Monday 3 April 2017

Market outlook

In case you missed it, I’m not giving up on my optimism for stocks in 2017. In today’s note I explain why that’s the case, and why I’ll be more on guard in 12 months.

Also in the Switzer Super Report, Paul Rickard provides updates on our model income and growth portfolios, both of which have returned more than 4% for the first quarter of the year.

Sincerely,

Peter Switzer

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Is it time to give up on optimism on stocks? 
Honestly, no!
by Peter Switzer

Sometimes I feel like my old mate Kamahl where I ponder why “people can be so unkind?” And the irony is that my critics — both hard and soft — seem to be tough on me because of my optimism on stocks, which has been on the money since March 2009.

Over the weekend I had two semi-gracious digs at my pro-stocks view for 2017. In case you missed it, I’m happy to be rooting for stocks this year and while I suspect the good news for stock players will extend to 2018, I will be more on my guard in 12 months’ time.

Why? Try these:

- The interest rate rises in the USA over this year could easily change the share price to interest rate ratio and share player enthusiasm for stocks
- The Trump promises might be stymied by Congress and that would downgrade future economic growth guesses by those who aren’t worried by extended valuations for shares in the USA.
- The debt that has driven consumer positivity in the USA, which is now at a 16-year high, and that has propped up other economies around the world and helped beat both deflation and recession, could start acting as a negative on economic activity.
- China eventually does what pessimists have been predicting for years and loses economic momentum.
- Geo-political issues of a more serious kind could unsettle our economic and market complacency but I’m not too sure that these kinds of things have an enduring effect. That said, the break up of the Eurozone, if that happened in the not-too-distant future.

I could go on but you get my drift. Let’s face it, this stock market surge we’ve seen since 2009 will one day end in tears but the critical question is when?

When I pointed out to one of my critics, who referred to my “rosy views” (that I’ve been largely right on being long stocks since 2009), he did return fire that he agreed with me and that he enjoyed my Saturday report but picking turning points for markets is critically important as well.

Of course, he is right, but timing markets is fraught with danger.

Work done by JP Morgan Asset Management looked at timing versus time in the market.

“If an investor stayed fully invested in the S&P 500 from 1995 through 2014, they would have had a 9.85% annualized return. However, if trading resulted in them missing just the 10 best days during that same period, then those annualized returns would collapse to 6.1%.” (Business Insider)

Most of us need to spend time in the market, have a great investment strategy and stick to it, unless good sense says the strategy needs to be changed. For example, when you’re totally retired, your investments could be considerably different to when you embarked on your wealth-building journey.

Both my critics offered me two learned pieces from US experts that basically said “there is a clear and present danger” when it comes to the USA.

Economic crystal ball gazing by Morgan Stanley — which has been pretty negative for quite some time (if my recollections can be trusted) — thinks too much is being made of soft economic data and that hard data is telling a more negative picture for the US economy.
“Compare the New York Federal Reserve Bank’s current 1Q GDP tracking vs ours. FRBNY is currently tracking 1Q GDP at 3.0% versus us around 1%. The difference is larger than usual and is being driven by the fact that the New York Fed incorporates soft data into its tracking (attempting to tie it econometrically to GDP, a very hard thing to do, especially in real-time). Our method translates the incoming hard data into its GDP equivalent. Note that the Atlanta Fed’s GDPNow tracking also focuses on hard data and is currently tracking 1% for 1Q GDP.” (Morgan Stanley)

The pointy-head types at Morgan Stanley think the combined double whammy of fiscal and monetary policy is running out of bang.

This is how they put it: “Economic cycles do not last indefinitely. While fiscal and monetary policies can extend cycles by “pulling forward” future consumption, such actions create an eventual “void” that cannot be filled. In fact, there is mounting evidence the ‘event horizon’ may have been reached as seen through the lens of auto sales.”

So what? This is what Morgan Stanley argues: “While the media touts ‘record auto sales’, it is a far different story when compared to the increase in the population. With total sales only slightly eclipsing the previous record, given the increase in the population, this is not the victory the media wishes to make it sound. In fact, the current level of auto sales on a per capita basis is only back to where (sic) near the bottom of recessions with the exception of the “financial crisis.”

Similarly, scary analysis from US-based GMO concluded: “It appears that asset markets are priced as if secular stagnation were a certainty. Certainty is a particularly dangerous assumption when it comes to investing. In order to believe that asset market pricing makes sense, I think you need to hold any number of “impossible” (by which I mean at best improbable, and at worst truly impossible) things to be true.”

But wait, there’s more, which you might want to digest.

“This isn’t a mania in that sense. We aren’t seeing the insane behaviour that we saw during episodes like the Japanese land and equity bubble of the late 1980s, or the TMT bubble of the late 90s, at least not at the micro level. However, investors shouldn’t forget that the S&P 500 currently stands at a Shiller P/E of just over 28x – the third highest in history. The only two times that level was surpassed occurred in 1929 and in the run-up to the TMT bubble.” (TMT is technology, media and telecom and refers to the dotcom bust.)

But wait, there is a reason not to be too stressed about all this and that’s if economic growth conforms with the views of the likes of the Federal Reserve, the IMF, the RBA and lots of other economists out there.

As an economist, I’ve always valued the Quantity Theory of Money canvassed by the likes of Milton Friedman, which says MV=PQ. This says the money supply times the velocity of the money going around the economy will equal GDP, which is output (Q) times the price level.

Milton argued that money directly affects prices, output, real GDP and employment in the economy. Meanwhile, Keynesian economists use the same equation to argue that changes in the money supply directly affect interest rates, and through it indirectly income, employment and output in the economy.

Now I don’t want to side with either group but simply argue that the money thrown at the world economies after the GFC has to lead to GDP increases. Until recently, the V was slow because people were scared and cautious after the GFC and we see a bit of this here. We weren’t borrowing, except for housing and even that didn’t spike until 2013, so the velocity of money was slower than usual. Europe is the same but even more scared but the Yanks are starting to loosen up.
I will watch the US and Wall Street carefully and there’s a lot of pressure on President Trump to deliver. If he fails and US economic growth drops off, then stock prices will turnaround and fall.

I’m not a market timer but that won’t stop me warning you when I’m getting worried. I suspect 2017 will bring volatility but 2018 will be the testing time for the economic experiment called Trumponomics.

Donnie has to make an economic difference or these nervous Nellies and scare merchants might end up being right sooner than I’d like.

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Portfolios add 3% in March
by Paul Rickard

A strong final week helped our portfolios add around 3% in March, as the Australian market broke through 5800 and finished firmly in the black. For the first quarter of 2017, both portfolios have returned more than 4%.

This is our third monthly review. On a relative basis, the income portfolio has underperformed the index this year by 0.69% and the growth portfolio by 0.15%.

The purpose of these portfolios is to demonstrate an approach to portfolio construction. As the rule sets applied are of critical importance, we provide a quick recap on these.

Portfolio recap

In January, we made some adjustments to our Australian share ‘Income Portfolio’ and ‘Growth-Oriented Portfolio’ (see here and here).

To construct the income portfolio, the processes we applied included:

- we used a ‘top down approach’ looking at the industry sectors;
- so that we are not overly exposed to a market move, we have determined that in the major sectors (financials and materials), our sector biases will not be more than 33% away from index;
- we require 15 to 20 stocks (less than 10 is insufficient diversification; over 25, it is too hard to monitor), and have set a minimum stock investment of $3,000;
- we confined our stock universe to the ASX 150;
- we have avoided stocks from industries where there is a high level of exogenous risk, such as airlines;
- for the income portfolio, we prioritised stocks that pay fully-franked dividends and have a strong earnings track record; and
- within a sector, the stocks are broadly weighted to their respective index weight, although there are some biases.

The growth-oriented portfolio takes a different approach in that it introduces biases that favour the sectors that we judge to have the best medium term growth prospects. Critically, it also confines the stock universe to the ASX 150 (there are many great growth companies outside the top 150).

Overlaying these processes are our predominant investment themes for 2017, which we expect to be:

- Interest rates remaining at low levels, although some upward movement in bond rates;
- The US Fed likely to increase US interest rates by 0.75%, but probably no move in Australia by the RBA;
- The Australian dollar at around 0.70 US cents to 0.75 US cents, but with risk of breaking down if the US dollar firms;
- Commodity prices remaining reasonably well supported;
- A positive lead from the US markets and President Trump;
- A moderate pick-up in growth in Australia back towards trend levels; and
- No material pick up in domestic inflation.

Performance

The income portfolio to 31 March is up by 4.13% and the growth-oriented portfolio by 4.68% (see tables at the end). Compared to the benchmark S&P/ASX 200 Accumulation Index (which adds back income from
dividends), the income portfolio has underperformed the index by 0.69% and the growth-oriented portfolio by 0.15%.

All sectors positive in March

All industry sectors on the S&P/ASX 200 finished with small gains in March, with health care the best at 5.5% and telecommunications the worst at 0.2% (see table below). Year-to-date, health care remains the best performing sector with a return of almost 15%, a reversal of a very disappointing final quarter of 2016.

Consumer staples, which was a laggard sector in 2015 and 2016 mainly on the back of the supermarket wars, continued its recent strong performance, adding 5.4% in March. This took first quarter gains to 10.8%.

The largest sector on the ASX, financials, which makes up 38.8% of the S&P/ASX 200 by market weight, returned 3.9% in March to be up by 5.9% for the year. A more stable capital outlook has led investors to re-assess this sector.

While the materials sector finished marginally positive in the month, year-to-date gains are below the broader market at just 1.8%, as the iron ore price (in particular) pulls back from recent highs. Including dividends, BHP is down 2% year-to-date, while RIO has returned 3.7%.

Finally, in a market where differences in sector performances are by historical standard quite small, the telecommunications sector is the worst performing sector this year, with a return of minus 4.6%. A disappointing profit report from Telstra, plus a market view that competition for mobile and NBN customers will compress margins, is leading some investors to reduce exposure to this sector.

**Income portfolio**

The income portfolio is forecast to generate a yield of 4.90% in 2017, franked to 87.3%. The inclusion of Transurban and Sydney Airport, while adding to the defensive qualities of the portfolio, drags down the franking percentage.

In a bull market, we expect that the income-biased portfolio will underperform relative to the S&P/ASX200, due to the underweight position in the more growth-oriented sectors and the stock selection being more defensive, and conversely in a bear market, it should moderately outperform.

Year-to-date, the portfolio has returned 4.13% compared to the accumulation index return of 4.82%. While the portfolio has benefitted from its overweight position in financial stocks, it hasn’t been able to benefit from the performance of the healthcare sector. The performance of Brambles following disappointing profit guidance has impacted the return, as has the performance of Telstra, which is under considerable pressure to grow revenue. JB Hi-Fi, despite turning in one of the best results in the profit reporting season, has been impacted by the “Amazon” concerns that are affecting discretionary retailers. To some extent, these negative impacts have been offset by the performances of Transurban, Sydney
No changes to the portfolio are contemplated at this point in time, although we are keeping our exposure to Brambles under close review.

The income-biased portfolio per $100,000 invested (using prices as at the close of business on 31 March 2017) is as follows:

<table>
<thead>
<tr>
<th>Sector</th>
<th>Stock</th>
<th>Price 12/06</th>
<th>Value 12/06</th>
<th>Price 31/03</th>
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<th>Profit/ Loss</th>
<th>Income</th>
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<tbody>
<tr>
<td>Consumer Discretionary</td>
<td>JB Hi Fi</td>
<td>$28.04</td>
<td>$4,000</td>
<td>$24.70</td>
<td>$3,524</td>
<td>-$476</td>
<td>$103</td>
</tr>
<tr>
<td></td>
<td>Telcor</td>
<td>$6.81</td>
<td>$4,000</td>
<td>$4.75</td>
<td>$3,950</td>
<td>-$50</td>
<td>$104</td>
</tr>
<tr>
<td></td>
<td>Woolworths</td>
<td>$42.14</td>
<td>$5,000</td>
<td>$45.01</td>
<td>$5,314</td>
<td>$118</td>
<td>$122</td>
</tr>
<tr>
<td></td>
<td>Woolshed</td>
<td>$23.16</td>
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<td></td>
<td>AXP</td>
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<td>$4,000</td>
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<td>$4,131</td>
<td>+$111</td>
<td>$121</td>
</tr>
<tr>
<td></td>
<td>ANZ</td>
<td>$30.42</td>
<td>$6,000</td>
<td>$51.83</td>
<td>$6,275</td>
<td>$276</td>
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<tr>
<td></td>
<td>ASX</td>
<td>$49.74</td>
<td>$4,000</td>
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<td>$4,060</td>
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<td>CSL</td>
<td>$10.41</td>
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<td>$6,182</td>
<td>-$518</td>
<td>$182</td>
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<td></td>
<td>CSL</td>
<td>$8.69</td>
<td>$3,000</td>
<td>$6.37</td>
<td>$3,581</td>
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<tr>
<td>Total</td>
<td></td>
<td>$100,000</td>
<td>$102,610</td>
<td>$2,810</td>
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Growth portfolio

A critical construction decision with the growth portfolio has been to take a neutral sector bias in the materials sector. This has led to the inclusion of Rio (along with BHP and Boral).

Overall, the sector biases are relatively small. Despite healthcare underperforming in 2016 and many of the stocks trading on high multiples, we believe that the tailwinds are so strong that our sector position is materially overweight.

The other overweight position is in telecommunications, the only negative performing sector in 2016. The major underweight positions are in real estate and consumer staples.

The stock selection is biased to companies that will benefit from a falling Australian dollar – either because they earn a major share of their revenue offshore, and/or report their earnings in US dollar. While we expect that the Aussie dollar will remain well supported and trade in a fairly narrow range in the short term, the risk is that a strengthening US dollar causes it to break down.

Year-to-date, the portfolio has returned 4.68% compared to the accumulation index return of 4.82%. The overweight position in healthcare, in particular with CSL and Resmed, is adding to portfolio returns. On the negative side, the holding in Brambles is detracting most from the portfolio, together with the overweight position in telecommunications. Also, with the Aussie dollar above 75 US cents, our stock selection is yet to pay dividends.

No changes to the portfolio are contemplated at this point in time, although we are keeping our exposure to Brambles under close review.

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Coals ain’t coals
by Max Williamson

With Cyclone Debbie having just tried to emulate Cyclone Yasi, coal pricing and what ASX companies mine has suddenly become very much more relevant.

Preliminary statements coming from the Queensland coal fields are that there has been not less than 30% of anthracite coal production shut in for an extended time frame, whatever that means. Exact details from the region are not being released by companies such as BHP and Queensland Rail, but you cannot have a major cyclone, the most damaging in 40 years with a 1300 kilometre zone of influence and not have big issues for coal mines right in the middle. Production from coal mines in the region was in 2015/16 123 million tonnes of coking coal and 39 million tonnes of thermal coal. Obviously this flooding has to impact the unfortunate companies mining in the Collinsville, Bowen, Mackay regions negatively and for companies mining similar coals in say NSW very positively. Force majeure is going to be claimed over flooded open pits, railways and their tracks that cannot support the heavy trains and the ports like Mackay and Gladstone that load the coals for export. But where are the ASX announcements?

So what is coal?

There is no concept of homogeneity in coals.

At one end of the spectrum you have a cheap product that is conveniently called lignite coal, because it is black or brown looks like coal, and most importantly, burns.

At the other end is a hard black solid bituminously looking rock that burns with a very high efficiency and generates very particular burning characteristics that are seriously important in the steel making industry.

So coals ain’t coals.

When a power station, cement works or steel refiner seeks to buy their coals they are most concerned with particular characteristics, being swelling (under heat), volatiles (being the real content that burns including methane gas enclosed within the coal), moisture, fractionation features such as dust/ash like components that clog their extraction facilities and impurities such as sands, shales and other minerals such as sulphur and radio-active materials.

Every one of those characteristics is either a positive (increased price feature) or a negative (such as monazite being a problem in the burning process that can escape into the atmosphere and itself is radio-active). Sulphur when burnt with the coal enters the atmosphere and when combined with moisture can generate sulphuric acids that have been blamed for major environmental damage in North-Eastern USA and Canada as acid rain.

Obviously what suits one smelter or power station does not always suit the next potential buyer, so the coal miner tries to “wash” out problem-some contents and recover these as wastes before the balance is on sold to the buyers.

One of the new jargon political furfies is the expression ‘clean coal’. There is no such product as a clean coal sold to a buyer; it is cleaner and has less problem-some elements than other coal products available on the markets. While a lot of work has gone into producing cleaner coals that work better in specific furnaces, to achieve a higher price in particular markets a great deal more work in selecting the more appropriate coals, then washing and scrubbing that coal will be needed before the words meet the description.

The cheapest coal is commonly a brown coal called lignite. It is closest in nature to peat which is hand
extracted from bogs in Scotland and Ireland. Brown coal is without doubt, as a generalisation, the lowest generator of heat (60% to 65% carbon) and is the dirtiest and most polluting coal when burnt, i.e. in context of what goes up the furnace stack and needs electrostatic and other measures, such as scrubbing to reduce the impact on the environment (surrounding the areas of the furnaces).

The next style of coal would commonly be referred to as soft coking coal and sometimes bituminous coal. This is a softer form of black coal (say approximately 70% carbon with moisture of around 15% and ash of around 20%) that is considerably cheaper than hard coking coal (anthracite) and is more used in cheaper types of furnaces, potentially as a fluidised bed and possibly as an adjunct blend to higher quality coals. The blend as a total feed is cheapened down by the addition of these coals.

At the highest end of the spectrum are the hard coking coals, with very low sulphur contents and very high burning ratios rated in BTUs (British Thermal Units). The ultra high grades from say the Bowen Basin have carbon contents of around 85%, ash of around 12% and moisture of around 13% when not drowned by cyclonic events.

**The Mines**

Having been down a few collieries over my time as a consultant, it would be more than reasonable to indicate that anyone working down there as a permanent job deserves the level of wages they are achieving. These wages levels and gas exposures have driven many underground mines to close, hence we see so many open pit mines that are enormous and deep. The problems being flooding, environmental scarring and the escape of methane and other gases into the atmosphere at the time the coal is broken from the coal face.

Traditionally in Australia, the largest ASX listed miners of coals (for export) have been BHP and Rio Tinto. They mine a range of coals in NSW and Queensland and commonly blend them before sale to achieve the buyers end specifications on the key characteristics mentioned.

There are other mines and miners and much of what they produce is for electricity generation or cement manufacture. There has been a concentration of foreign owner operators in the Australian coal scene and this is being exaggerated by groups like Adani.

On the ASX, the other major miner would be Whitehaven Coal Ltd (WHC) (NSW producer) and readers would recognise how strongly the price of Whitehaven shares has reacted to major improvements in coal prices over the last 12 to 18 months. There are others, such as Baralaba Coal Ltd (BCL), formally Cockatoo Coal, and Stanmore Coal Ltd (SMR) to name two, without being comprehensive.

The financial press has been awash with articles covering the mine closures and the sale of large portfolios of mines, potentially driven by a longer-term perspective of wanting to be out of potentially polluting energy sources before the green movement damages values.

**The Prices**

Recognising the differences in coals, even from differing seams from the same coal mine, is important in any assessment of an investment in a coal mining company. The premiums achievable as against the penalties to be suffered will impact on their revenue streams, so each mine and even each seam needs to be properly understood (rather than just some mindless across the board averaging).

Lignites are achieving poor prices and because they are sold to power stations and the like, we should ignore them.

Soft Coking Coals with around 70% to 75% carbon content have been achieving prices in the range of US$75 to US$100 per ton over recent time.

Hard coking coals with around 80% to 90% carbon content have been achieving prices over US$150 to US$200 per tonne.

The real issue is what will Cyclone Debbie do to roll forward coal prices in the short to medium term and how will those companies negatively and those positively impacted react on the ASX? As of today, the companies involved will have the excuse of
properly understanding how Cyclone Debbie will impact their operations and those of their infrastructure support suppliers, i.e. no press releases of note. The NSW producers will just be looking at what stocks of coal they have unsold that they will be able to deliver into the spot markets and saying thanks.

Prices of high-grade coking coals spiked to over US$335 per tonne immediately after Cyclone Yasi.

The railway companies will also have real issues with undermining of their tracks and flooded lengths of tracks. So many of their lines may not be passable for weeks and they will not be achieving freight transport.

We make no recommendations.

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Buy, Sell, Hold – what the brokers say
by Rudi Filapek-Vandyck

In the good books

BANK OF QUEENSLAND LIMITED (BOQ) Upgrade to Hold from Lighten by Ord Minnett B/H/S: 1/6/1

First half earnings underwhelmed Ord Minnett but are believed to be a low point in the earnings trajectory, with improved prospects for margins, volumes and costs.

The broker expects the bank to look for further cost savings with FY17 result and now believes the risk/reward balance is more appropriate.

Ord Minnett raises its recommendation to Hold from Lighten. Target is $11.00.

WESTERN AREAS NL (WSA) Upgrade to Neutral from Sell by UBS B/H/S: 1/5/1

UBS updates its valuation to include the Odysseus pre-feasibility study. The broker notes potential for mine life to be extended towards 10 or more years.

The broker believes the market has previously provided no value for this project and, given how short the market is on the stock, there is growing risk to the upside.

UBS upgrades to Neutral from Sell, believing the risk/reward is more balanced. Target is raised to $2.58 from $2.38.

In the not-so-good books

DULUX GROUP LIMITED (DLX) Downgrade to Sell from Neutral by UBS B/H/S: 0/4/4

There’s no doubting Dulux’ superiority and solid market share in paint, and as such the stock deserves a premium multiple, UBS suggests. But the non-paint business continues to show subdued prospects and a turnaround seems some way off.

A cooling in the housing market also suggests paint earnings may have seen a peak. On 7% outperformance against the index in the past month, UBS downgrades to Sell, retaining a $6.10 target.

Earnings per share forecasts are modestly raised and the target lifted to $2.10 from $2.00. Nevertheless, the broker believes the risk-reward equation is not attractive, post the recent share price performance.

SUNCORP GROUP LIMITED (SUN) Downgrade to Neutral from Outperform by Macquarie B/H/S: 4/3/1

Macquarie assesses that premium rate increases across the insurance market are being led by claims...
cost inflation. As insurers get costs under control price rises should again moderate across of market, in the broker’s view.

The broker downgrades expectations for Suncorp’s gross written premium growth based on its analysis. Rating is downgraded to Neutral from Outperform. Target is reduced to $13.60 from $14.33.

Earnings forecast

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Hot Stocks: Bapcor and Ardent Leisure

by Bernadette Morabito

It was just a few weeks ago when Raymond Chan of Morgans said he liked Australian automotive company, Bapcor (BAP), after dissecting its half-year results.

This week, Bapcor’s back in the good books with KOSEC’s Michael Wayne.

While he’s also encouraged by Bapcor’s most recent report – which showed a 34.1% increase in revenue to $435.1 million for the six months ended 31 December 2017 – he’s optimistic about the company’s growth strategy.

“The company’s store roll out strategy has been successful in driving organic growth, with the number of distribution platforms increasing to over 600 in Australia, giving the company significant scale and competitive positioning,” he says.

“Management is looking to continue to grow in this fashion, with over 200 new stores for the group planned to come onto the market by 2021.”

Drivers might wish to delay and postpone car servicing, but given the nature of the RTA and annual car registrations, drivers do so at their peril.

Our other stock selector, Michael McCarthy, says there’s a “value argument” for the embattled theme park operator, Ardent Leisure (AAD).

 “[Ardent Leisure] was downgraded heavily after its half-year results. There is a value argument, and recent substantial shareholder notices raise the notion the stock may be in play,” he says. Watch this space.

“Ardent Leisure (AAD) 

Source: CommSec

Rail freight company Aurizon is out of favour with McCarthy this week. The devastating impacts of Cyclone Debbie have disrupted company operations.

“The share price is yet to respond”, he notes.

In a statement to the ASX, Aurizon says it has “mobilised all available crews and resources over recent days to inspect and commence repairs, where possible, on the four coal systems (Newlands, Goonyella, Blackwater and Moura), which are part of the Central Queensland Coal Network”.

 “[Aurizon’s] longer-term outlook is also clouded by the potential for higher interest rates”, suggests
In the dislikes list for Wayne this week is retail giant Wesfarmers (WES). He says that as a mature business, future drivers of growth remain unclear.

“Being a conglomerate, there are often some businesses performing well such as Bunnings, Officeworks and to an extent Coles, while others areas such as the Coal and agribusiness businesses struggle and vice versa.”

“Therefore, it tends to be a zero sum game, earnings stagnate and the share price basically trends sideways.

He also notes that a resurgent Woolworths – which is investing in lower prices and regaining market share – may be a sign that Wesfarmer’s dominance is starting to wane.

“Although WES is a sound business trading on an attractive 1-year forward dividend of approx. 5.5% (100% franked) I feel from these levels there’s some capital downside”.

“I’d proceed with caution.

Our Super Stock Selectors is a survey of prominent analysts, brokers and fund managers. Each week we ask them to name a stock they like, and one they don’t like. We purposely ask for ‘likes’ and ‘dislikes’ instead of recommendations, so it provides an idea of what the market is looking at, rather than firm buys or sells.

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