

HD Australian Stocks: What Happened Today?

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A quiet day following expiry and seven straight days in a row showing gains. After dipping below support briefly at 5570, we finished with a rally to only close down 4 points at 5583 with Insurance stocks the standout. Insurance Australia **Group** Limited (A\$6.29, +1.9%), Suncorp **Group** Limited (A\$14.19, +1.1%) and QBE Insurance **Group** Limited (A\$11.86, +1.2%) were well and truly in the spotlight with the banks falling in behind them except Macquarie **Group** Limited (A\$58.62, -1.5%) which is still suffering from disappointing numbers from yesterday. BHP Billiton Limited (A\$39.00, -0.2%) eased back as did other **Iron Ore** producers Atlas **Iron** Limited (A\$0.565, -4.2%), RIO Tinto Limited (A\$65.09, -0.2%), Mount Gibson **Iron** Limited (A\$0.69, unch), Arrium Limited (A\$0.78, -0.6%) following record production numbers from Vale and falls in the underlying **ore** price.

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In industrials Telstra Corporation Limited (A\$5.45, -0.5%) fell back to earth, Wesfarmers Limited (A\$43.28, -1.0%) and Woolworths Limited (A\$36.00, -0.6%) and other consumer stocks such as Treasury **Wine** Estates Limited (A\$4.99, -1.8%), Coca-Cola Amatil Limited (A\$9.25, -0.6%), Myer Holdings Limited (A\$2.24, -0.9%), Breville **Group** Limited (A\$7.94, -1.7%) getting toasted as G.U.D. Holdings Limited (A\$6.60, -8.1%) reported Jesus didn't want then for a sunbeam. Mixed performance in healthcare with Healthscope listing Monday. ResMed Inc. (A\$5.38, +1.1%) better but Ansell Limited (A\$18.80, -0.8%) failed to bounce and Ramsay Health Care Limited (A\$46.67, +0.4%) better and Virtus Health Limited (A\$7.89, -1.4%) falling away. Volume today was good, well at least it looked good following July options expiry. At over \$5bn it's pretty anaemic given the exercises. Happy shiny people today included Liquefied Natural Gas Limited (A\$3.25, +7.6%), Xerox (bout time), Zimplats, Amcom Telecommunications Limited (A\$2.05, +4.6%), Skilled **Group** Limited (A\$2.56, +4.5%), Hutchison Telecommunications (Australia) Limited (A\$0.073, +2.8%) and Leighton Holdings Limited (A\$22.65, +3.8%) in the bigs against Acrux Limited (A\$1.52, +31.6%)(still underperform?), Byron **Energy**, Brockman **Mining** Limited (A\$0.054, +8.0%) and Freelancer in the smalls. Copping it sweet were Mesoblast Limited (A\$4.08, -6.2%), Sirius Resources NL (A\$3.89, -4.7%), Northern Star Resources Ltd (A\$1.68, -3.2%), Western Areas Limited (A\$4.97, -3.3%) and Nine Entertainment in bigs and TNG Limited, Silver Lake Resources Limited (A\$0.455, -5.2%), Bell Financial **Group** Limited (A\$0.52, -5.5%) (Charlie back from holidays), Beadell Resources Limited (A\$0.545, -4.4%) and Elders Limited in small caps. Asian markets were better as **China** headed for its biggest weekly gain in twelve months, Japan up 0.66%, HK down a James Bond and **China** up 0.56%. Aussie dollar seems glued to 94 cents give or take. Digital tulips at \$647 and **gold** \$1291 Stocks and Stories Flight Centre Travel **Group** Limited (A\$46.80, -1.1%) announced its prelim results today with non-cash writedowns in India and the US. Underlying profits of between \$375-377m are expected but India to cost \$13m and US \$48m plus getting hit by fines of around \$11m didn't help. So after all that it reckons on around \$322 when audited results are released pm 27th August. Sirius Resources NL (A\$3.89, -4.7%) confirmed their successful placement at \$3.82 to raise \$190 to fund their Nova Nickel project. Buxton Resources announced some pretty good graphite hits today with 127m at 13% TGC (total graphitic carbon) dragging Montezuma **Mining Company** as a 15% partner with it and #UNX# also announced good results at Nachu but failed to impress. Possibly taking a break from a vertical move in recent weeks. G.U.D. Holdings Limited (A\$6.60, -8.1%) released their final report for the year. GUD Holdings ? makers of household names such as Sunbeam appliances and Oates cleaning products ? has reported a 44 per cent slump in net profit for the financial year to June 30 to \$17.7 **million**. Japan's trade deficit widened to an unexpectedly large Y822bn (\$US8.1bn) in June, contributing to a record shortfall for the first half of the year and raising fresh doubts about the economy. Exports failing to take off and the big imports are **energy** with the loss of the "Nuclear Option". All very worrying for Abe! South African Woolworths has declared its \$213 **million** mop-up offer for Country Road unconditional after

receiving clearance from the FIRB. Newcrest **Mining** Limited (A\$10.70, -0.7%) continued their decline following the proposed write down of its PNG Lihir assets. At least the new management is making a better fist of it than the last lot in terms of handling the bad news and gave us some good news showing a 15 per cent lift in June quarter **gold** production and a 14 per cent lift in production in the year to June. Free cash flow in the year to June will be about \$130 **million**, a big improvement on last year's \$1.2 **billion** deficit. Acrux Limited (A\$1.52, +31.6%) had a great day with a new CEO and sales numbers hurting the sceptics and 'shorters' in the process. The sales result was flat compared to the same quarter last year, but was an increase of 19 per cent on the \$39.5 **million** of sales reached in the first three months of the 2014 calendar year. Tomorrow's News Today US is now accusing Russia of firing artillery into the Ukraine. Should help the **gold** price. IMF predicts Britain's GDP growth rate will surge to 3.2% by year end. It also had its best retail quarter in ten years! IMF says UK best performing economy amongst the west. It has voiced its fears that low rates are producing bubbles. Really, these guys are genius, they don't miss a trick. Monday should be interesting as Healthscope comes back on the boards and trades having raised money at \$2.10. Australian Super has emerged as the largest domestic investor in the \$2.25 **billion** float with the last \$800m being massively oversubscribed. At least that's what the **company** says! Amazon has reported a rise in sales on Thursday but posted a bigger-than-expected \$126m loss for its second quarter. Revenue at the **company** rose 23% to \$19.34bn but losses increased as the **firm** spent heavily in a bid to expand its **business** with its first smartphone, the Fire Phone ? which goes on **sale** in the US today. Grocery delivery and video streaming also took its toll on the numbers as Bezos tries to take over the world! BSkyB is set to confirm on Friday it has sealed a £10bn deal to create Sky Europe, buying its sister pay-TV companies in Germany and Italy from Rupert Murdoch's 21st Century Fox. The deal will net Murdoch as much as \$10bn. This is going to be a huge driver in the next decade. The Asian middle class travelling here. Last year, **Chinese** arrivals grew 11.9 per cent with increased flights from low-cost carriers such as Jetstar being a major factor, increased holidaymakers from Malaysia (20.4 per cent) and Singapore (16 per cent) also. However, not to be outdone, benefitting from better economic times were UK and US arrivals up 12% and 9% respectively. No wonder Bondi is busy!

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