

Australian Brokers Call - 30 November 2021

Summary Of Brokers Calls

Company	CMP	Call	Target AUD	By
ANZ	\$26.62	Neutral	\$28.50	Credit Suisse
CBA	\$93.78	Hold	\$90.00	Ord Minnett
KLS	\$6.42	Neutral	\$6.45	Macquarie
LTR	\$1.85	Outperform	\$2.00	Macquarie
MIN	\$44.99	Outperform	\$72.00	Macquarie
NAB	\$27.20	Neutral	\$29.00	Credit Suisse
NSR	\$2.46	Hold	\$2.60	Ord Minnett
NWH	\$1.77	Buy	\$2.40	UBS

ANZ - AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED Overnight Price: \$26.62

Credit Suisse rates ANZ as Neutral

Credit Suisse feels the capital certainty is a positive for the banking sector, after APRA released its final capital adequacy and credit risk capital requirements for deposit-taking institutions.

Compared to the 2020 consultation, capital standards have been slightly watered down with 'unquestionably strong' to be set in regulation at 10.25% for the major banks, explains the broker. However, APRA's expectation is that that banks hold a buffer around 11%.

The high risk mortgage definition was also narrowed to interest only and a loan-to-value ratio (LVR) of greater than 80%. The Neutral rating and target price of \$28.50 for ANZ Bank are retained.

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CBA - COMMONWEALTH BANK OF AUSTRALIA

Overnight Price: \$93.78

Credit Suisse rates CBA as Underperform

Credit Suisse feels the capital certainty is a positive for the banking sector, after APRA released its final capital adequacy and credit risk capital requirements for deposit-taking institutions.

Compared to the 2020 consultation, capital standards have been slightly watered down with 'unquestionably strong' to be set in regulation at 10.25% for the major banks, explains the broker. However, APRA's expects banks to hold a buffer around 11%.

KLS - KELSIAN GROUP LIMITED

Overnight Price: \$6.42

Macquarie rates KLS as Neutral

The Kelsian Group has missed out on the Region 9 (Eastern Suburbs) bus contract, which contributes to a lowering of Macquarie's target price to \$6.45 from \$7.85. While disappointing, it's thought there's many bus tendering opportunities over the next 24 months.

The analyst also lowers the FY22 EPS forecast by -8% on reduced expectations for Marine & Tourism, due to new covid-19 variant concerns.

LTR - LIONTOWN RESOURCES LIMITED

Overnight Price: \$1.85

Macquarie rates LTR as Outperform

After completing bulk sampling test work at Kathleen Valley, Liontown Resources has confirmed a high-quality benchmark grade spodumene concentrate can be produced. Macquarie maintains its Outperform rating and \$2 target price.

A sample will now be used to support off-take negotiations for spodumene concentrate for Stage 1, explains the broker. It's thought potential partnership and funding agreements for the Downstream Lithium Hydroxide plant will also be assisted by the results.

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MIN - MINERAL RESOURCES LIMITED

Overnight Price: \$44.99

Macquarie rates MIN as Outperform

Following an announcement by Mineral Resources of a Port and Rail Agreement with Hancock Prospecting and Roy Hill Holdings, Macquarie sees potential to develop the Marillana project. An infrastructure pathway is now potentially provided into Port Hedland.

The analyst doesn't currently factor-in to the base case the development of Marillana. The \$72 target price and Outperform rating are maintained.

NAB - NATIONAL AUSTRALIA BANK LIMITED

Overnight Price: \$27.20

Credit Suisse rates NAB as Neutral

Credit Suisse feels the capital certainty is a positive for the banking sector, after APRA released its final capital adequacy and credit risk capital requirements for deposit-taking institutions.

Compared to the 2020 consultation, capital standards have been slightly watered down with 'unquestionably strong' to be set in regulation at 10.25% for the major banks, explains the broker. However, APRA's expects banks to hold a buffer around 11%.

NSR - NATIONAL STORAGE REIT

Overnight Price: \$2.46

Ord Minnett rates NSR as Hold

While retaining a Hold rating on valuation grounds, Ord Minnett increases its target price for National Storage REIT to \$2.60 from \$2.30, due to further occupancy gains and solid rate increases.

The analyst increases the FY22-24 EPS forecasts by 0.7%, 2.8%, and 3.7%, respectively, and estimates a strong three-year EPS compound annual growth rate (CAGR) of 9.3%.

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NWH - NRW HOLDINGS LIMITED
Overnight Price: \$1.77

UBS rates NWH as Buy

As iron ore remains one of the largest exposures, at around 30% of revenue in FY22 for NRW Holdings, UBS notes recent volatility for the company over the weakening iron ore price and labour availability. It is, however, felt the medium-term outlook remains solid.

In particular, the replacement capex outlook in the Pilbara remains healthy, underpinned by Rio Tinto ((RIO)) and BHP Group ((BHP)), explains the analyst.

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