43.11	+0.77
DJUSMarket	471.57	+5.95	+1.28
NYSEComp.	10425.85	+118.95	+1.15
NYSEMKTComp.	2510.98	+60.66	+2.48
S&P500	1859.45	+23.20	+1.26
S&PMidCap	1375.33	+18.77	+1.38
S&PSmallCap	667.33	+12.15	+1.85
Nasdaq	4308.12	+44.71	+1.05
ValueLine(arith.)	4460.69	+67.52	+1.54
Russell2000	1183.03	+18.40	+1.58
DJUSTSMFloat	19637.68	+253.30	+1.31

	Last Week	Week Earlier
NYSE		
Advances	2,217	1,948
Declines	994	1,247
Unchanged	33	47
NewHighs	457	353
NewLows	63	52
AvDailyVol(mil)	3,602.0	3,433.5
Dollar (Finexspotindex)	79.78	80.26
T-Bond (CBTnearbyfutures)	126-035	125-195
Crude Oil (NYMlightsweetcrude)	102.59	102.20

Inflation KR-CRB		
(FuturesPriceIndex)	302.43	301.58
Gold		
(CMXnearbyfutures)	1321.40	1323.90

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(END) Dow Jones Newswires

March 01, 2014 00:09 ET (05:09 GMT)

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*Concerned Pantry Holders (CPS) Delivers Open Letter to Holders

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英文

25 Feb 2014 09:01 EDT Press Release: Concerned Pantry Shareholders (CPS) Delivers Open Letter to Shareholders

Concerned Pantry Shareholders (CPS) Delivers Open Letter to Shareholders

Highlights Prolonged Underperformance, Negative Total Shareholder Return and Poor Capital Allocation

Stresses Need for Board Improvement to Position The Pantry for Turnaround Through Operational Optimization, Real Estate Monetization and Prudent Capital Allocation at Reasonable Debt Levels

Urges All Shareholders to Support Needed Change and Vote the GOLD Proxy Card Today to Elect Nominees Todd Diener, James Pappas and Joshua Schechter at Upcoming Annual Meeting

PR Newswire

HOUSTON, Feb. 25, 2014

HOUSTON, Feb. 25, 2014 /PRNewswire/ -- Concerned Pantry Shareholders ("CPS," or "we"), a group led by JCP Investment Management, LLC and Lone Star Value Management, LLC, together a significant shareholder of The Pantry, Inc. ("The Pantry" or the "Company") (NASDAQ: PTRY), announced today that it has sent a letter to the shareholders of The Pantry. The letter highlights the prolonged underperformance at The Pantry and the critical need for significant change in the Company's Board of Directors (the "Board"). CPS is urging shareholders to elect its three highly-qualified and independent nominees, Todd Diener, James Pappas and Joshua Schechter, to serve on the Board at the upcoming 2014 Annual Meeting.

The full text of the letter follows below:

February 25, 2014

Dear Fellow Pantry Shareholders:

Our Interests Are Directly Aligned with ALL The Pantry Stockholders

Vote the GOLD Proxy Card to Significantly Improve The Pantry's Board

Concerned Pantry Shareholders ("CPS"), a group led by JCP Investment Management, LLC and Lone Star Value Management, LLC, together a significant shareholder of The Pantry, Inc. (the "The Pantry" or the "Company"), is dedicated to maximizing shareholder value and enhancing corporate governance at The Pantry by seeking to improve the composition of its board of directors (the "Board").

Over the last 10 years, The Pantry's stock price has declined by 36%, debt levels have soared, and Board fees have totaled more than $8.5 million. In addition, The Pantry compares very poorly to its peers with its stock price underperforming its direct competitors by 474% in total shareholder returns and its debt levels double those of its competitors (4.4x versus 2.2x debt to EBITDA).

We, the shareholders of The Pantry, deserve change. We are seeking to replace the Chairman of the Board, Ed Holman (9 years on the Board), the Chairman of the Corporate Governance and Nominating Committee, Tom Murnane (12 years on the Board) and the Chairman of the Compensation Committee, Robert Bernstock (9 years on the Board), who have overseen this destruction of value while collectively receiving more than $3.9 million in director compensation in the last 6 years. We have nominated three highly-qualified director candidates, Todd Diener, James Pappas and Joshua Schechter, who have the right experience, track records and plan to turn around performance at The Pantry.

We encourage you to read our detailed investor presentation available here http://www.sec.gov/Archives/edgar/data/915862/000092189514000386/ex1todfan14a08569009_021914.pdf .

THE FACTS:

Under the stewardship of Chairman Ed Holman, Tom Murnane and Robert Bernstock, The Pantry has seen:

-- 10 years of significant NEGATIVE Total Stockholder Return (TSR).

-- 10 years of high growth spending ($1.9 billion in acquisitions and capital expenditures) which has produced NEGATIVE value.

-- High management turnover at all levels including: 4 CEOs in 5 years, complete turnover in the senior ranks twice and a continuing senior management exodus with the SVP of Operations having resigned in February 2014.

-- Disturbingly high levels of debt and lease obligations with this Board having overseen increased debt load from $500 million to over $900 million in the last 10 years. The Pantry has 4.4x debt / FY 2014E EBITDA while its peers have 2.2x debt / FY 2014E EBITDA or less.

-- Abysmal operating performance relative to direct competitors and on an absolute basis. Adjusted EBITDA has declined from $280 million in FY 2009 to $202 million in FY 2013 despite the massive amount of investment spending.

-- Minimal Quick Service Restaurant (QSR) roll out while competitors have thrived with the QSR portion of their business, in 11 years The Pantry has increased its QSR count by a paltry 28 restaurants in their 1,568 locations and continues to lack meaningful restaurant experience on the Board.

-- Poor Corporate Governance with average Board tenure of +7 years and current directors who are NET SELLERS of stock since 2010. During the last 6 years directors have been paid an aggregate of $8.5 million in compensation.

OUR PLAN:

-- Reassess Capital Expenditure Spend to focus on Return on Invested Capital (ROIC) and pay down excessive leverage. The Company has failed to produce any return to shareholders after 10 years of spending $1.9 billion in capital (capital expenditures plus acquisitions).

-- Explore Real Estate Monetization in order to continue to deleverage the balance sheet through a (1) full sale, (2) partial sale or (3) MLP or REIT formation.

-- Strengthen Store Base by repositioning or selling 300 -- 500 stores in weak or non-growth markets and focusing on great performing stores in core markets.

-- Implement a Successful QSR Plan by tapping into our Nominees' strong QSR restaurant expertise and operational experience.

-- Enhance Corporate Governance through direct shareholder representation on the Board, decreased Board pay, provisions that allow shareholders to act by written consent and to call special meetings, and a stop to any further shareholder dilution (share count is up almost 30% since 2002).

-- Delever the Balance Sheet by slowing capital expenditures, increasing focus on ROIC (increasing EBITDA) and paying down debt with reasonable free cash flow.

THE FACTS:

The Pantry's Total Stockholder Return (TSR) over the past 10 years has been NEGATIVE

Most of the current directors have presided over prolonged underperformance and must be held accountable for this massive destruction of value. The three incumbents CPS is seeking to replace have served on the Board the longest and in critical leadership positions as Chairmen of the Board, the Nominating and Compensation Committees.

	Share Price Performance (1)			
	1-Year	3-Year	5-Year	10-Year
S&P 500	19%	36%	116%	57%
Russell 3000	21%	38%	127%	66%
MSCI ACWI: Food & Staples Retailing	9%	28%	69%	62%
2012 The Pantry Proxy Group(2)	16%	96%	299%	282%
2013 The Pantry Proxy Group(3)	22%	88%	226%	163%
ISS Group (4)	21%	61%	583%	244%
Most Similar Competitors(5)	40%	193%	396%	438%
The Pantry, Inc (PTRY)	9%	-12%	-20%	-36%
Underperformance vs. S&P500	-10%	-48%	-136%	-93%
Underperformance vs. Most Similar Competitors	-31%	-205%	-416%	-474%

Source: Bloomberg
1. Performance as of 2/11/14 Dividends not reinvested.
2. 2012 The Pantry Proxy Group consists of companies used in the Company's proxy statement
3. 2013 The Pantry Proxy Group consists of companies used in the Company's proxy statement
4. ISS Group includes ABG, DDS, ODP, SAH, TA, BKS, GME, ANDE, UNFI, GPI.
5. Includes ATD/B, CASY, SUSS. 10 Year share price performance excludes SUSS as information is not available for that time period

Regardless of the metrics used, for the last 10 years the Company has underperformed its peers, the peer group the Company itself has identified in its public filings, the S&P 500, the peer group used by Institutional Shareholder Services (ISS), the Russell 3000 Index and the MSCI Food & Staples Retailing group. Our Nominees have the financial expertise to help orchestrate a turnaround at The Pantry and have interests that are fully aligned with all shareholders.

Capital allocation has been abysmal

The Pantry has spent an astounding $1.9 billion in the last 10 years on acquisitions and capital expenditures with little to show for it. Our Nominees will focus on ROIC in any capital outlays to stop the value destruction from poorly conceived capital allocations.

Year	Total Capital Expenditures	Acquisition Related	Total Capex + Acquisitions	EBITDA
2004	51,916	185,607	237,523	173,200
2005	73,387	103,068	176,455	215,700
2006	96,826	126,791	223,617	279,000
2007	146,390	395,809	542,199	215,500
2008	109,496	14,696	124,192	250,400
2009	122,656	48,768	171,424	281,300
2010	101,127	10	101,137	237,600
2011	100,726	47,564	148,290	231,700

2012	69,261	0	69,261	210,100
2013	88,069	1,723	89,792	202,400
Total	959,854	924,036	1,883,890	

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4 CEOs in 5 years

The Pantry has a history of high senior management turnover which has led to lack of continuity in The Pantry's strategic direction and execution. Most recently, on February 3, 2014, P. Joseph Venezia, Senior Vice President, Operations, resigned effective February 14, 2014 to pursue another career opportunity. Mr. Venezia was an integral part of the team and one of the most senior operations executives under CEO, Dennis Hatchell. Continued high management turnover demonstrates that this Board has not found a solution to the problem with revolving senior management.

-- 2002 -- Thomas Murnane joins the Board

-- 2005 -- Ed Holman and
Robert Bernstock join the Board

-- 2009 -- Ed Holman becomes Chairman of the Board

-- 2009 -- CEO Peter Sodini steps down

-- 2009 -- CEO Terry Marks joins The Pantry from Coca Cola

-- New head of marketing

-- New CFO

-- New CIO

-- New Human Resources Director

-- 2011 -- CEO Terry Marks resigns to run Hooters

-- 2011 -- Chairman Ed Holman is named Interim CEO

-- 2012 -- 2013 -- Dennis Hatchell appointed CEO in 2012

-- CFO resigns

-- COO resigns

-- CIO resigns

-- Head of Marketing resigns to join Terry Marks at Hooters

-- Feb 2014 - Senior Vice President of Operations resigns

We are further concerned there are significant internal issues with executive turnover at the lower ranks, such as store managers, district managers and area managers.

Our Nominees have significant executive experience as CEOs, Chairmen and directors, cultivating executives and building management teams to ensure continuity and proper execution.

High Debt Levels

The Board has overseen approximately $900 million in acquisition-related capital expenditures in the last 10 years and in the process has leveraged the Company twice as much as its competitors who have prudently managed their debt levels. We believe this excessive leverage and imprudent capital allocation have caused significant value destruction.

	PTRY	SUSS	CASY	ATD/B
Total Debt (incl Cap Leases) / FY 2014E EBITDA	4.4x	2.2x	2.1x	1.9x
10 Year TSR	-36%	400%	292%	584%

Note: Susser is 5 Year TSR since it IPO'd in 2006.

Our Nominees support prudent debt levels and will focus on initiatives to help repay a meaningful portion of The Pantry's excessive debt and to ensure that capital is intelligently used for capital allocations with high expected risk-adjusted returns.

Operating Performance has been abysmal

The Pantry's direct competitors have thrived over the last several years even as The Pantry has continued to significantly underperform. Susser Holdings Corporation ("Susser") has increased EBITDA by +277%, Casey's General Stores, Inc. ("Casey's") has increased EBITDA by +178% and Alimentation Couche-Tard Inc. ("Couche-Tard") has increased EBITDA by more than +495%.

EBITDA

Year	PTRY	SUSS	CASY	ATD/B
FY 2004	$173	$47	$116	$234
FY 2013	202	177	322	1,390
10 Year Cumulative Growth	17%	277%	178%	495%

Source: SEC Filings.
Note: Susser is at FY 2006 IPO and FY 2013 is Sept LTM.

Competitors have also produced significant increases in TSR over the past 10 years while The Pantry's TSR is NEGATIVE.

	1-Year	3-Year	5-Year	10-Year
Alimentation Couche-Tard, Inc (ATD/B)	58%	225%	569%	584%
Casey's General Stores, Inc (CASY)	23%	57%	218%	292%
Susser Holdings Corporation (SUSS)	39%	297%	400%	N/A
Most Similar Competitors	40%	193%	396%	438%
S&P 500	19%	36%	116%	57%
The Pantry, Inc (PTRY)	9%	-12%	-20%	-36%

Note: CST and MUSA do not have sufficient long-term data and does not include dividends reinvested.
Source: Bloomberg as of February 11, 2014.

Poor Corporate Governance

We are further concerned with poor corporate governance practices at The Pantry. Since the beginning of 2010, The Pantry's directors are net sellers of the Company's stock having cumulatively sold 22,096 shares of common stock in the open market and purchased only 2,535 shares, based on the Company's public filings. The current Board, excluding the two directors who have announced their intention not to stand for reelection at the 2014 Annual Meeting, collectively directly owns less than 1% of the outstanding stock of the Company, excluding stock and option awards. In our view, it comes as no surprise that with such minimal investment in the Company, the members of the current Board do not think like owners when it comes to the significant outlays of shareholder wealth under their stewardship.

The Board has also failed to seek proactive change in its composition and introduce fresh perspective in the boardroom with average incumbent tenure of +7 years on the Board. The Board has also failed to add any meaningful restaurant experience at the Board level or the fuel experience it now claims it so needed on the Board.

Lastly, the ability of shareholders to seek effective change at The Pantry is severely limited as shareholders are prohibited from calling special meetings, cannot act by written consent without advance approval by the Board and can amend shareholder-unfriendly provisions in the Company's organizational documents only by a prohibitively high supermajority vote.

Our Nominees will work to improve corporate governance at The Pantry and ensure that the interests of directors are closely aligned with stockholders.

SETTING THE RECORD STRAIGHT

The Pantry claims: "Attracted leading talent to The Pantry to further strengthen our operational management"

Facts: The Pantry has seen chronic high turnover at the senior executive level in recent years. Most recently, Joe Venezia resigned in February 2014 and this is The Pantry's second attempt to bring on a new management team.

The Pantry claims: "Increased same-store sales through an enhanced merchandise mix and effectiveness"

Facts:

-- Same-Store Sales(SSS) are awful compared to peers in FY 2013:

-- Casey's SSS increased by 6.4%

-- Susser's SSS increased by 3.3%

--
Couche-Tard's SSS increased by 1.0% in the U.S. and 2.0% in Canada

-- The Pantry merchandise sales increased by only 0.9%. QSR SSS were negative 2.8%.

-- NACS (North American Convenience Store) study from 2010 confirms that "inside sales" have grown every year since 1980 from $25 billion to nearly $190 billion. The Pantry would have had to achieve SSS increases just to be average.

The Pantry claims: "Invested in technology to support pricing optimization"

Facts: The Pantry indicated it began this program in early 2012 and fuel volumes have continued to decline since then.

The Pantry claims: "Prudently managed expenses and reduced debt"

Facts:

-- The Pantry provided forward expense guidance on December 10, 2013 that was revised upward only 60 days later, on January 30, 2014, to provide increased expense guidance

-- The Pantry carries excessive debt at 4.4x Debt / FY 2014E EBITDA which is significant leverage for the Company and double that of its peers

-- The Board has failed to conservatively manage debt and representatives of The Pantry were unaware of potential breach of covenants under The Pantry's existing debt arrangements until brought up by CPS and only then took corrective action to avoid breach of covenants under the Company's debt arrangement

The Pantry claims: "Significant store remodeling program, enhanced proprietary foodservice and added quick-service restaurants in existing stores"

Facts:

-- The Pantry has no coherent strategy, in our view, in building a QSR program as evidenced by negative SSS in FY 2013 for its QSR program

-- FY 2002 QSR Stores: 194

-- FY 2013 QSR Stores: 222

-- In 11 years, the Company built a total of only 28 stores

-- Since January 2012, The Pantry has tried three different concepts: Noble Romans, Taco Del Mar and Little Caesars and is yet to communicate to shareholders a strategic plan

-- Competitors like Casey's and Susser have been successfully building QSRs in hundreds of their stores over the last 10 years

The Pantry claims: "Utilized new store opportunities and acquisitions to accelerate growth and strengthen The Pantry's competitive position in key markets."

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Facts:

-- Ed Holman,
Tom Murnane and Robert Bernstock and the rest of the Board oversaw $1.9 billion spent on acquisitions and capital expenditures that failed to produce returns

-- The Pantry's acquisitions over the last 10 years have not increased the Company's cash flow

-- Three new stores does not reposition a 1,500-store chain

-- The Company's competitive position is being encroached by Sheetz Inc., Wawa Inc. and QuikTrip Corporation. and

The Pantry claims: "Your Board and management team collectively beneficially own 4.7% of the Company's stock, ensuring that our interests are aligned with those of all stockholders."

-- Ed Holman,
Tom Murnane and Robert Bernstock have received a combined $3,948,128 in cash, stock compensation and options over the last 7 years while stockholders have lost more than 15% in the last 5 years

-- Since 2004, the Board has only purchased in the open market 40,165 shares, per Bloomberg. This is a far cry from 4.7% ownership.

The Pantry claim: "We require CEO background"

Facts:

-- The Pantry's two most recent Board additions,
Terry McElroy and Kathleen Guion, have NO CEO experience.

-- In contrast:

-- Todd Diener is the former President of Chili's where he managed more than $2.0 billion in revenues and achieved growth from under

100 stores to nearly 1,500 stores

-- James Pappas is CEO and founder of JCP Investment Management, LLC a Houston, TX based investment firm

-- James Pappas is Chairman of the Board of Morgan's Foods, Inc. (Ticker: MRFD), a quick service restaurant company with brands such as Taco Bell, KFC and Pizza Hutt

The Pantry claims: "We require fuel background"

Facts:

-- In 10 years The Pantry has had NO fuel experience at the Board level

-- The Pantry's Board has nominated for election this year Tad Dickson, who has no fuel experience and instead has background in grocery store operations. This addition reinforces our belief that The Pantry's Board thinks like a grocery store when it should think like a restaurant

-- The Pantry had never indicated that fuel experience was needed on the Board until after they received a nomination notice from CPS laying out the experience and qualifications of our Nominees

--

Tom Murnane has served as Chairman of the Nominating Committee for 9 years, yet he has failed to address this issue or the lack of QSR or restaurant experience on the Board

-- The Board has no QSR or restaurant experience. In contrast, Todd Diener and James Pappas both have significant QSR and restaurant experience and Josh Schechter has significant specialty retail experience

-- Casey's has increased EBITDA more than 50% in the last 10 years without fuel experience at the Board level

OUR PLAN:

If elected to the Board our Nominees will represent a minority on the Board and will seek to work constructively with the other members of the Board to unlock value through the following initiatives:

Reassess Capital Expenditure Spend to focus on Return on Invested Capital (ROIC) and pay down significant portion of the Company's excessive leverage. The Company has failed to produce any return to shareholders after 10 years of spending $1.9 billion on acquisitions and capital allocation. More prudent and disciplined approach to capital allocation is critical.

Explore Real Estate Monetization in order to unlock value and deleverage the balance sheet through a (1) full sale, (2) partial sale or (3) MLP or REIT formation. Based on preliminary discussions with a REIT and real estate advisor and our independent analysis, we believe the value of The Pantry's owned real estate is approximately $500 million. The Pantry is currently struggling under a significant amount of debt and we believe with the right real estate monetization plan, The Pantry could unlock the significant value of its real estate assets and properly recapitalize the Company.

Restructure Store Base by repositioning or selling 300 -- 500 stores in weak or non-growth markets and strengthening its store base by focusing resources and energy on well performing stores in core markets. Based on our discussions with industry experts and our independent analysis, we believe that at least 300 -- 500 stores are underperforming and do not merit further capital expenditures and human resource outlays. This is an opportunity to monetize these stores and reallocate the proceeds to investments with better return.

Implement a Better QSR Plan by utilizing our Nominees' strong restaurant operational experience and background. The Pantry has struggled over the last 10 years, having recently gone through 3 concepts in the last 2 years. Susser and Casey's have created their own concepts, including Laredo Taco and Casey's Pizza, which have had tremendous success.

Unfortunately, The Pantry appears to lack the "know-how" to drive success through fully-developed QSR program. Building a proprietary restaurant concept that can compete against strong competition has been made even more difficult by recent resignations in key marketing and operations positions, such as the resignation in January of 2013 of John Fisher, Senior Vice President of Merchandising, Marketing and Restaurant Operations and the resignation in February of 2014 of Joe Venezia, SVP of Operations.

Our Nominees have significant experience in QSR, restaurant and specialty retail operations and can bring this relevant experience to The Pantry to help design and implement a sound plan for growth in QSR segment which will generate high returns on capital deployed.

Enhance Corporate Governance by increasing shareholder representation on the Board, decreasing Board pay, and taking the appropriate actions to allow shareholders to act by written consent and to call special shareholder meetings. The current Board has overseen significant dilution to shareholders. The number of shares outstanding has increased from approximately 18.1 million in 2002 to approximately 23.5 million shares in 2013, a staggering 30% increase. This dilution has been particularly painful for shareholders given the negative shareholder returns and significant increases in Board compensation over the same period.

Delever the Balance Sheet through slowing capital expenditures, increasing focus on Return on Invested Capital (increasing EBITDA) and pay down debt with reasonable free cash flow.

Creating value for all shareholders includes increasing EBITDA and decreasing the debt on the balance sheet. Our Nominees are dedicated to properly utilizing cash flows to shrink debt and drive strong returns on capital. Our Nominees have been closely involved with restructuring several companies with high leverage and believe there is opportunity to do the same at The Pantry.

OUR NOMINEES:

As we set out to identify the best qualified candidates to serve on The Pantry's Board and those most likely to successfully oversee a turnaround, we asked ourselves what critical skills are sorely lacking on the current Board. We determined that the key criteria should be as follows:

-- directly relevant experience and knowledge of QSR and Restaurant business

-- financial expertise

-- a strong track record of prior success

-- true independence from the Company's management and Board and direct investment in The Pantry that secures close alignment with the interests of all stockholders

The result was these three independent and experienced candidates with proven track record of unlocking value for stockholders:

Todd E. Diener -- Former executive officer of Brinker International, Inc. ("Brinker") where he most recently served as the President of Chili's Grill & Bar ("Chili's") and On the Border restaurants. During this time, Chili's was one of the largest casual dining restaurant chains in the world with more than 1,200 locations in the United States and 200 international locations in 28 countries. In his role as President of Chili's, Mr. Diener led all aspects of the brand, including finance, P&L, marketing, operations, real estate, human resources and franchising. Prior to his role as President of Chili's and On the Border, Mr. Diener served in the roles of Executive Vice President and Chief Operating Officer of Brinker, where he was responsible for more than 1,500 restaurants. Mr. Diener oversaw company-owned and franchised operations for On the Border, Macaroni Grill, Maggiano's and Corner Bakery Cafe restaurants in the United States and 24 other countries. Mr. Diener's over 28 years of experience in a senior capacity at Chili's provide him with deep strategic and operational expertise in exploring ways to improve financial performance and maximize returns of a public retail company.

James C. Pappas -- Managing Member of JCP Investment Management, LLC and sole member of JCP Investment Holdings, LLC. Mr. Pappas is the Chairman of the Board and Chairman of the Compensation and Leadership Committee of Morgan's Foods (OTC:MRFD), a public company that operates through wholly-owned subsidiaries KFC restaurants under franchises from KFC Corporation, Taco Bell restaurants under franchises from Taco Bell Corporation and Pizza Hut Express restaurants under licenses from Pizza Hut Corporation. Previously, Mr. Pappas was with the Investment Banking / Leveraged Finance Division of Goldman Sachs Group, Inc. where he advised private equity groups and corporations on appropriate leveraged buyout, recapitalization and refinancing alternatives, and prior to that with Banc of America Securities, where he focused on Consumer and Retail Investment Banking, providing advice on a wide range of transactions including mergers and acquisitions, financings, restructurings and buyside engagements. As the Chairman of the Board of Morgan's Foods, Mr. Pappas has deep understanding of the retail operations and effective oversight of a public company. Mr. Pappas also has significant experience in the valuation and management of investment securities, investment banking and corporate finance that give him unique ability to identify opportunities to unlock shareholder value.

Joshua E. Schechter -- Director of Aderans Co., Ltd., a multi-national company engaged in hair-related business, and Executive Chairman of Aderans America Holdings, Inc. Mr. Schechter is a former Managing Director of Steel Partners Ltd., a privately owned hedge fund sponsor and co-President of Steel Partners Japan Asset Management, LP, a private company offering investment services. Mr. Schechter served on the Board of Directors of WHX Corporation (n/k/a Handy & Harman Ltd.) , a diversified manufacturer of engineered niche industrial products with leading market positions in many of the markets it serves and the Board of Directors of Puroflow, Inc. (n/k/a Argan, Inc.), a provider of a full range of power industry and telecommunications infrastructure services. Mr. Schechter's diverse experience in a variety of industries, including as a director of public companies creates a deep understanding of the productive avenues to enhance shareholder value and effectively oversee the Company.

We have grown impatient with the years of inaction and strategic mistakes made by the Board. Now it is up to The Pantry's shareholders to choose the best individuals to lead the Company forward. We ask that each of you review the qualifications of the two respective slates of director nominees and determine for yourself who you believe is most qualified to represent your interests on the Board of The Pantry and grow shareholder value. As a significant shareholder of The Pantry, we believe the choice is clear.

VOTE FOR CHANGE AND IMPROVEMENT AT THE PANTRY

PLEASE SIGN, DATE, AND MAIL THE ENCLOSED GOLD PROXY CARD TODAY

We look forward to your support at the 2014 Annual Meeting.

Best Regards,

Concerned Pantry Shareholders

If you have any questions, or require assistance with your vote, please contact InvestorCom, Inc. toll- free at 877-972-0090 or email: info@investor-com.com.

About JCP Investment Management:

JCP Investment Management, LLC is an investment firm headquartered in Houston, TX that engages in value-based investing across the capital structure. JCP follows an opportunistic approach to investing across different equity, credit and distressed securities largely in North America.

About Lone Star Value Management:

Lone Star Value Management, LLC ("Lone Star Value") is an investment firm that invests in undervalued securities and engages with its portfolio companies in a constructive way to help maximize value for all shareholders. Lone Star Value was founded by Jeff Eberwein who was formerly a Portfolio Manager at Soros Fund Management and Viking Global Investors. Lone Star Value is based in Old Greenwich, CT.

Investor Contact:

John Glenn Grau InvestorCom, Inc.

(203) 972-9300 ext. 11

SOURCE Concerned Pantry Shareholders

25 Feb 2014 09:02 EDT *Concerned Pantry Holders' Letter Highlights Underperformance at the Pantry and Critical Need for Significant Change in Board

25 Feb 2014 09:03 EDT *Concerned Pantry Holders Urge Holders to Elect Nominees Todd Diener, James Pappas and Joshua Schechter

(MORE TO FOLLOW) Dow Jones Newswires (212-416-2800)

February 25, 2014 09:03 ET (14:03 GMT)

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DOW JONES
NEWSWIRES

Frankfurt Stocks Brace For Slightly Weak Open -- Market Talk

201 字
2014 年 2 月 25 日 07:43
Dow Jones Institutional News
DJDN
英文

0743 GMT [Dow Jones] Germany's DAX is set to open down 0.1% at 9701, according to Deutsche Bank, as investors weigh how far to take risk, traders say. "European markets won't be too enthused by price action in the US and Asia and look set to open on a slightly dour note," IG's Chris Weston says. Also, S&P500 failed to reach all-time high Monday, which could cause some pullback in early trade, traders say. Fresenius SE, Fresenius Medical and BASF will be in focus after full-year results. Forecast-beating 4Q results at BASF is set to drive shares upwards, traders say.

Amid a fairly limited economic data calendar, market will eye German 4Q GDP at 0700 GMT, US Redbook retail sales at 1355 GMT, a spate of US housing price data, including the S&P/Case-Shiller Home Price Index, due at 1400 GMT, and US consumer confidence figures due at 1500 GMT.
(neetha.mahadevan@wsj.com)

Contact us in London. +44-20-7842-9464
Markettalk.eu@dowjones.com

(END) Dow Jones Newswires

February 25, 2014 02:43 ET (07:43 GMT)

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MARKET WEEK
Stocks --- The Trader: Stocks Fall Slightly on Mixed Data

By Vito J. Racanelli
2,024 字
2014 年 2 月 24 日
Barron's
B
M3
英文

The major stock indexes ultimately fell slightly in an up-and-down holiday-shortened week. Small-company stocks, however, bucked the trend and rose.

Investors were buffeted on one side by continued mixed macro-economic data and more-hawkish Federal Reserve statements, but cheered on the other by what looks to be the close of a decent fourth-quarter earnings period. Still, last week saw notable fourth-quarter disappointments from Coca-Cola (ticker: KO) and Wal-Mart Stores (WMT).

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NYSEComp.	10306.90	+24.37	+0.24
NYSEMKTComp.	2450.32	+34.90	+1.44
S&P500	1836.25	-2.38	-0.13
S&PMidCap	1356.56	+9.70	+0.72
S&PSmallCap	655.18	+6.56	+1.01
Nasdaq	4263.41	+19.38	+0.46
ValueLine(arith.)	4393.17	+38.28	+0.88
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	Last Week	Week Earlier
NYSE		
Advances	1,948	2,489
Declines	1,247	722
Unchanged	47	44
NewHighs	353	272
NewLows	52	67

AvDailyVol(mil)	3,433.5	3,312.2
Dollar		
(Finexspotindex)	80.26	80.14
T-Bond		
(CBTnearbyfutures)	125-195	125-205
Crude Oil		
(NYMlightsweetcrude)	102.20	100.30
Inflation KR-CRB		
(FuturesPriceIndex)	301.58	293.24
Gold		
(CMXnearbyfutures)	1323.90	1319.00

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NEWSWIRES

The Trader: Stocks Fall Slightly On Mixed Data -- Barron's

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(FROM BARRON'S 2/24/14)
By Vito J. Racanelli
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22 Feb 2014 00:07 EDT The Trader: Stocks Fall Slightly On Mixed Data -- -2-

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(END) Dow Jones Newswires

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BARRON'S

MARKET WEEK
Stocks --- The Trader: Stocks Close Near Record Highs, Up 2%

By Vito J. Racanelli
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2014 年 2 月 17 日
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Investors ignored weak economic data last week and bid up stocks to nearly the record-high levels reached at the end of 2013. Buoyant major indexes rose more than 2% from the previous Friday's close.

A good season of fourth-quarter earnings reports and reassuring policy talk from new Federal Reserve Chair Janet Yellen dispelled potential worries about the pace of U.S. economic growth, which had gripped the market since late January.

Given the figures, there could have been plenty of concern: The Fed said Friday that January's industrial production fell 0.3%, the first drop since last July and weaker than the plus-0.2% consensus projection. Meanwhile, retail sales fell 0.4% last month, below expectations of a flat month. For now, severe weather in much of the country this winter is the convenient fall guy, but soon enough it mightn't be.

On the week, the Dow Jones Industrial Average tacked on 2.3%, or 360 points, to 16,154.39. The Standard & Poor's 500 index rose 2.3% or 42 points to 1838.63, within spitting distance of the 1848.38 record high. The Nasdaq Composite index rose 118 points, or 2.9%, to 4244.03.

"Reasonably good fourth-quarter earnings [indicating] 9% growth" helped propel stocks," says Joseph Amato, chief investment officer of Neuberger Berman. Yellen's remarks Tuesday about the "continuity" of accommodative policy also helped calm nerves that otherwise might have been jittery due to the economic data.

With almost 90% of the companies in the S&P 500 index having reported, the aggregate profit growth in the fourth quarter was 9.3%, according to RBC Capital markets.

Additional rally ammunition, adds Rick Fier, a trader at Conifer Securities, came in the form of improving European economic figures -- albeit from low levels -- as well as from a stabilizing bond market last week and relatively quiescent emerging markets. Fourth quarter euro-zone gross domestic product growth was a tepid 0.3%, but it beat forecasts. It feels like the selling pressure is exhausted for now, he adds.

The market is discounting those soft economic numbers, but next week, Amato says, will bring a new leg of data, with a number of early indications of February purchasing- manager indexes from the U.S. and euro zone. To break out of the trading range the market has been in -- roughly 1750 to 1850 on the S&P 500 index -- "we need a clearer sense of where the economy is going," says Amato.

The big surge late last year might have made investors forget that there have been relatively lengthy periods inside this bull market in which stocks traded in a narrow range. "We've gone through sideways periods of four months or more in 2012, and even in 2013," says Dan Greenhaus, chief global strategist at brokerage firm BTIG.

Greenhaus expects the market to trade around 1800 to 1850 for a time before resuming a rise. "If you've been optimistic on stocks, why would you not be [now], given earnings growth, an accommodative Fed, and an improving economy?," he says. "I'm looking through the weather. Nothing has changed." Eventually, he adds, there will even be less snow.

Some see last week's agreement by the biggest U.S. cable company Comcast (ticker: CMCSA) to buy No. 2 Time Warner Cable (TWC) as a setback for media mogul John Malone and Liberty Media (LMCA), the conglomerate he controls.

Comcast is offering 2.875 shares, which at Friday's close were worth $154.39, for each TWC share, topping a $132.50 offer for TWC by Charter Communications (CHTR). Charter -- the No. 4 cable operator, in which Liberty has about a 27% stake -- had made three offers for TWC in an effort to kick-start the latest consolidation cycle in the industry, which is facing challenges from alternative methods of delivering programming, such as the Internet, satellite, and fiber optics.

The battle over TWC has taken the market's focus away from what are now undervalued Liberty shares, which closed Friday at $135.25, down from nearly $160 in October. Shares are trading for significantly less than the sum of the company's parts.

Liberty stock has been hurt by investor concerns about the debt a Charter acquisition of TWC might have required. There has also been some investor angst over Liberty's offer to buy the roughly 47% of Sirius XM Holdings (SIRI) that it doesn't already own. Much of Liberty's value comes from Sirius, and Sirius shares are also down. They closed Friday at $3.56, below a high of $4.18 in late-2013.

As of Friday's close, Liberty was offering stock valued at $3.42 per Sirius share for the fast-growing satellite-radio broadcaster. Many believe Liberty will have to lift its bid to get hold of Sirius' $1 billion in annual cash flow.

Liberty's market value has historically traded in a range from a 15% premium to a 15% discount to the sum of its numerous underlying assets, many of which, like Sirius and Charter, are publicly traded. Others, such as the Atlanta Braves baseball team, aren't. Malone's vehicle trades at a 12% discount to intrinsic value, toward the low end of its history, and could represent a relatively cheap opportunity for investors to invest along with the storied media veteran, says Christopher Tsai, who runs Tsai Capital, a hedge fund.

Currently, most of Liberty's $15 billion market value is accounted for just by the market value of its stakes in Sirius and Charter. But, as noted, it has plenty of other assets, such as a 26% stake in Live Nation Entertainment (LYV). The total is worth about $152 per Liberty share, a nice premium to Liberty's price, notes Tsai. His fund owns about 27,400 Liberty shares and has been buying more recently.

Liberty might have to raise its bid for Sirius, but "there's a lot of value" there, Tsai says. The broadcaster's cash flow is growing at about 20% annually, faster than the 5% to 15% of its peers. Subscribers could grow by about two to three million annually, to 27 million this year from 25.6 million in 2013, he expects. By acquiring all of Sirius, Liberty's long-term value will appreciate.

Malone is a "highly disciplined allocator of capital," Tsai says, and isn't likely to try to top the Comcast bid. There are other fish in the sea for Charter, too, he adds.

However, there are two caveats to Liberty shares. First, there remains the possibility, though low, that Malone will try to top Comcast's bid, or that Comcast's bid founders on antitrust issues, which, in turn, might prompt renewed talk about Charter. Malone also effectively controls Liberty through the B class of super-voting shares, so A-share votes don't count for much.

Still, the discount to underlying assets is big enough that there appears to be a cushion of safety. The gap eventually could narrow.

Friday's news from J.M. Smucker (SJM) wasn't so tasty. The maker of jams and coffee reduced its sales and profit guidance for fiscal 2014, ending April. The company now expects sales to slip 5% instead of 2%, and earnings per share to range from $5.55 to $5.60, down from previous expectation of $5.72 to $5.82.

Although gross margins rose on lower commodity prices, the company faces a challenging environment. In the nine months ended January, sales fell 4% to $4.4 billion and diluted earnings per share rose 8% to $4.41, from $4.08.

Smucker stock fell a quick 3.5% to $91.81. But this kind of stock goes in and out of style. When there's panic on Wall Street, investors want its strong defensive characteristics. When the market goes straight up, as it did late last year, however, investors think of Smucker as dowdy. That's perhaps the main reason its stock is down 19% since last August while the S&P 500 index is up 9% in the same period.

Agricultural prices go up and down, but the market's disaffection with Smucker is also an opportunity for investors with a long-term value bent, particularly those who worry 2014 isn't going to be quite the same boom time as 2013.

Smucker's brands are easily recognizable and popular. They include Folgers and Dunkin' Donuts coffees, JIF peanut butter, Smucker jams, and Pillsbury baking mixes, among many others. Such names have fuelled the $10 billion market-cap company's annual sales to nearly $6 billion from less than $2 billion 10 years ago.

"It's not a sexy business," says Jean Francois Comte, co-president of Lutetia Capital, "but they have a strong balance sheet, good cash flows, a bunch of brands that sell well, and a diversified business."

Now that the stock has dropped so much, its relative value both to peers and the market has become attractive, he adds. Lutetia has bought a small stake in Smucker.

Smucker stock trades at about 16 times the company's fiscal 2014 projection. Next year, the consensus analyst EPS expectation is $6.25, with a P/E of 14.7. The shares trade at a discount to both the company's history and the S&P 500, even though the food company is expected to grow faster. There's also an appetizing 2.5% dividend yield.

"If you're worried about the S&P 500 this year, this is one way to be defensive," Comte says. Some folks sniff at Smucker brands, but there is a strong and loyal customer base different from folks who splurge for Starbucks coffee, for example. Eventually, sell-side analysts will again begin to pick up on Smucker's charms, he says.

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e-mail: vito.racanelli@barrons.com

Vital Signs

	Friday's Close	Week's Change	Week's % Chg.
DJIndustrials	16154.39	+360.31	+2.28
DJTransportation	7306.69	+64.36	+0.89
DJUtilities	519.51	+15.66	+3.11
DJ65Stocks	5586.74	+109.03	+1.99
DJUSMarket	465.25	+10.90	+2.40
NYSEComp.	10282.53	+227.16	+2.26
NYSEMKTComp.	2415.42	+116.08	+5.05
S&P500	1838.63	+41.61	+2.32
S&PMidCap	1346.86	+38.47	+2.94
S&PSmallCap	648.62	+16.89	+2.67
Nasdaq	4244.03	+118.16	+2.86
ValueLine(arith.)	4354.89	+114.55	+2.70
Russell2000	1149.21	+32.66	+2.92
DJUSTSMFloat	19355.71	+458.83	+2.43

	Last Week	Week Earlier
NYSE		
Advances	2,489	1,721
Declines	722	1,473
Unchanged	44	63
NewHighs	272	132
NewLows	67	196
AvDailyVol(mil)	3,312.2	4,018.7
Dollar (Finexspotindex)	80.15	80.67
T-Bond (CBTnearbyfutures)	125-205	125-310
Crude Oil (NYMlightsweetcrude)	100.30	99.88
Inflation KR-CRB (FuturesPriceIndex)	293.24	289.77
Gold (CMXnearbyfutures)	1319.00	1263.30

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DOW JONES
NEWSWIRES

The Trader: Stocks Close Near Record Highs, Up 2% -- Barron's

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2014 年 2 月 15 日 05:07
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M3
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(FROM BARRON'S 2/17/14)
By Vito J. Racanelli
Investors ignored weak economic data last week and bid up stocks to nearly the record-high levels reached at the end of 2013. Buoyant major indexes rose more than 2% from the previous Friday's close.

A good season of fourth-quarter earnings reports and reassuring policy talk from new Federal Reserve Chair Janet Yellen dispelled potential worries about the pace of U.S. economic growth, which had gripped the market since late January.

Given the figures, there could have been plenty of concern: The Fed said Friday that January's industrial production fell 0.3%, the first drop since last July and weaker than the plus-0.2% consensus projection. Meanwhile, retail sales fell 0.4% last month, below expectations of a flat month. For now, severe weather in much of the country this winter is the convenient fall guy, but soon enough it mightn't be.

On the week, the Dow Jones Industrial Average tacked on 2.3%, or 360 points, to 16,154.39. The Standard & Poor's 500 index rose 2.3% or 42 points to 1838.63, within spitting distance of the 1848.38 record high. The Nasdaq Composite index rose 118 points, or 2.9%, to 4244.03.

"Reasonably good fourth-quarter earnings [indicating] 9% growth" helped propel stocks," says Joseph Amato, chief investment officer of Neuberger Berman. Yellen's remarks Tuesday about the "continuity" of accommodative policy also helped calm nerves that otherwise might have been jittery due to the economic data.

With almost 90% of the companies in the S&P 500 index having reported, the aggregate profit growth in the fourth quarter was 9.3%, according to RBC Capital markets.

Additional rally ammunition, adds Rick Fier, a trader at Conifer Securities, came in the form of improving European economic figures -- albeit from low levels -- as well as from a stabilizing bond market last week and relatively quiescent emerging markets. Fourth quarter euro-zone gross domestic product growth was a tepid 0.3%, but it beat forecasts. It feels like the selling pressure is exhausted for now, he adds.

The market is discounting those soft economic numbers, but next week, Amato says, will bring a new leg of data, with a number of early indications of February purchasing- manager indexes from the U.S. and euro zone. To break out of the trading range the market has been in -- roughly 1750 to 1850 on the S&P 500 index -- "we need a clearer sense of where the economy is going," says Amato.

The big surge late last year might have made investors forget that there have been relatively lengthy periods inside this bull market in which stocks traded in a narrow range. "We've gone through sideways periods of four months or more in 2012, and even in 2013," says Dan Greenhaus, chief global strategist at brokerage firm BTIG.

Greenhaus expects the market to trade around 1800 to 1850 for a time before resuming a rise. "If you've been optimistic on stocks, why would you not be [now], given earnings growth, an accommodative Fed, and an improving economy?," he says. "I'm looking through the weather. Nothing has changed." Eventually, he adds, there will even be less snow.

Some see last week's agreement by the biggest U.S. cable company Comcast (ticker: CMCSA) to buy No. 2 Time Warner Cable (TWC) as a setback for media mogul John Malone and Liberty Media (LMCA), the conglomerate he controls.

Comcast is offering 2.875 shares, which at Friday's close were worth $154.39, for each TWC share, topping a $132.50 offer for TWC by Charter Communications (CHTR). Charter -- the No. 4 cable operator, in which

Liberty has about a 27% stake -- had made three offers for TWC in an effort to kick-start the latest consolidation cycle in the industry, which is facing challenges from alternative methods of delivering programming, such as the Internet, satellite, and fiber optics.

The battle over TWC has taken the market's focus away from what are now undervalued Liberty shares, which closed Friday at $135.25, down from nearly $160 in October. Shares are trading for significantly less than the sum of the company's parts.

Liberty stock has been hurt by investor concerns about the debt a Charter acquisition of TWC might have required. There has also been some investor angst over Liberty's offer to buy the roughly 47% of Sirius XM Holdings (SIRI) that it doesn't already own. Much of Liberty's value comes from Sirius, and Sirius shares are also down. They closed Friday at $3.56, below a high of $4.18 in late-2013.

As of Friday's close, Liberty was offering stock valued at $3.42 per Sirius share for the fast-growing satellite-radio broadcaster. Many believe Liberty will have to lift its bid to get hold of Sirius' $1 billion in annual cash flow.

Liberty's market value has historically traded in a range from a 15% premium to a 15% discount to the sum of its numerous underlying assets, many of which, like Sirius and Charter, are publicly traded. Others, such as the Atlanta Braves baseball team, aren't. Malone's vehicle trades at a 12% discount to intrinsic value, toward the low end of its history, and could represent a relatively cheap opportunity for investors to invest along with the storied media veteran, says Christopher Tsai, who runs Tsai Capital, a hedge fund.

Currently, most of Liberty's $15 billion market value is accounted for just by the market value of its stakes in Sirius and Charter. But, as noted, it has plenty of other assets, such as a 26% stake in Live Nation Entertainment (LYV). The total is worth about $152 per Liberty share, a nice premium to Liberty's price, notes Tsai. His fund owns about 27,400 Liberty shares and has been buying more recently.

Liberty might have to raise its bid for Sirius, but "there's a lot of value" there, Tsai says. The broadcaster's cash flow is growing at about 20% annually, faster than the 5% to 15% of its peers. Subscribers could grow by about two to three million annually, to 27 million this year from 25.6 million in 2013, he expects. By acquiring all of Sirius, Liberty's long-term value will appreciate.

Malone is a "highly disciplined allocator of capital," Tsai says, and isn't likely to try to top the Comcast bid. There are other fish in the sea for Charter, too, he adds.

However, there are two caveats to Liberty shares. First, there remains the possibility, though low, that Malone will try to top Comcast's bid, or that Comcast's bid founders on antitrust issues, which, in turn, might prompt renewed talk about Charter. Malone also effectively controls Liberty through the B class of super-voting shares, so A-share votes don't count for much.

Still, the discount to underlying assets is big enough that there appears to be a cushion of safety. The gap eventually could narrow.

Friday's news from J.M. Smucker (SJM) wasn't so tasty. The maker of jams and coffee reduced its sales and profit guidance for fiscal 2014, ending April. The company now expects sales to slip 5% instead of 2%, and earnings per share to range from $5.55 to $5.60, down from previous expectation of $5.72 to $5.82.

Although gross margins rose on lower commodity prices, the company faces a challenging environment. In the nine months ended January, sales fell 4% to $4.4 billion and diluted earnings per share rose 8% to $4.41, from $4.08.

Smucker stock fell a quick 3.5% to $91.81. But this kind of stock goes in and out of style. When there's panic on Wall Street, investors want its strong defensive characteristics. When the market goes straight up, as it did late last year, however, investors think of Smucker as dowdy. That's perhaps the main reason its stock is down 19% since last August while the S&P 500 index is up 9% in the same period.

Agricultural prices go up and down, but the market's disaffection with Smucker is also an opportunity for investors with a long-term value bent, particularly those who worry 2014 isn't going to be quite the same boom time as 2013.

Smucker's brands are easily recognizable and popular. They include Folgers and Dunkin' Donuts coffees, JIF peanut butter, Smucker jams, and Pillsbury baking mixes, among many others. Such names have fuelled the $10 billion market-cap company's annual sales to nearly $6 billion from less than $2 billion 10 years ago.

"It's not a sexy business," says Jean Francois Comte, co-president of Lutetia Capital, "but they have a strong balance sheet, good cash flows, a bunch of brands that sell well, and a diversified business."

Now that the stock has dropped so much, its relative value both to peers and the market has become attractive, he adds. Lutetia has bought a small stake in Smucker.

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e-mail: vito.racanelli@barrons.com

15 Feb 2014 00:07 EDT The Trader: Stocks Close Near Record Highs, Up 2% -2-

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Electronic Investor
Home
Time to Rebalance?

By Mike Hogan
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Barron's Online
BON
英文

Applying Modern Portfolio Theory is the hard part. Right now, for instance, that would mean snapping up emerging-markets stocks, commodities, and government bonds, assets that completely fell apart in 2013. Worse yet, you'd have to pay for these losers by selling shares of last year's big winners, like the SPRDR S&P500 ETF, that soared about 30% higher.

With such wide divergences in the performance of different assets in the last year, it's even harder than usual for investors to find their courage and do the right thing, says Mitch Tuchman, CEO of the Web-based retirement advisory MarketRiders (marketriders.com).

But that's the point, says Tuchman: None of us is smart enough to pick the winners and avoid the losers every year, so hedge your bets with measured exposure across all asset classes. To keep that exposure consistent, investments that have grown must be trimmed periodically and the profits shifted to assets that every impulse in your limbic lobe tells you to run from. The bigger the gaps in performance, the more calls Tuchman gets from subscribers begging him to move all their money into or out of an asset class.

"We're almost always able to talk them off the ledge by showing them performance studies," he says. "But Modern Portfolio Theory remains a counterintuitive concept for most investors, which is why we started Rebalance IRA" (rebalance-ira.com).

That follow-on service takes trigger-pulling duties out of the hands of subscribers who let Rebalance IRA oversee portfolios domiciled at either Charles Schwab (charlesschwab.com) or Fidelity Investments (fidelity.com). Adjustments are supervised by a team that includes authors and experts such as Burton Malkiel (A Random Walk Down Wall Street) and Charles Ellis (Winning the Loser's Game) as well as experienced hands such as Jay Vivian, a former managing director of IBM's retirement program. A passive investing approach using low-cost ETFs exclusively means most portfolios are rebalanced only a couple times a year for an annual fee of 0.70% of assets plus trading costs. Any savings from trading large amounts get passed on to subscribers.

If a subscriber has chosen an aggressive approach, he or she could have to make quite a few trades affecting just a handful of shares several times a year. However, only about half of the subscribers to the $150-a-year MarketRiders service regularly rebalance, says Tuchman.

To ease the burden, MarketRiders has just added a series of simplified asset allocation templates for so-called Lazy Portfolios. They may contain as few as two or three ETFs in a simple 60%-40% equity-bond allocation, and they rarely contain more than 10. The most popular of these are regularly tracked by Paul B. Farrell (marketwatch.com/lazyportfolio), a columnist for Barron's sister publication MarketWatch. He wrote the book on Lazy Portfolios—The Lazy Person's Guide to Investing.

Some Lazy Portfolio advocates like Farrell advise rebalancing only when new money is added. MarketRiders competitor MyPlanIQ (myplaniq.com) is at the other end of that spectrum, advocating monthly "tactical" rotation out of asset classes losing momentum and into those gaining momentum. Having just completed a Website facelift, the service also is doubling its annual fee. But MyPlanIQ subscribers who sign up or re-up before March 15 can keep its $100 annual price tag for a basic subscription.

New portfolio site PJMint (pjmint.com) uses quantitative trading algorithms that trigger even more frequent rebalancing. PJMint's alarms tell subscribers when to move out of a deteriorating asset class and into cash or, perhaps, a better-performing asset. PJMint charges from 1%-to-2% of assets under management annually, depending on the plan.

There's broad consensus that MPT is a good and necessary portfolio discipline, just not much agreement on which flavor works best.

E-mail: mike@mikhogan.com

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DOW JONES NEWSWIRES

Nordic Stocks Seen Opening Little-Changed -- Market Talk

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Dow Jones Institutional News
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0730 GMT [Dow Jones] Nordic markets are seen opening little changed Friday, despite weak US retail sales and rising initial jobless claims Thursday. IG calls the OMXS30 flat at around 1330. The equity market reaction to yesterday's poor data was a peculiar 1% rally in the S&P500 future, says Danske Bank. "The only good explanation for this could be that we are back in the 'sweet spot' for risk assets where weaker data make investors discount a higher probability of a response from the central bank (i.e. a pause in QE tapering)." Main data today is euro zone 4Q GDP at 1000 GMT while US data will be back in focus later with US industrial production at 1415 GMT and University of Michigan consumer confidence at 1445 GMT. OMXS30 closed at 1330.38, OMXN40 at 1304.95 and OBX at 497.49. (dominic.chopping@wsj.com)

Contact us in London. +44-20-7842-9464
Markettalk.eu@dowjones.com

(END) Dow Jones Newswires

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Home
A Caution Flag for Emerging-Market Stocks

By Paul Christopher
952 字
2014 年 2 月 12 日
Barron's Online
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Emerging-market equity, bond, and currency markets underperformed the U.S. and most developed markets last year and into early 2014.

We believe conditions in emerging markets will worsen, at least for this year. Our 2014 outlook foresees a regional performance divergence and favors U.S. financial markets first, Europe and Japan second, and emerging markets last. In order to rebalance risk, we recommend reducing emerging-market equity positions, but we do not recommend that investors abandon emerging markets altogether.

A basic premise of a long-term allocation is that time in markets is more important than timing of markets. As long as global markets do not always move together, then holding at least some exposure to different parts of the world and in different asset classes (i.e., stocks, bonds, and real assets) can smooth out returns, while still ensuring that your portfolio has the exposure to benefit when different world regions alternate as the lead performer. This long-term strategy may be enhanced by slightly raising or lowering exposures to account for the economic cycle, that is, the ebb and flow of economic activity in different countries.

In emerging markets, the economic cycles can be dramatic: Just as underperformance has been large, so outperformance can return quickly and impressively. The temptation to eliminate exposure to emerging markets is understandable but creates the risk that you may sell at a low price and be tempted again to buy in the future at a higher price. Maintaining an exposure can reduce this risk.

It may help to see the ebb and flow in emerging markets, not as random events, but as part of the decades-long development trend that we believe is favorable and that may align well with long-term investment goals. In the past 40 years, we count three cycles. Each brought wide performance swings to emerging economies and markets, but we see these countries with an improved outlook after each cycle:

How to see the uptrend in the wide cycles

Commodity prices surged in the 1970s, and emerging economies that produce commodities priced in dollars used the windfall to borrow in dollars. By 1981, commodity-based income streams were vulnerable to falling raw material prices and proved unable to support the payments on long-term, dollar-denominated debt. Emerging economies experienced inflation and economic crisis. The chart below shows inflows and outflows experienced by emerging financial markets.

Peaks and troughs correlate closely with equity-market outperformance and underperformance of emerging markets, versus the S&P500 and the developed international markets. Flows collapsed in 1981, when U.S. and other international investors cut their losses and took their money elsewhere. Flows eventually rebounded in the late 1980s, when emerging economies responded with constructive steps to diversify away from commodity reliance by allowing international firms to build manufacturing and assembly plants.

In the 1990s, the switch to manufacturing attracted multinational firms that built factories in emerging countries, but these economies continued to borrow (typically in dollars) against the dollar inflows. External borrowing again outran domestic resources, and foreign investors challenged the fixed exchange rates in emerging economies. Financial crises resulted in India (1992), Mexico (1994), Asia (1997), Russia (1998), and Brazil (1999). The chart shows how international investors once more took their money elsewhere, and portfolio flows fell sharply. The emerging markets again responded, this time by raising their own export-oriented manufacturing base. This step further diversified emerging economies, which increased domestic consumption and investment, accumulated large reserves, and eased exchange rate controls. Once again, a crisis provoked important reforms that ultimately left these economies stronger.

In the 2000s, foreign borrowing gave way to domestic credit as the economic driver but, after a decade, has become the root of the developing slowdown. Credit continues to grow but earnings are flat. China's economy is softening under reforms to restructure the economy, but the reforms result from the fact that these economies produce less per dollar borrowed. Looking ahead, reform programs in China and elsewhere acknowledge the need to improve competitiveness and improve the profitability of borrowing.

If emerging markets become more efficient, they could advance to the next level of development – i.e., slower growth but more competitive, corporate efficiency, worker productivity, higher wages and household spending, and potentially more diverse investment opportunities; if they do not, then the new normal for emerging markets could be slower growth, weaker consumption, delayed development, and probably less attraction for foreign investors. How emerging markets respond to the latest challenge remains to be seen, but reforms in China and elsewhere seem to be on the right track.

Investment Recommendation

Emerging economies face high hurdles, but we maintain a positive long-term outlook. The latest reforms look promising and, if successful, could ultimately improve earnings, inflation control, and yield more emerging-market investment opportunities over the long run. Thus our 10-15-year emerging-market outlook remains favorable, and we believe investors should retain some emerging-market exposure. But, if we are correct, investors should be more cautious during the present period of increased risk.

Given the increased risk in emerging market equities, we believe investors should reduce their emerging-market exposure slightly, holding the proceeds in cash during this period of expected emerging market volatility. Looking ahead, China is the largest emerging economy and the first to adopt aggressive reforms. Thus, the progress of China's reforms should be the key factor to watch for indications of further problems or renewed opportunities in emerging markets.

Christopher is chief international strategist with Wells Fargo Advisors, the brokerage unit of Wells Fargo & Co.

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

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DOW JONES
NEWSWIRES

Exchange Traded Funds Top 10 Volume Leaders

171 字
2014 年 2 月 11 日 22:32
Dow Jones Institutional News
DJDN
英文

STOCK (Symbol)		LAST	NET CHG	% CHG	VOL 100s
SPDR S&P 500	SPY	181.98	1.97	1.09	110,150,084
iShares MSCI Emg Markets	EEM	39.13	0.83	2.17	86,718,531
iShares MSCI Japan ETF	EWJ	11.55	0.16	1.40	64,109,503
Mkt Vectors Gold Miners	GDX	25.65	0.95	3.85	58,564,551
iShares Russell 2000 ETF	IWM	112.03	0.99	0.89	42,265,852
PwrShrs QQQ Tr Series 1	QQQ	88.80	1.00	1.14	37,774,432
Select Sector SPDR-Finl	XLF	21.53	0.22	1.03	36,504,989
iShares China Large-Cap	FXI	35.40	1.30	3.81	35,981,393
Vanguard FTSE Emerg Mkt	VWO	38.65	0.80	2.11	26,730,004
ProShrs UltraShort S&P500	SDS	30.32	-0.70	-2.26	16,673,938

(END) Dow Jones Newswires

February 11, 2014 17:32 ET (22:32 GMT)

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BARRON'S

MARKET WEEK
Stocks --- The Trader: Despite Soft Jobs Data, Stocks Edge Up on Week

By Vito J. Racanelli
2,075 字
2014 年 2 月 10 日
Barron's
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M3
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Stocks pulled off a winning week, the first in a month, as investors shrugged off the generally soft jobs data released Friday. More impressive was the recovery from mid-week lows, when equities were down 6%, more than halfway to the traditionally defined 10% market correction.

The headline numbers from the Labor Department Friday were poor. Non-farm payrolls rose only 113,000 in January, far below the expectation of 180,000 to 190,000.

"But it was like a Rorschach test," says Jeffrey Kleintop, a chief market strategist for LPL Financial. "You could see in the report whatever you wanted." For example, he notes, December payrolls were revised up by only 1,000, to 75,000, but the November figure jumped to 237,000 from 200,000. Meanwhile, the unemployment rate fell to 6.6% from 6.7%, and the household employment number rose sharply.

Bearish observers tended to focus on the bad bits, while bulls harped on how severe winter weather might have distorted the numbers.

The market chose a bullish interpretation. And in the background stands a Federal Reserve that investors assume will ease monetary policy, should this slow economic recovery go off the rails. That's now called the Yellen Put.

For the week, the Dow Jones Industrial Average gained 95 points, or 0.6%, to 15,794.08. The Standard & Poor's 500 Index rose 14 points, or 0.8%, to 1797.02. The Nasdaq Composite index tacked on 22 points, or 0.5%, to 4125.86.

David Kotok, chief investment officer of Cumberland Advisors, takes a dispassionate view of the data: "Friday's jobs report delivers neither encouragement nor discouragement. It falls right smack in the middle of a slow recovery trend with relatively flat labor income. Do not get excited about it. Do not panic," he advises.

The longer view is that some 150,000 to 200,000 jobs are being created monthly, on average; inflation is low; the Fed remains accommodative; and the quality of earnings is good. For the stock market, all this is positive, but for the 20 million or so households with unemployed or underemployed members, "it's not a pretty picture," Kotok adds.

John Manley, chief equity strategist at Wells Fargo Funds Management, maintains that this year's downdraft has had the look of a bull-market correction, rather than the beginning of a bear market. The 6% pullback was hard and fast and basically cleared out the "superficial bulls," he says. He points to the most recent sentiment survey from the American Association of Individual Investors. Bullish sentiment, or expectations that stocks will rise over the next six months, fell 4.3 percentage points, to 27.9%, from the previous week. That was the fifth drop in six weeks, and it brought optimism to its lowest level since last April. The long-term average is 39%.

Just a small amount of pain made investors nervous again, Manley adds, "so it suggests there are plenty of people left to convince," and more fuel for the bull.

Fourth-quarter reports seem to be better than expected. For the 337 members of the S&P 500 that have reported so far, the aggregate earnings growth was 9.4%, according to RBC Capital markets.

"Looking ahead," LPL's Kleintop says, "this was probably one of the four 5% or so pullbacks we are going to get this year."

AT&T's nearly 6% stock dividend yield is significantly higher than its bond yield, suggesting that the equity market thinks the company has zero growth prospects or that its dividend is imperiled, or both.

Bond investors lend money to AT&T (ticker: T), an A- credit, for 3% to 4%. The annual stock dividend of $1.84 now yields 5.7%, the result of steady downward pressure on the share price, which ended Friday at $32.30. The stock is off 17% since last April, while the broad market is up 13.5% over the same period.

Investors fear that the structural deterioration in AT&T's wireline business and heavy investment to upgrade the growing wireless side could dent the telecom's dividend-paying ability. Additionally, the wireless unit, which provided 56% of revenue in the fourth quarter, could be pressured by more aggressive pricing from smaller rivals, such as T-Mobile US (TMUS). Lurking in the background, too, is a worry that AT&T will make a big international acquisition to beef up growth, with Vodafone (VOD) a rumored target.

AT&T is not without issues, but many of the concerns seem discounted in the stock. In particular, bears could be overly pessimistic about both the dividend and the extent of AT&T's future investment spending needs. It wouldn't take much of a positive surprise to push up the stock from its current price near the 52-week low, and the downside risk seems relatively contained.

Skeptics point to a drop in payout coverage, as the company is guiding to free cash flow in the "$11 billion range" this year, down from $13.6 billion last year. Yet, even after the annual dividend bill of $9 billion -- which will likely fall in 2014 on more share buybacks -- there remains a decent cash cushion left over for a company with AT&T's sizable and steady cash flow. Statements from the Dallas-based telecom giant also suggest that a dividend cut is unlikely.

Moreover, the costly 4G LTE network infrastructure buildout will be complete by summer, so last year's $21.2 billion construction and capital expenditure should represent a peak for this investment cycle. AT&T is guiding to $21 billion this year.

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Nevertheless, he figures the company can produce EPS of "$2 plus" in future years. Using a price/earnings ratio of 15 to 20 times, he values the stock at $35 to $45. Skechers, which has about $4 per share in net cash, ended Friday at $29, up sharply from its $26.46 close Wednesday, but down from a recent high of $34.37, reached late last year.

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DJTransportation	7242.33	-46.85	-0.64
DJUtilities	503.85	-2.41	-0.48
DJ65Stocks	5477.71	+3.75	+0.07
DJUSMarket	454.35	+3.09	+0.69
NYSEComp.	10055.37	+87.73	+0.88
NYSEMKTComp.	2299.34	+11.80	+0.52
S&P500	1797.02	+14.43	+0.81
S&PMidCap	1308.39	-4.69	-0.36
S&PSmallCap	631.73	-7.78	-1.22
Nasdaq	4125.86	+21.98	+0.54
ValueLine(arith.)	4240.34	-11.99	-0.28
Russell2000	1116.55	-14.33	-1.27
DJUSTSMFloat	18896.88	+109.05	+0.58

	Last Week	Week Earlier
NYSE		
Advances	1,721	1,451
Declines	1,473	1,756
Unchanged	63	49
NewHighs	132	138
NewLows	196	171
AvDailyVol(mil)	4,018.7	3,761.2
Dollar		
(Finexspotindex)	80.67	81.25
T-Bond		
(CBTnearbyfutures)	125-310	125-240
Crude Oil		
(NYMlightsweetcrude)	99.88	97.49
Inflation KR-CRB		

(FuturesPriceIndex)	289.77	283.31
Gold		
(CMXnearbyfutures)	1263.30	1240.10

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The Trader: Despite Soft Jobs Data, Stocks Edge Up On Week -- Barron's

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(FROM BARRON'S 2/10/14)
By Vito J. Racanelli

Stocks pulled off a winning week, the first in a month, as investors shrugged off the generally soft jobs data released Friday. More impressive was the recovery from mid-week lows, when equities were down 6%, more than halfway to the traditionally defined 10% market correction.

The headline numbers from the Labor Department Friday were poor. Non-farm payrolls rose only 113,000 in January, far below the expectation of 180,000 to 190,000.

"But it was like a Rorschach test," says Jeffrey Kleintop, a chief market strategist for LPL Financial. "You could see in the report whatever you wanted." For example, he notes, December payrolls were revised up by only 1,000, to 75,000, but the November figure jumped to 237,000 from 200,000. Meanwhile, the unemployment rate fell to 6.6% from 6.7%, and the household employment number rose sharply.

Bearish observers tended to focus on the bad bits, while bulls harped on how severe winter weather might have distorted the numbers.

The market chose a bullish interpretation. And in the background stands a Federal Reserve that investors assume will ease monetary policy, should this slow economic recovery go off the rails. That's now called the Yellen Put.

For the week, the Dow Jones Industrial Average gained 95 points, or 0.6%, to 15,794.08. The Standard & Poor's 500 Index rose 14 points, or 0.8%, to 1797.02. The Nasdaq Composite index tacked on 22 points, or 0.5%, to 4125.86.

David Kotok, chief investment officer of Cumberland Advisors, takes a dispassionate view of the data: "Friday's jobs report delivers neither encouragement nor discouragement. It falls right smack in the middle of a slow recovery trend with relatively flat labor income. Do not get excited about it. Do not panic," he advises.

The longer view is that some 150,000 to 200,000 jobs are being created monthly, on average; inflation is low; the Fed remains accommodative; and the quality of earnings is good. For the stock market, all this is positive, but for the 20 million or so households with unemployed or underemployed members, "it's not a pretty picture," Kotok adds.

John Manley, chief equity strategist at Wells Fargo Funds Management, maintains that this year's downdraft has had the look of a bull-market correction, rather than the beginning of a bear market. The 6% pullback was hard and fast and basically cleared out the "superficial bulls," he says. He points to the most recent sentiment survey from the American Association of Individual Investors. Bullish sentiment, or expectations that stocks will rise over the next six months, fell 4.3 percentage points, to 27.9%, from the previous week. That was the fifth drop in six weeks, and it brought optimism to its lowest level since last April. The long-term average is 39%.

Just a small amount of pain made investors nervous again, Manley adds, "so it suggests there are plenty of people left to convince," and more fuel for the bull.

Fourth-quarter reports seem to be better than expected. For the 337 members of the S&P 500 that have reported so far, the aggregate earnings growth was 9.4%, according to RBC Capital markets.

"Looking ahead," LPL's Kleintop says, "this was probably one of the four 5% or so pullbacks we are going to get this year."

AT&T's nearly 6% stock dividend yield is significantly higher than its bond yield, suggesting that the equity market thinks the company has zero growth prospects or that its dividend is imperiled, or both.

Bond investors lend money to AT&T (ticker: T), an A- credit, for 3% to 4%. The annual stock dividend of $1.84 now yields 5.7%, the result of steady downward pressure on the share price, which ended Friday at $32.30. The stock is off 17% since last April, while the broad market is up 13.5% over the same period.

Investors fear that the structural deterioration in AT&T's wireline business and heavy investment to upgrade the growing wireless side could dent the telecom's dividend-paying ability. Additionally, the wireless unit, which provided 56% of revenue in the fourth quarter, could be pressured by more aggressive pricing from smaller rivals, such as T-Mobile US (TMUS). Lurking in the background, too, is a worry that AT&T will make a big international acquisition to beef up growth, with Vodafone (VOD) a rumored target.

AT&T is not without issues, but many of the concerns seem discounted in the stock. In particular, bears could be overly pessimistic about both the dividend and the extent of AT&T's future investment spending needs. It wouldn't take much of a positive surprise to push up the stock from its current price near the 52-week low, and the downside risk seems relatively contained.

Skeptics point to a drop in payout coverage, as the company is guiding to free cash flow in the "$11 billion range" this year, down from $13.6 billion last year. Yet, even after the annual dividend bill of $9 billion -- which will likely fall in 2014 on more share buybacks -- there remains a decent cash cushion left over for a company with AT&T's sizable and steady cash flow. Statements from the Dallas-based telecom giant also suggest that a dividend cut is unlikely.

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8 Feb 2014 00:08 EDT The Trader: Despite Soft Jobs Data, Stocks Edge -2-

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DOW JONES
NEWSWIRES

Disney: Not So Frozen, After All -- Barron's Blog

By Ben Levisohn
460 字
2014 年 2 月 6 日 15:39
Dow Jones Institutional News
DJDN
英文

After flops like the Lone Ranger and John Carter, it was fair to ask if Walt Disney's (DIS) film studios had lost their mojo. It hasn't.

In case the runaway success of Frozen hadn't driven that point home, there's Disney's earnings report, which made it clear: Disney's movie studios are hitting on all cylinders.

Wunderlich's Matthew Harrigan explains Disney's success and why it could continue:

The standout result was the 75% increase in studio profit to $409mm...Studio results were led by the global success of both Frozen and Thor: The Dark World relative to Wreck-It-Ralph with no Marvel title last year. This profit gain was largely off box office but there was also some improvement in home entertainment, with benefit from lower distribution and marketing costs despite lower unit sales. The branded film approach is also benefiting the challenged home video business, even as a 50% increase in digital offset the 13% decline in physical sales with a relatively flat net result...

The emphasis remains on franchise movies under the Disney, Marvel, and Lucasfilm brands, with animation particularly strong off the revitalization of Disney animation as a complement to Pixar. 19 of the top 20 movies all time were franchise driven, with nearly half carrying the Disney, Pixar, Marvel, or Lucasfilm brands...

The branded film strategy also supports higher marketing awareness and lower costs for franchises such as Star Wars or even Captain America.

Deutsche Bank's Doug Mitchelson calls Disney his top pick among media companies:

Disney is our top pick in media as we see both estimate and valuation upside potential over time. Disney invested in new IP (Planes, Disney Infinity, etc.), key acquisitions (Marvel, LucasFilm) and Parks capex before, during and postrecession, in addition to a step-up in shr buybacks to $7b/yr, providing the greatest visibility for growth we have seen in our coverage history; we see 15%-18% EPS growth per annum the next 3 years. At year-end sports stepups will be in the rear-view mirror and Avengers/Star Wars/Shanghai will be front and center, while premium to the **S&P500** is at the lower end of its historical range.

Shares of Disney have risen 6% to $76.03, while CBS Corp. (CBS) has advanced 2.3% to $60.30, Twenty-First Century Fox (FOXA) has risen 3% to $32.66, Sony (SNE) has gained 3.5% to $16.45 and Dreamworks Animation (DWA) is up 1.8% at $32.22.

More at Barron's Stocks to Watch blog,
http://blogs.barrons.com/stockstowatchtoday/

(END) Dow Jones Newswires

February 06, 2014 10:39 ET (15:39 GMT)

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DOW JONES
NEWSWIRES

Japan Shares Pummeled By Weak Dollar, US Recovery Worries -2-

By Brad Frischkorn
632 字
2014 年 2 月 4 日 08:12
Dow Jones Newswires Chinese (English)
RTNW
英文

TOKYO--Tokyo stocks booked their worst loss of the year Tuesday, as a sharply weaker dollar and concerns about U.S. economic growth took a steep toll on the market, sending it deeper into a correction.

The fallout from disappointing overnight U.S. ISM January purchasing managers' index data was severe on exporters that rely on a strong dollar to sell their goods overseas. Shares of Honda Motor tumbled 6.3%, while Sharp lost 8.4%, and Fujifilm Holdings took a 8.7% loss.

The dollar, which fell to its lowest level against the yen in two months, showed little stomach for a rebound, and was trading at 100.92 as of the TSE close at 0600 GMT.

The Nikkei Stock Average fell 610.66 points, or 4.2%, to end at 14,008.47. The loss was the worst in a single day since June 13, leaving the index down 14% for the year, and currently the worst performer in the world.

On Monday the index slipped 2.0% Monday, a fall that formally put it into a correction, defined as a fall of at least 10% from a recent closing high. Tuesday's loss puts it near a four-month low.

"It had been thought that the capital outflows experienced by emerging markets in the wake of the U.S. Fed's tapering program would have no backlash on the U.S. economy, but now it's not so clear," said Okasan Securities director Takashi Matsumoto.

"This market weakness shows how traders felt so immune to the risks that have been masked by the abundance of easy-money central bank policies," said Tokyo-based hedge fund Symphony Financial Partners joint CEO David Baran. A worst-case scenario will be if the Fed suspends its reduction in bond buying--effectively letting the markets determine policy, he added.

A suspension of tapering would remove much upward pressure on the dollar--a big likely negative for Japan stocks. U.S. jobs data for January due Friday are now being even more keenly eyed. The U.S. central bank last week decided to further cut its monetary stimulus, despite dismal December labor data.

Total Japan trading volume topped 4.0 billion shares, the heaviest since mid-June. But despite the frenetic activity, there was little sense of panic. Many traders had seen the Nikkei's 200-day moving average, currently at 14,425, as a baseline support level.

Tuesday's breach of the line, while unpleasant, has also dropped valuation levels, making stocks look comparatively cheap, they say. A day ago, the average price-to-earnings multiple for Nikkei 225 shares was already under 15.0 times versus 17.9 times for the S&P500.

"In this negative investing environment, players are merely looking for reasons to sell," said Yoshihiro Okumura, general manager at Chibagin Asset Management. "With the market now looking deeply oversold, I'd be buying aggressively right here."

"We are earnestly advising our clients to remain alert for buying opportunities, as selloffs like this one are rare," said Allianz Global Investors CIO Terao Kazuyuki, a long-only asset manager with Y50 billion in Japan equities. "The fundamentals of the market haven't changed--only valuations. If data show that the U.S. economic rebound remains largely intact, stock prices could come back quickly."

Other bourses swallowing steep losses Tuesday include the Topix, which lost 4.8%, the Jasdaq, which fell 4.5%, the TSE Mothers Index, down 10%, and the TSE's new JPX400 index, off 4.7%.

March Nikkei 225 futures ended down 4.4% at 13,920.

Write to Brad Frischkorn at bradford.frischkorn@wsj.com.

(END) Dow Jones Newswires

04-02-14 0812GMT

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BARRON'S

MARKET WEEK
Stocks --- The Trader: Dow Dives 5.3% in January as Fed Pulls Back

By Vito J. Racanelli
2,052 字
2014 年 2 月 3 日
Barron's
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It's a good bet investors are relieved that January is over, as stocks were as cold as the freezing weather on much of the East Coast last month. The broad market, as measured by the Standard & Poor's 500, fell 0.4% last week and 3.6% in January. The Dow Jones Industrial Average fell more than 1% on the week, and closed the month near lows. The index of mega cap stocks also posted its worst monthly percentage drop, 5.3%, since May 2012.

Increasing concerns about economic distress in emerging-market nations, such as Turkey and South Africa, among others, led to underperformance among large-cap stocks, which typically have higher international sales than smaller companies. Little attention was paid to U.S. economic data released during the week, which was mixed. Quarterly earnings reports that didn't meet investor expectations from the likes of Amazon.com (ticker: AMZN) and Boeing (BA) didn't help sentiment.

The backdrop to the January weakness is the Federal Reserve's tapering program, the monthly reduction in its bond-buying stimulus by about $10 billion. At that rate, the Fed won't be done until about year end. All in all, the stock market didn't give a nice welcome to the new Fed chief Janet Yellen, whose reign began Feb. 1.

For the week, the Dow Jones Industrial Average fell 1.1% or 180 points to 15,698.85. Only four stocks out of 30 had a positive January. The Nasdaq Composite index lost 24 points, or 0.6%, to 4103.88, on the week, and is down 1.7% in January.

There are numerous cross-currents affecting equities, but the most prominent is the unsettling effect of China's economic slowdown on emerging markets. January wasn't too bad a month for U.S. stocks until about the 23rd, notes Alec Young, S&P Capital IQ global equity strategist, when a preliminary reading from the January HSBC China Purchasing Managers' Index showed the first contraction in six months.

With the kind of fourth-quarter run that equities had last year, up 10%, and the strongly bullish consensus that opened the new year, investors were primed for a reversal, he adds.

"Sentiment got so elevated that it didn't take much to drop stocks," adds Stephen Massocca, a portfolio manager at Wedbush Equity Management.

Both market observers believe emerging-market issues aren't material enough to U.S. equities to justify more than a correction. "If this had happened in the fourth quarter," says Massocca, "it wouldn't have had as big an impact . . . . It is a handy excuse to take profits."

"We might be at the front of something that will last for a while," but an increase in skepticism might be a healthy ingredient for the bull market to continue, he adds.

Young notes that U.S. exports to emerging markets, including China, represent just 5% of its gross domestic product (GDP). Investors lumped all of these countries into one big narrative, but China is probably the only one that could cause a correction, should it "really see growth drop significantly," he says.

On to more important things. Our annual Super Bowl prediction: Broncos 27, Seahawks 24. Omaha.

Last week's fourth-quarter report from DuPont (DD) suggests healthy changes are under way at the global chemical and life-sciences giant. If sustained, these improvements could lead to a rising share price this year, and a total return of perhaps as much as 15% with relatively low volatility in the next 12 months or so.

At Friday's close of $61.01, DuPont's stock has slightly outperformed the Dow-- of which it's a member-- in the past two years. But in the market's recent downdraft, the stock is off 6% from its highs.

DuPont reported on Jan. 28 that 2013 revenue rose 3%, to $35.7 billion, while net income rose 2%, to $3.6 billion or $3.88 per share. That's an OK showing, but more important, the fourth quarter brought a surprisingly nice pickup in sales, volumes, and prices, representing significant progress from early 2013.

Fourth-quarter companywide sales rose 6%, to $7.7 billion; volumes rose 9%, and operating-margin improvements were seen in most of its big segments, the company said.

In the important agrichemicals division, which chips in a quarter of sales and boasts 20% operating margins, revenue rose 18%, and unit volume 14% in the quarter. DuPont has shifted its focus to higher-growth businesses, with results that are beginning to reflect that, says Paul Jackson, founder of money manager Paul J. Jackson & Associates. His firm recently began buying DuPont shares for clients.

Last July, Dupont said it would explore alternatives for its lower-margin performance-chemicals segment, which might include a full or partial separation of the businesses. That could happen next year, although no details have been released.

If it happens, Jackson says, it would represent the removal of a division that saw sales decline 12% and operating earnings, 45%, in 2013. While the business has produced strong profits and margins in the past, it is highly cyclical and volatile.

"What I like about DuPont is that the company is showing earnings gains through sales growth and new products, rather than the cost cuts you see at many similar big companies," says Jackson. He figures fair value is closer to $70.

Such improvements are also behind an upgrade of the stock to an Overweight rating from Hold last week by EVA Dimensions, an independent research boutique that applies the "economic value added" method to the analysis of companies and their stock prices.

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Craig Sterling, EVA's global head of equity research, says the upgrade derived from two important changes in the fourth quarter. First, the absolute EVA increased for the first time in 2013, to $2.2 billion from $2.08 billion in the third quarter. The EVA margin also rose to 6% from 5.8%. While that seems a small change, what's important is the trend and it was the first rise in more than a year.

What's more, DuPont did this in a middling sales environment, and while increasing research-and-development spending, suggesting management is getting more out of its property, plant, and equipment. "The company's not getting enough credit from the market, but that usually corrects itself; the stock is cheap," he says.

DuPont expects $4.20 to $4.45 in operating earnings per share this year, up 8% to 15%. The shares trade at a price/earnings ratio of about 14 times consensus 2014 earnings-per-share estimates of $4.36, a bit lower than the long-term median P/E.

DuPont, which has a strong balance sheet and long track record of growth, also pays a likable 3% dividend yield. And it's big, diversified, and stable enough to outperform should the market's turmoil continue. "It's not a sexy story but it's a good story," says Jackson.

One company whose most recent quarterly earnings report wasn't sexy is Bed Bath & Beyond (BBBY), and its stock paid the price. It closed last week at $63.85, down over 20% from a recent high of $80.48. The shares are now back to where they were two years ago, but the market is 30% higher since then.

Earlier this month, the company said that sales in the fiscal third quarter ended in November rose about 6%, to $2.9 billion. Earnings rose 2%, to $237 million, and EPS, 8.7%, to $1.12, on fewer shares outstanding.

But this retailer of domestic merchandise and home furnishings missed on a few of the Street's quarterly expectations, with earnings per share falling shy by three pennies. Comparable-store sales at the Union, N.J.-based company increased 1.3% in the quarter, down from 1.7% growth in the year-earlier period. Gross margins fell unexpectedly to 39.2% from 39.8%, mostly on higher coupon redemptions and higher product-acquisition costs.

The company lowered guidance for the fourth quarter to $1.60-$1.67 from $1.70-$1.77, and for fiscal 2014, which ends in February, to $4.79-$4.86 from a previous $4.88-$5.01.

Analyst downgrades and a stock-price whacking ensued. It hasn't helped that January was a terrible month for stocks in general, and that investors took out a lot of their frustrations on retail stocks in particular, among the worst-performing groups. The market has become unforgiving.

Long-term-oriented investors, however, should ask themselves if Bed Bath & Beyond is suddenly 20% less the company it was just a few weeks ago. Probably not, which means this seems like a relatively cheap entry point.

Alan Lancz, president of a money-management firm of the same name, says that with the stock below $65 and a price/earnings ratio of less than 12 times consensus estimates for the fiscal year ending in February 2015, the punishment is overdone. He recently bought shares for clients.

By almost any metric, the shares are trading at a significant discount to historical levels. Bed Bath has more than $3 per share in cash and no long-term debt. The main knock on the stock is that it offers no dividend.

By comparison, retailers such as Macy's (M), Wal-Mart Stores (WMT), and Target (TGT) have higher P/Es but lower sales growth and return on equity.

Underlying the worry for the quarter, Lancz adds, is a general feeling that Bed Bath & Beyond, which has a negligible Internet presence, will go the way of Best Buy (BBY) and become the showroom for customers who eventually buy products from Amazon and its Casa.com.

Casa.com is a risk, but the extent of the stock drop suggests that such concerns are more than discounted in the price. Moreover, Bed Bath & Beyond is beefing up its weak Internet presence, a move that Lancz sees as a positive, so the game is far from over. For all the fear of Amazon, the giant online retailer itself isn't having an easy time of it, also reporting quarterly results last week that missed Street expectations.

With almost 1,500 stores, Bed Bath & Beyond remains a dominant player. The bear case posits that a management team that has for the most part made all the right moves over many years now has suddenly lost its mojo in one quarter to the Internet and won't be able to recover. Patient investors who don't subscribe to that theory should be rewarded in the next 12-18 months. "In a market not off to the races, Bed Bath & Beyond can outperform," Lancz adds.

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DJUSMarket	451.26	-1.65	-0.36
NYSEComp.	9967.65	-66.77	-0.67
NYSEMKTComp.	2287.54	-66.52	-2.83
S&P500	1782.59	-7.70	-0.43
S&PMidCap	1313.08	-0.99	-0.08
S&PSmallCap	639.51	-7.92	-1.22
Nasdaq	4103.88	-24.30	-0.59
ValueLine(arith.)	4252.33	-19.88	-0.47
Russell2000	1130.88	-13.25	-1.16
DJUSTSMFloat	18787.83	-76.11	-0.40

	Last Week	Week Earlier
NYSE		
Advances	1,451	1,088
Declines	1,756	2,130
Unchanged	49	34
NewHighs	138	366
NewLows	171	91
AvDailyVol(mil)	3,761.2	3,920.3
Dollar		
(Finexspotindex)	81.25	80.46

T-Bond (CBTnearbyfutures)	125-240	125-020
Crude Oil (NYMlightsweetcrude)	97.49	96.64
Inflation KR-CRB (FuturesPriceIndex)	283.31	282.54
Gold (CMXnearbyfutures)	1240.10	1264.50

5035

文件 B000000020140201ea2300014

DOW JONES
NEWSWIRES

Exchange Traded Funds Top 10 Volume Leaders

173 字
2014 年 2 月 3 日 22:32
Dow Jones Institutional News
DJDN
英文

STOCK (Symbol)		LAST	NET CHG	% CHG	VOL 100s
SPDR S&P 500	SPY	174.17	-4.01	-2.25	230,930,076
iShares MSCI Emg Markets	EEM	37.11	-1.08	-2.83	112,500,173
Select Sector SPDR-Finl	XLF	20.53	-0.53	-2.52	102,537,713
iShares Russell 2000 ETF	IWM	108.65	-3.51	-3.13	79,900,654
PwrShrs QQQ Tr Series 1	QQQ	84.29	-1.98	-2.30	62,491,553
iShares MSCI Japan ETF	EWJ	11.10	-0.23	-2.03	50,879,875
iShares MSCI EAFE ETF	EFA	62.31	-1.30	-2.04	41,522,538
Sel Sec SPDRCnsmr Stples	XLP	39.88	-0.88	-2.16	39,850,065
ProShrs Ultra 7-10 Yr Tr	UST	53.30	0.69	1.31	33,507,287
ProShares Ultra S&P500	SSO	90.78	-4.36	-4.58	32,392,762

(END) Dow Jones Newswires

February 03, 2014 17:32 ET (22:32 GMT)

文件 DJDN000020140203ea23003ls

DOW JONES
NEWSWIRES

The Trader: Dow Dives 5.3% In January As Fed Pulls Back -- Barron's

2,098 字
2014 年 2 月 1 日 05:08
Dow Jones Institutional News
DJDN
M3
英文

(FROM BARRON'S 2/3/14)
By Vito J. Racanelli
It's a good bet investors are relieved that January is over, as stocks were as cold as the freezing weather on much of the East Coast last month. The broad market, as measured by the Standard & Poor's 500, fell 0.4% last week and 3.6% in January. The Dow Jones Industrial Average fell more than 1% on the week, and closed the month near lows. The index of mega cap stocks also posted its worst monthly percentage drop, 5.3%, since May 2012.

Increasing concerns about economic distress in emerging-market nations, such as Turkey and South Africa, among others, led to underperformance among large-cap stocks, which typically have higher international sales than smaller companies. Little attention was paid to U.S. economic data released during the week, which was mixed. Quarterly earnings reports that didn't meet investor expectations from the likes of Amazon.com (ticker: AMZN) and Boeing (BA) didn't help sentiment.

The backdrop to the January weakness is the Federal Reserve's tapering program, the monthly reduction in its bond-buying stimulus by about $10 billion. At that rate, the Fed won't be done until about year end. All in all, the stock market didn't give a nice welcome to the new Fed chief Janet Yellen, whose reign began Feb. 1.

For the week, the Dow Jones Industrial Average fell 1.1% or 180 points to 15,698.85. Only four stocks out of 30 had a positive January. The Nasdaq Composite index lost 24 points, or 0.6%, to 4103.88, on the week, and is down 1.7% in January.

There are numerous cross-currents affecting equities, but the most prominent is the unsettling effect of China's economic slowdown on emerging markets. January wasn't too bad a month for U.S. stocks until about the 23rd, notes Alec Young, S&P Capital IQ global equity strategist, when a preliminary reading from the January HSBC China Purchasing Managers' Index showed the first contraction in six months.

With the kind of fourth-quarter run that equities had last year, up 10%, and the strongly bullish consensus that opened the new year, investors were primed for a reversal, he adds.

"Sentiment got so elevated that it didn't take much to drop stocks," adds Stephen Massocca, a portfolio manager at Wedbush Equity Management.

Both market observers believe emerging-market issues aren't material enough to U.S. equities to justify more than a correction. "If this had happened in the fourth quarter," says Massocca, "it wouldn't have had as big an impact . . . . It is a handy excuse to take profits."

"We might be at the front of something that will last for a while," but an increase in skepticism might be a healthy ingredient for the bull market to continue, he adds.

Young notes that U.S. exports to emerging markets, including China, represent just 5% of its gross domestic product (GDP). Investors lumped all of these countries into one big narrative, but China is probably the only one that could cause a correction, should it "really see growth drop significantly," he says.

On to more important things. Our annual Super Bowl prediction: Broncos 27, Seahawks 24. Omaha.

Last week's fourth-quarter report from DuPont (DD) suggests healthy changes are under way at the global chemical and life-sciences giant. If sustained, these improvements could lead to a rising share price this year, and a total return of perhaps as much as 15% with relatively low volatility in the next 12 months or so.

At Friday's close of $61.01, DuPont's stock has slightly outperformed the Dow-- of which it's a member-- in the past two years. But in the market's recent downdraft, the stock is off 6% from its highs.

DuPont reported on Jan. 28 that 2013 revenue rose 3%, to $35.7 billion, while net income rose 2%, to $3.6 billion or $3.88 per share. That's an OK showing, but more important, the fourth quarter brought a surprisingly nice pickup in sales, volumes, and prices, representing significant progress from early 2013.

Fourth-quarter companywide sales rose 6%, to $7.7 billion; volumes rose 9%, and operating-margin improvements were seen in most of its big segments, the company said.

In the important agrichemicals division, which chips in a quarter of sales and boasts 20% operating margins, revenue rose 18%, and unit volume 14% in the quarter. DuPont has shifted its focus to higher-growth businesses, with results that are beginning to reflect that, says Paul Jackson, founder of money manager Paul J. Jackson & Associates. His firm recently began buying DuPont shares for clients.

Last July, Dupont said it would explore alternatives for its lower-margin performance-chemicals segment, which might include a full or partial separation of the businesses. That could happen next year, although no details have been released.

If it happens, Jackson says, it would represent the removal of a division that saw sales decline 12% and operating earnings, 45%, in 2013. While the business has produced strong profits and margins in the past, it is highly cyclical and volatile.

"What I like about DuPont is that the company is showing earnings gains through sales growth and new products, rather than the cost cuts you see at many similar big companies," says Jackson. He figures fair value is closer to $70.

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What's more, DuPont did this in a middling sales environment, and while increasing research-and-development spending, suggesting management is getting more out of its property, plant, and equipment. "The company's not getting enough credit from the market, but that usually corrects itself; the stock is cheap," he says.

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1 Feb 2014 00:09 EDT The Trader: Dow Dives 5.3% In January As Fed -2-

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(END) Dow Jones Newswires

February 01, 2014 00:09 ET (05:09 GMT)

文件 DJDN000020140201ea2100097

THE WALL STREET JOURNAL.

Global Finance: SEC: Adviser Tweets Not So Sweet --- Regulator Levies $100,000 Fine Over Marketing Materials and Online Posts It Says Were Misleading

By Matthias Rieker
577 字
2014 年 1 月 31 日
The Wall Street Journal
J
C3
英文

The Securities and Exchange Commission leveled civil charges against a New York investment adviser for allegedly misleading investors through his publications and messages on Twitter .

Mark Grimaldi was fined $100,000 and agreed to improve controls over his firm's marketing, according to a written order from the SEC. Mr. Grimaldi, who for a time was a business partner with personal-finance guru Suze Orman, previously sued The Wall Street Journal for an article that questioned some of his performance claims. The claims against Journal publisher Dow Jones & Co . were dismissed late last year.

Mr. Grimaldi used a newsletter called The Money Navigator, as well as others in which he was involved, to solicit clients for his advisory firm and for a mutual fund, the Sector Rotation, according to the SEC. Mr. Grimaldi manages that fund, according to the SEC and research firm Morningstar.

The SEC, which said it had already warned Mr. Grimaldi that the newsletters could be considered advertisements, on Thursday said he and a firm in which he has a majority stake, Navigator Money Management Inc. of Wappingers Falls, N.Y., had broken several securities rules and laws.

The SEC said Mr. Grimaldi and the firm neither admitted nor denied its findings. Mr. Grimaldi didn't return phone calls seeking comment.

The Money Navigator newsletter claimed an average return of 10.25% for the Sector Rotation fund between 2002 and 2011, but the returns were based on hypothetical, rather than actual, returns because the fund didn't exist before December 2009, according to the SEC's order.

Mr. Grimaldi and the company "are being held accountable for using social media and widely disseminated newsletters to cherry-pick information and make misleading claims about their success in an effort to attract more business," Sanjay Wadhwa, senior associate director for enforcement in the SEC's New York regional office, said in a news release.

Ms. Orman, who hosts a show on the CNBC television network, had helped Mr. Grimaldi launch Money Navigator but parted ways with him two years ago after the Journal article, written by reporter Jason Zweig and published in January 2012, had questioned some performance claims he made about his fund, as well as other public statements he made.

Ms. Orman couldn't be immediately reached for comment.

The newsletter claimed Mr. Grimaldi's fund "ranked number 1 out of 375 World Allocation funds tracked by Morningstar," but the SEC said it omitted that it was the best performing such fund only between October 2010 and October 2011 and had a poorer performance during other periods.

The SEC also cited what it said were misleading posts on Twitter , including one in March 2011 in which the regulator described him as writing "the April issue of the Money Navigator will give you an inside look of how I doubled the S&P500 the last 10 years."

Mr. Grimaldi filed a lawsuit against, among others, Mr. Zweig and Dow Jones, after the January 2012 article questioned some of his claims. A New York State Supreme Court Judge dismissed Mr. Grimaldi's complaints against Dow Jones and Mr. Zweig in September.

A spokeswoman for Dow Jones said Thursday, "We were pleased the court dismissed Mr. Grimaldi's lawsuit against us last September, ruling that Jason Zweig's articles were accurate."

文件 J000000020140131ea1v00010

DOW JONES
NEWSWIRES

SEC: Adviser Tweets Not So Sweet

583 字
2014 年 1 月 31 日 00:06
Dow Jones Institutional News
DJDN
C3
英文

(FROM THE WALL STREET JOURNAL 1/31/14)
By Matthias Rieker
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(END) Dow Jones Newswires

January 30, 2014 19:06 ET (00:06 GMT)

文件 DJDN000020140131ea1v00037

BARRON'S

MARKET WEEK
Stocks --- The Trader: Dow Slides 3.5% in a Global Retreat From Risk

By Vito J. Racanelli
1,903 字
2014 年 1 月 27 日
Barron's
B
M3
英文

Stock-market bulls had their mettle tested last week, as the major indexes fell 3% in the biggest weekly selloff since mid-2012. After last year's rocket ride, investors who forgot that the U.S. stock market is still tethered to global markets were rudely reminded that it's a small world after all.

The retreat was sounded, before the U.S. markets opened Thursday, by surprisingly poor economic numbers from China. That snowballed into sizeable currency declines in emerging-market countries around the world, among them Argentina and Turkey. The avalanche moved to U.S. shores, where shares sold off precipitously Thursday and Friday. Unspectacular fourth-quarter earnings and domestic economic reports took a back seat to the global turmoil. Small-cap stocks fell hard, too, as investors switched to the "risk off" trade.

By the end of a holiday-shortened week, the Dow Jones Industrial Average fell 3.5% or 580 points to 15,879.11. The Standard & Poor's 500 index lost 2.6% or 48 points to 1790.29. The Nasdaq Composite index gave back 1.7%, or 69 points, to 4128.17. The Russell 2000 small cap index fell 3.3% to 1142.66 from a high of 1181.29 Wednesday.

Kate Warne, an investment strategist at Edward Jones, says the Chinese data, much weaker than expected, revived worries of a growth slowdown in the Middle Kingdom. That translated into fear about other emerging markets, many of which are important suppliers of raw materials or other inputs to China. Released before the U.S. markets opened Thursday, the HSBC January China Manufacturing Purchasing Managers' Index fell to 49.6 from 50.5 in December. A below 50 reading suggests contraction.

Warne remains bullish on U.S. equities, noting U.S. profit growth is "good but not great . . . If the market continues to sell down in the next few days it's an opportunity to buy." This isn't the first flare-up of China-slowdown concern since this bull has been running, she adds.

So far, the blended earnings-growth rate for S&P 500 companies in the fourth quarter -- it includes actual results and estimates for companies yet to report -- is 6.4%, according to FactSet Research.

In addition to China, says Ed Yardeni, chief investment officer of Yardeni Research, the surprisingly swift drop in stock prices has come as investors increasingly worry about new issues: deflation and currency devalution in emerging- market nations. With the both International Monetary Fund and some central bankers recently airing their concerns about deflation, "these seem no longer to be theoretical concerns. . .and have gotten my attention," he says.

Yardeni doesn't think these issues will lead to a recession, although they could dent profit growth. "I still believe the market will rise 10% this year, but I'm rethinking that," he says.

It has been some time since equity markets felt this kind of fear. With political instability and in some cases violence rocking Thailand, Egypt, Argentina, Turkey, and the Ukraine, fear is likely to stick around for awhile.

In debating the health of the U.S. stock market, bullish strategists and many other observers, this columnist included, often have looked to Corporate America's record cash pile, currently about $1.3 trillion, to buttress their optimism about the outlook for 2014. Everyone knows that U.S. companies have been paying down debt and hoarding cash since the financial crisis.

Perhaps that's not as strong an argument as it seems. That's the view of Societe General strategist Andrew Lapthorne: "The notion that U.S. companies have substantially reduced their debt pile and are therefore cash-rich is a curiosity," he says.

U.S. corporates hold lots of cash, "but they also hold record levels of debt," he adds (and the chart nearby confirms it).

The SG strategist notes that debt minus cash, or net debt, is also at highs, at about $1.5 trillion, and 15% above where it was in the bad old days of 2008-2009.

Granted, some of that debt is at central-bank-induced low interest rates, but a good chunk of it has been borrowed to buy back stock rather than invest in capital projects or new hires, the kind of things that could lift future profit. In many cases, the share buybacks artificially goose growth in earnings per share by paring shares outstanding.

Last year the stock market soared almost 30%, and it's no coincidence that 2013 also was a big year for stock repurchases. Howard Silverblatt, senior index analyst at S&P Dow Jones Indices, estimates that 2013 buybacks will show a 20% increase from 2012, to about $479 billion, when the final numbers are in. Many believe 2014 will be an even bigger year for repurchases.

The idea that U.S. corporations are paying down debt is "simply not seen in the numbers. What is true is that deleveraging has occurred through the usual mechanism of higher asset prices," says SG's Lapthorne.

Stocks, in particular, have been helped enormously by the global monetary-easing policy put in place by the world's central banks. This is a painless form of deleveraging and the most temporary, Lapthorne warns, for a simple pullback or correction in equities and a rise in volatility will put the debt problem back on center stage.

Another curious fact of this bull, adds the SG strategist, is the length of time without a correction -- that is, a 10% drop in the broad market index. The S&P 500 index has gone 580 trading days since the last correction ended Oct. 3, 2011, according to Bespoke Investment Group. For the record, the latter came within a hair of being a bear market, traditionally defined as a market down 20%. More broadly, the MSCI Developed World index has gone 413 trading days since its last correction, Lapthorne points out.

The longer the bullish phase goes on, the more investors get complacent, he says: "It's healthy to have a sensible correction every once in a while to test people's risk tolerance." The money that's come to equities lately has come from cash or fixed-income assets, and "we don't know if these investors will remain if the market corrects."

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Not all utilities are created equal, however, and even during big rallies where both quality and questionable stocks go up big -- as was the case in 2013 -- investors should consider some ballast, just in case.

In that vein, Aqua America (ticker: WTR), a mostly mid-Atlantic-based water utility with a $4 billion market cap, seems like a good place to start. At Friday's close of $23.46, the stock is down 16% from highs of $28 reached last Aug. 1. That derives partly from the market's disaffection with the group, but also from a messy third-quarter report on Nov. 7.

For the nine months to Sept. 30, profit rose more than 25% to $163.7 million, or 90 cents per share, from $130 million, or 68 cents. However, the results benefited from a big tax drop and were complicated by the removal of discontinued operations.

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The company provides an essential service, and should benefit from some lasting growth trends, such as the continuing move by budget-constrained U.S. cities to cut costs by privatizing their water-delivery systems. Roughly 85% of water customers in the U.S. get their water from municipalities, so there's plenty of business to pick up there.

An additional growth leg for the Bryn Mawr, Penn., concern could come from the shale-gas revolution. New technologies such as fracking and horizontal drilling require tons of water. Through the construction of water pipelines, Aqua America is expanding in this nonregulated business in central Pennsylvania, part of the hot Marcellus Shale natural-gas play.

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There are a limited number of publicly traded water utilities and Aqua America is the second biggest, after American Water Works (AWK), whose return on equity is about half of Aqua America's mid-double-digit percentage ROE.

The stock drop has brought Aqua America's 2014 price/earnings ratio to 19.5 times. That's not wildly cheap on an absolute basis, but it's a discount to its long-term median P/E of 23. Aqua America's P/E is also at a much lower premium to that of the S&P 500 than has been the case historically.

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DJUSMarket	452.91	-12.07	-2.60
NYSEComp.	10034.42	-309.05	-2.99
NYSEMKTComp.	2354.07	-20.19	-0.85
S&P500	1790.29	-48.41	-2.63
S&PMidCap	1314.07	-33.74	-2.50
S&PSmallCap	647.43	-12.38	-1.88
Nasdaq	4128.17	-69.41	-1.65
ValueLine(arith.)	4272.21	-108.80	-2.48
Russell2000	1144.13	-24.30	-2.08
DJUSTSMFloat	18863.94	-496.62	-2.57

	Last Week	Week Earlier
NYSE		
Advances	1,088	1,700
Declines	2,130	1,493
Unchanged	34	49
NewHighs	366	455
NewLows	91	63
AvDailyVol(mil)	3,920.3	3,544.3
Dollar		
(Finexspotindex)	80.46	81.18
T-Bond		
(CBTnearbyfutures)	125-020	124-135
Crude Oil		
(NYMlightsweetcrude)	96.64	94.37
Inflation KR-CRB		
(FuturesPriceIndex)	282.54	278.41
Gold		
(CMXnearbyfutures)	1264.50	1251.70

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DOW JONES
NEWSWIRES

The Trader: Dow Slides 3.5% In A Global Retreat From Risk -- Barron's

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2014 年 1 月 25 日 05:08
Dow Jones Institutional News
DJDN
M3
英文

(FROM BARRON'S 1/27/14)
By Vito J. Racanelli

Stock-market bulls had their mettle tested last week, as the major indexes fell 3% in the biggest weekly selloff since mid-2012. After last year's rocket ride, investors who forgot that the U.S. stock market is still tethered to global markets were rudely reminded that it's a small world after all.

The retreat was sounded, before the U.S. markets opened Thursday, by surprisingly poor economic numbers from China. That snowballed into sizeable currency declines in emerging-market countries around the world, among them Argentina and Turkey. The avalanche moved to U.S. shores, where shares sold off precipitously Thursday and Friday. Unspectacular fourth-quarter earnings and domestic economic reports took a back seat to the global turmoil. Small-cap stocks fell hard, too, as investors switched to the "risk off" trade.

By the end of a holiday-shortened week, the Dow Jones Industrial Average fell 3.5% or 580 points to 15,879.11. The Standard & Poor's 500 index lost 2.6% or 48 points to 1790.29. The Nasdaq Composite index gave back 1.7%, or 69 points, to 4128.17. The Russell 2000 small cap index fell 3.3% to 1142.66 from a high of 1181.29 Wednesday.

Kate Warne, an investment strategist at Edward Jones, says the Chinese data, much weaker than expected, revived worries of a growth slowdown in the Middle Kingdom. That translated into fear about other emerging markets, many of which are important suppliers of raw materials or other inputs to China. Released before the U.S. markets opened Thursday, the HSBC January China Manufacturing Purchasing Managers' Index fell to 49.6 from 50.5 in December. A below 50 reading suggests contraction.

Warne remains bullish on U.S. equities, noting U.S. profit growth is "good but not great . . . If the market continues to sell down in the next few days it's an opportunity to buy." This isn't the first flare-up of China-slowdown concern since this bull has been running, she adds.

So far, the blended earnings-growth rate for S&P 500 companies in the fourth quarter -- it includes actual results and estimates for companies yet to report -- is 6.4%, according to FactSet Research.

In addition to China, says Ed Yardeni, chief investment officer of Yardeni Research, the surprisingly swift drop in stock prices has come as investors increasingly worry about new issues: deflation and currency devalution in emerging- market nations. With the both International Monetary Fund and some central bankers recently airing their concerns about deflation, "these seem no longer to be theoretical concerns. . .and have gotten my attention," he says.

Yardeni doesn't think these issues will lead to a recession, although they could dent profit growth. "I still believe the market will rise 10% this year, but I'm rethinking that," he says.

It has been some time since equity markets felt this kind of fear. With political instability and in some cases violence rocking Thailand, Egypt, Argentina, Turkey, and the Ukraine, fear is likely to stick around for awhile.

In debating the health of the U.S. stock market, bullish strategists and many other observers, this columnist included, often have looked to Corporate America's record cash pile, currently about $1.3 trillion, to buttress their optimism about the outlook for 2014. Everyone knows that U.S. companies have been paying down debt and hoarding cash since the financial crisis.

Perhaps that's not as strong an argument as it seems. That's the view of Societe General strategist Andrew Lapthorne: "The notion that U.S. companies have substantially reduced their debt pile and are therefore cash-rich is a curiosity," he says.

U.S. corporates hold lots of cash, "but they also hold record levels of debt," he adds (and the chart nearby confirms it).

The SG strategist notes that debt minus cash, or net debt, is also at highs, at about $1.5 trillion, and 15% above where it was in the bad old days of 2008-2009.

Granted, some of that debt is at central-bank-induced low interest rates, but a good chunk of it has been borrowed to buy back stock rather than invest in capital projects or new hires, the kind of things that could lift future profit. In many cases, the share buybacks artificially goose growth in earnings per share by paring shares outstanding.

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25 Jan 2014 00:08 EDT The Trader: Dow Slides 3.5% In A Global Retreat -2-

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(END) Dow Jones Newswires

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NYSE Euronext Files With SEC to Allow 'Nontransparent' ETFs to List, Trade on Platform

By Murray Coleman
1,139 字
2014 年 1 月 23 日 20:29
Dow Jones Institutional News
DJDN
英文

The operator of the New York Stock Exchange filed a request with the Securities and Exchange Commission on Thursday to adopt a new rule that would permit so-called "nontransparent" ETFs to list and trade on its platform.

The ETFs would be listed on the Arca trading platform of the NYSE Euronext, a unit of IntercontinentalExchange Group Inc.

As it stands now, ETF sponsors must report securities held in each portfolio on a daily basis. Officials at the exchange's parent NYSE Euronext are now asking for permission to trade ETFs that only have to report quarterly, much like traditional mutual funds, according to a copy of the filing on the exchange's website. An NYSE official confirmed to The Wall Street Journal that it had been transmitted to the SEC.

Other industry leaders have also filed with the SEC to move in the same direction, although those plans haven't reached the stages of submitting a formal prospectus or definite trading rules, according to analysts. Those include BlackRock Inc., State Street Corp., Eaton Vance and T. Rowe Price.

Write to Murray Coleman at murray.coleman@wsj.com

23 Jan 2014 17:36 EDT NYSE Euronext Files to Allow 'Nontransparent' ETFs to List, Trade -- 2nd Update

By Murray Coleman
The next salvo in a push by providers of exchange-traded funds to capture a bigger part of the $7 trillion U.S. stock mutual funds market has taken place.

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"We're finally seeing some real momentum in the move to gain regulatory approval for nontransparent ETFs," said Kathleen Moriarty, an ETF pioneer who is now an attorney at Katten Muchin Rosenman LLP in New York. She was on the team that developed the SPDR S&P500 ETF, the first exchange-traded fund, which launched in 1993.

Developers of nontransparent ETFs say they are getting more feedback lately from regulators after seeing their proposals sit on the SEC's shelf for years. But Ms. Moriarty cautions that should not be taken as a signal of a warming by the SEC to such proposals.

"What it really shows is that they're finally getting around to considering these proposals, not that they're leaning in any particular direction," she said. More rounds of comments between regulators and ETF sponsors could stretch out for more than a year, she predicted. Also, advancement of any proposal would need to go before the public. Processing of such comments could take even more time, she noted.

"Nontransparent ETFs still face an uphill battle," she said.

Regulators have been busy dealing with ETFs that use derivatives and leverage, said Dave Nadig, chief investment officer at San Francisco-based market researcher IndexUniverse. "They're fearful of products that investors can't see what's inside, especially if they trade throughout the day," he said.

But that hasn't been the big holdup for the SEC addressing nontransparent ETFs, according to Mr. Nadig. "Developers of these new proposals are fighting more of a culture of risk aversion," he said. "The SEC hasn't been open to much in the way of ETF innovation for years. We're finally starting to see a thawing in that type of an attitude."

Much of any debate over relaxation of current reporting guidelines will probably focus on "window dressing" of portfolios, according to Mr. Nadig. The practice involves managers who are trying to boost their performance numbers at quarter's end by unloading underperformers beforehand. "It's the oldest game in town, and although nobody knows how widespread it is, the SEC is going to have to be concerned about potentially opening the ETF marketplace to that type of influence," he said.

Proponents of the change argue that nontransparent ETFs would allow managers engaged in actively picking stocks and other securities to compete much more effectively with traditional mutual funds. To date, the ETF industry is overwhelmingly focused on passive investing that follows an index. Funds not linked to a benchmark represented 0.01% of the nearly $1.2 trillion in U.S.-listed stock ETF assets through last week, according to fund researcher Lipper. By contrast, some 76% of stock mutual fund assets are actively managed.

The NYSE's request comes a day after Precidian Investments, of Bedminster, N.J., filed the first proposed prospectus detailing how such ETFs might work. The document lays out guidelines for three proposed U.S. stock portfolios--one covering large caps, another investing in domestic mid caps and the last taking a multi-cap approach. The funds would use a custodian and a blind trust to help shield key information about holdings until the end of each quarter.

The NYSE filing describes ETFs much in the same manner as Precidian's system. Rival exchange operator Nasdaq OMX Group Inc. has also been working with other fund sponsors interested in bringing to market nontransparent ETFs, those familiar with the situation have told The Wall Street Journal. They expect a request laying out trading rules for a different set of nontransparent ETFs to be filed sometime in the first quarter, perhaps in coming weeks.

Other industry leaders have also filed with the SEC to move in the same direction, although those plans haven't reached the stages of submitting a formal prospectus or definite trading rules, according to analysts. Those include BlackRock Inc., State Street Corp., Eaton Vance and T. Rowe Price.

Separately on Thursday, a unit of Eaton Vance updated an earlier request to launch its version of a nontransparent ETF. The proposal seeks to come to market with a hybrid it is calling exchange-traded managed funds. Managers of such ETMFs wouldn't be required to publicize positions being initiated or increased until the trades had settled. Since larger funds typically make such moves in stages, an investor might not see those positions for weeks.

Write to Murray Coleman at murray.coleman@wsj.com

(END) Dow Jones Newswires

January 23, 2014 17:36 ET (22:36 GMT)

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MARKET WEEK
Stocks --- The Trader: After Record High, S&P 500 Takes a Breather

By Vito J. Racanelli
2,097 字
2014 年 1 月 20 日
Barron's
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M3
英文

The stock market ended the week with a mixed return and little change in the major indexes. Though the Standard & Poor's 500 index hit a new all-time high midweek, the rally had no legs, as lackluster quarterly earnings reports from some major industrial firms released later in the week depressed share prices. Small-cap stocks, however, rose smartly.

In particular, quarterly earnings reports from big banks and other financials presented a varied picture. Most showed strong profitability on an absolute level but some, like Goldman Sachs (ticker: GS), suffered a drop in revenue while others, like Citigroup (C), didn't meet Wall Street expectations, even as earnings doubled.

The Dow Jones Industrial Average inched up 22 points, or 0.1%, to 16458.56. The broader S&P 500 index fell 0.2%, or four points, to 1838.70. On Wednesday, it reached an all-time high of 1848.38. The Nasdaq Composite index rose 0.6%, or 23 points, to 4197.58.

The banks were a drag on the market last week, says Thomas Villalta, director of investment research at Covenant, a money manager in San Antonio, Texas. The profit picture was hard to parse, as exemplified by Goldman and Citi. Others had mitigating or unflattering one-time items, he adds: "But in general the results were a bit disappointing."

Among financial stocks, the market is focused on revenue growth, says Cameron Hinds, a regional chief investment officer at Wells Fargo Bank. That continues to be a challenge for the big banks, he says.

Meanwhile, American Express (AXP) reported that its fourth-quarter profit more than doubled to $1.3 billion, or $1.21 per share, yet results missed expectations by one cent. Still, revenue was higher than anticipated, and Amex shares rose 4% to $90.97.

"There were some odd divergences" last week, adds Steven Sosnick a senior trader at Timber Hill. There was no follow-through on market's new high, and volatility crept back into the market, he says. That's going to be a different experience for investors, who, at least in the latter half of 2013, were used to a market going straight up.

Wells Fargo's Hinds expects the market to rise 10% in 2014, but notes that will require "consistently good earnings."

Giant chipmaker Intel (INTC) reported earnings and revenues that rose, but the company provided downbeat 2014 revenue guidance and the shares were among the biggest decliners in the Dow Friday, down 2.6% to $25.85

The Commerce Department said Friday that housing starts for December came in at a seasonally-adjusted annual rate of 999,000, 10% lower than November's 1.12 million.

There are tentative signs that the truck industry could pick up this year. Last month, orders for class 8 North American trucks (aka 18-wheelers) jumped 50%, says FTR Associates, a transportation-research outfit.

However, orders aren't sales, and one month doesn't make a trend. And, such data don't explain the 107% rise over the past 15 months in the shares of still-struggling Navistar International (NAV), to Friday's close of $38.37. The Lisle, Ill.-based truck maker has smoked a raging bull-market rise of 30% in the same period.

The stock price reflects an overly rosy short-term view of potential operational progress, and it won't take much of a disappointment in the first half of 2014 to dent the price. Investor enthusiasm derives from improvements by a new CEO, Troy Clarke, and from activist investors -- among them Carl Icahn -- who own more than 30% of the stock.

Navistar is attempting to pull itself out of a large ditch created a few years back when its diesel-engine technology for exhaust-gas recirculation didn't meet Environmental Protection Agency pollution regulations. Navistar was forced to switch to a more conventional engine and also began to offer Cummins (CMI) engines in some big rigs.

In the fiscal year ended in October 2013, sales fell to $10.8 billion from $12.8 billion a year earlier. Net loss narrowed to $898 million, or $10.66 per share, from $3 billion, or $42.53, but that came mostly from huge cost cuts and an enormous drop in taxes. The loss from continuing operations before taxes was $974 million, down 12%. Good, but not great.

Bulls believe that the truck manufacturer is close to reaching its old level of revenue growth and margins, but Navistar isn't out of the woods yet.

The company surprised investors in the fourth quarter with the size of its accrual for future warranty repairs. This one, for $152 million, brought the total to $316 million for fiscal 2013. Navistar says that these accruals could continue into 2015, when 2010 models come off warranty.

Navistar, which has earned as much as $5 a share in its up-and-down history, is in a much-weakened competitive position. It's smaller than it was just a few years ago and has lost significant share to rivals. When buses as well as trucks are included, it has 18% of the heavy-vehicle market, versus 27% in 2011. Navistar says its share will be "21% or greater" this year, but that's still way off from what it was in more normal times. Lower market share dampens pricing power, reduces the benefits of scale, and hurts margins. Having to use some Cummins engines, which are 30% more expensive than Navistar's, also pressures margins.

The big cost cuts already made and those to come will help short-term results, but could undermine long-term growth. Navistar must increase sales, and there was little sign of that in the fourth quarter, typically the industry's most important

Additionally, Navistar's eroding military-truck sales aren't likely to come back soon, notes a recent skeptical report on the company by New Constructs, an investment-research firm. New Constructs also points out that Navistar's pensions are underfunded by $2.7 billion, a sum equivalent to 90% of the company's market value, and that there were two "material weaknesses" identified by auditors listed in its 10K annual report having to do with warranty-cost estimates and tax expenses. Navistar estimates that it will pay $180 million into its pension fund in fiscal 2014, up from $165 million last year.

The stock trades at 15 times the consensus earnings-per-share estimate of $2.55 for fiscal 2015. This fiscal year, analysts expect a loss of $1.74 a share. Navistar's median price/earnings ratio is 10. Putting a generous P/E of 14 times on next year's estimate -- which seems too high -- produces a stock price of $35-$36, perhaps in 12 months, versus $38 now. And a lot would have to go right to achieve the expected 2015 profit.

While Navistar's order backlog was up 26% at the fiscal year end, says Vicki Bryan, an analyst at Gimme Credit, the comparison was with a disastrous year-earlier level. Actual fourth-quarter sales were again below Street expectations. And warranty costs could go up again in the first two quarters of fiscal 2014, she adds. Investors should look closely at the cash burn in the first half.

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Marathon's enterprise value (net debt plus stock-market capitalization) of $30 billion, he notes, is just 3.3 times estimated 2014 earnings before interest, taxes, depreciation, and amortization of $9 billion. The P/E is 11 times estimated 2014 earnings.

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Vital Signs

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DJTransportation	7427.46	-38.57	-0.52
DJUtilities	492.70	-1.17	-0.24
DJ65Stocks	5628.47	-6.49	-0.12
DJUSMarket	464.98	-0.72	-0.15
NYSEComp.	10343.46	-27.67	-0.27
NYSEMKTComp.	2374.26	-1.24	-0.05
S&P500	1838.70	-3.67	-0.20
S&PMidCap	1347.81	-1.28	-0.09
S&PSmallCap	659.81	+0.01	+0.00
Nasdaq	4197.58	+22.92	+0.55
ValueLine(arith.)	4381.01	+0.14	+0.00
Russell2000	1168.43	+3.90	+0.34
DJUSTSMFloat	19360.56	-24.43	-0.13

	Last Week	Week Earlier
NYSE		
Advances	1,700	2,058
Declines	1,493	1,147
Unchanged	49	28
NewHighs	455	418
NewLows	63	45
AvDailyVol(mil)	3,544.3	3,432.8
Dollar		
(Finexspotindex)	81.18	80.66

T-Bond (CBTnearbyfutures)	124-135	124-095
Crude Oil (NYMlightsweetcrude)	94.37	92.72
Inflation KR-CRB (FuturesPriceIndex)	278.41	275.42
Gold (CMXnearbyfutures)	1251.70	1246.70

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DOW JONES
NEWSWIRES

The Trader: After Record High, S&P 500 Takes A Breather -- Barron's

2,139 字
2014 年 1 月 18 日 05:08
Dow Jones Institutional News
DJDN
M3
英文

(FROM BARRON'S 1/20/14)
By Vito J. Racanelli
The stock market ended the week with a mixed return and little change in the major indexes. Though the Standard & Poor's 500 index hit a new all-time high midweek, the rally had no legs, as lackluster quarterly earnings reports from some major industrial firms released later in the week depressed share prices. Small-cap stocks, however, rose smartly.

In particular, quarterly earnings reports from big banks and other financials presented a varied picture. Most showed strong profitability on an absolute level but some, like Goldman Sachs (ticker: GS), suffered a drop in revenue while others, like Citigroup (C), didn't meet Wall Street expectations, even as earnings doubled.

The Dow Jones Industrial Average inched up 22 points, or 0.1%, to 16458.56. The broader S&P 500 index fell 0.2%, or four points, to 1838.70. On Wednesday, it reached an all-time high of 1848.38. The Nasdaq Composite index rose 0.6%, or 23 points, to 4197.58.

The banks were a drag on the market last week, says Thomas Villalta, director of investment research at Covenant, a money manager in San Antonio, Texas. The profit picture was hard to parse, as exemplified by Goldman and Citi. Others had mitigating or unflattering one-time items, he adds: "But in general the results were a bit disappointing."

Among financial stocks, the market is focused on revenue growth, says Cameron Hinds, a regional chief investment officer at Wells Fargo Bank. That continues to be a challenge for the big banks, he says.

Meanwhile, American Express (AXP) reported that its fourth-quarter profit more than doubled to $1.3 billion, or $1.21 per share, yet results missed expectations by one cent. Still, revenue was higher than anticipated, and Amex shares rose 4% to $90.97.

"There were some odd divergences" last week, adds Steven Sosnick a senior trader at Timber Hill. There was no follow-through on market's new high, and volatility crept back into the market, he says. That's going to be a different experience for investors, who, at least in the latter half of 2013, were used to a market going straight up.

Wells Fargo's Hinds expects the market to rise 10% in 2014, but notes that will require "consistently good earnings."

Giant chipmaker Intel (INTC) reported earnings and revenues that rose, but the company provided downbeat 2014 revenue guidance and the shares were among the biggest decliners in the Dow Friday, down 2.6% to $25.85

The Commerce Department said Friday that housing starts for December came in at a seasonally-adjusted annual rate of 999,000, 10% lower than November's 1.12 million.

There are tentative signs that the truck industry could pick up this year. Last month, orders for class 8 North American trucks (aka 18-wheelers) jumped 50%, says FTR Associates, a transportation-research outfit.

However, orders aren't sales, and one month doesn't make a trend. And, such data don't explain the 107% rise over the past 15 months in the shares of still-struggling Navistar International (NAV), to Friday's close of $38.37. The Lisle, Ill.-based truck maker has smoked a raging bull-market rise of 30% in the same period.

The stock price reflects an overly rosy short-term view of potential operational progress, and it won't take much of a disappointment in the first half of 2014 to dent the price. Investor enthusiasm derives from improvements by a new CEO, Troy Clarke, and from activist investors -- among them Carl Icahn -- who own more than 30% of the stock.

Navistar is attempting to pull itself out of a large ditch created a few years back when its diesel-engine technology for exhaust-gas recirculation didn't meet Environmental Protection Agency pollution regulations. Navistar was forced to switch to a more conventional engine and also began to offer Cummins (CMI) engines in some big rigs.

In the fiscal year ended in October 2013, sales fell to $10.8 billion from $12.8 billion a year earlier. Net loss narrowed to $898 million, or $10.66 per share, from $3 billion, or $42.53, but that came mostly from huge cost cuts and an enormous drop in taxes. The loss from continuing operations before taxes was $974 million, down 12%. Good, but not great.

Bulls believe that the truck manufacturer is close to reaching its old level of revenue growth and margins, but Navistar isn't out of the woods yet.

The company surprised investors in the fourth quarter with the size of its accrual for future warranty repairs. This one, for $152 million, brought the total to $316 million for fiscal 2013. Navistar says that these accruals could continue into 2015, when 2010 models come off warranty.

Navistar, which has earned as much as $5 a share in its up-and-down history, is in a much-weakened competitive position. It's smaller than it was just a few years ago and has lost significant share to rivals. When buses as well as trucks are included, it has 18% of the heavy-vehicle market, versus 27% in 2011. Navistar says its share will be "21% or greater" this year, but that's still way off from what it was in more normal times. Lower market share dampens pricing power, reduces the benefits of scale, and hurts margins. Having to use some Cummins engines, which are 30% more expensive than Navistar's, also pressures margins.

The big cost cuts already made and those to come will help short-term results, but could undermine long-term growth. Navistar must increase sales, and there was little sign of that in the fourth quarter, typically the industry's most important

Additionally, Navistar's eroding military-truck sales aren't likely to come back soon, notes a recent skeptical report on the company by New Constructs, an investment-research firm. New Constructs also points out that Navistar's pensions are underfunded by $2.7 billion, a sum equivalent to 90% of the company's market value, and that there were two "material weaknesses" identified by auditors listed in its 10K annual report having to do with warranty-cost estimates and tax expenses. Navistar estimates that it will pay $180 million into its pension fund in fiscal 2014, up from $165 million last year.

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18 Jan 2014 00:08 EDT The Trader: After Record High, S&P 500 Takes A -2-

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	Last Week	Week Earlier
NYSE		
Advances	1,700	2,058
Declines	1,493	1,147

Unchanged	49	28
NewHighs	455	418
NewLows	63	45
AvDailyVol(mil)	3,544.3	3,432.8
Dollar		
(Finexspotindex)	81.18	80.66
T-Bond		
(CBTnearbyfutures)	124-135	124-095
Crude Oil		
(NYMlightsweetcrude)	94.37	92.72
Inflation KR-CRB		
(FuturesPriceIndex)	278.41	275.42
Gold		
(CMXnearbyfutures)	1251.70	1246.70

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(END) Dow Jones Newswires

January 18, 2014 00:08 ET (05:08 GMT)

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DOW JONES
NEWSWIRES

Tokyo Shares End Down as Dollar Weakens, US Results Disappoint

By Brad Frischkorn
388 字
2014 年 1 月 17 日 07:26
Dow Jones Institutional News
DJDN
英文

TOKYO--Tokyo stocks closed slightly lower Friday, as a weaker dollar and disappointing earnings results from bellwether U.S. companies kept investors jittery about bidding prices any higher.

The market lost ground early after a fall on Wall Street overnight following weaker-than-expected U.S. earnings reports from the likes of Goldman Sachs, Citigroup, and Intel Corp.

But some traders were more concerned about the currency market than business results, as the dollar weakened against the yen.

The Nikkei Stock Average dropped 12.74 points, or 0.1%, to 15,734.46, closing lower for the second straight week. The index lost 1.1% for the week, and is now down 3.4% for 2014.

As of the close of TSE trading at 0600 GMT, the greenback was changing hands at about Y104.29, well off its prior day mark of Y104.66.

A stronger dollar is generally better for Japanese exporters as it enables them to sell their products more cheaply overseas.

"Frankly, the state of U.S. corporate earnings isn't a major worry, as the scale of the misses and forecasts were generally not egregious," said Shinkin Asset Management fund manager Naoki Fujiwara. "The dollar had risen so rapidly from mid-November to the year-end that some consolidation was due. This overrides more fundamental issues pertinent to stock valuations."

Currency-sensitive shares bore the brunt of the selling Friday, with Tokyo Electron dropping 2.4%, TDK losing 1.7%, Honda Motor off 1.0% and tire maker Bridgestone shedding 0.9%.

Buying in recently sold real estate developer shares was brisk, but not enough to offset overall selling pressure. Mitsui Fudosan gained 0.9%, while Sumitomo Realty & Development added 1.4%.

Mr. Fujiwara also pointed out that the Nikkei Stock Average price-to-earnings multiple (now at 15.8 times) has fallen and now compares well with the corresponding figure of about 16.0 times for the S&P500. Tokyo shares are not therefore greatly overvalued on that basis, he said.

March Nikkei 225 futures closed up 0.2%, at 15,750 on the Osaka Securities Exchange.

Write to Brad Frischkorn at bradford.frischkorn@wsj.com.

(END) Dow Jones Newswires

January 17, 2014 02:26 ET (07:26 GMT)

文件 DJDN000020140117ea1h000mo

DOW JONES
NEWSWIRES

Nikkei Down 0.5%; Yen More a Worry Than U.S. Earnings -- Shinkin

261 字
2014 年 1 月 17 日 01:25
Dow Jones Institutional News
DJDN
英文

0124 GMT [Dow Jones] Nikkei is down 0.5% at 15,669.78, on pace for a second consecutive losing week for the first time in six months, as the dollar continues to recede (now at Y104.28), U.S. 10-year Treasury yields pull back, and on disappointing earnings reports from Best Buy (BBY), Goldman Sachs (GS), Citigroup (C) and Intel Corp. (INTC). "Frankly, the state of U.S. corporate earnings are not really a worry, as the scale of the misses and forecasts were generally not that great," says Shinkin Asset Management fund manager, Naoki Fujiwara.

"The rapid rise of the dollar gives pause for concern, however, and this overrides more fundamental issues pertinent to stock valuations." He points out that the Nikkei 225 average price-to-earnings multiple (now at 15.8 times) compares well with the S&P500, and therefore cannot be said to be greatly overvalued in its own right.

17/33 subindexes are down, with exporters trending lower on the back of the weaker dollar; Honda Motor (7267.TO) is off 0.9% at Y4,147 and Sony (6758.TO) is 1.7% lower at Y1,774. Panasonic (6752.TO) is off 2.6% at Y1,323 despite news it has decided to sell a trio of semiconductor production facilities in Southeast Asia. (bradford.frischkorn@wsj.com)

Contact us in Singapore. 65 64154 140; MarketTalk@dowjones.com

(END) Dow Jones Newswires

January 16, 2014 20:25 ET (01:25 GMT)

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Deutsche Bank Upgrades Cliffs Natural Resources as Industrial Miners to Outperform Gold
Barron's Blogs, 2014 年 1 月 14 日 19:47, 538 字, By Ben Levisohn, (英文)
In 2013, precious- and industrial-metal miners were good for one thing: Mining losses. Will 2014 be any better?Last year, Barrick Gold (ABX) lost 48%, Newmont Mining (NEM) fell 48%, Goldcorp (GG) declined 39%. Iron minerCliff's Natural ...
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