

**HD MARKET EXPECTED TO CLOSE MILDLY LOWER**

**BY** Jenny Prabhu

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The S&P/ASX200 is likely to close mildly lower today.

Europe was mostly closed, Dax closed up, CAC down, the UK market was barely changed, US markets were mixed.

On the NYSE where 3239 issues traded there were 1,793 issues higher, 1,346 down and 100 unchanged. On Nasdaq where 2720 issues traded there were 1,260 issues higher, 1,361 down and 99 unchanged.

Metals were weaker, crude fell, **gold** was down. The \$A is at 92.74US c, down about 20 points from last evening.

"We will probably close down about 15 to 20 points"

"Maree" said, "We will probably close down about 15 or 20 points. We have got our sights on the short term and ahead of the Budget our market is not very confident. Once we know what we are dealing with buying may pick up again, but right now it's not **China**, it's not the Ukraine that is dominating our thinking, it's what's going on here. There's just no interest in buying. There are a lot of unknowns, investor confidence has gone. Meanwhile, the RBA has a problem. The high \$A is holding inflation down (which would rise if the interest rate is lowered)".

\*The S&P/ASX200 closed down 40.3 points to 5448.8 last evening.

May 2. Good morning.

\*President Obama and German Chancellor have not agreed on a view on the Ukraine. Russia is the largest supplier of **oil** and gas from Russia.

The meeting between the two took an unusually long time, four hours, Handelsblatt reported.

Meanwhile Obama is under pressure, his public approval ratings have dropped to an all time low. He is regarded as too soft against Putin.

Meanwhile, the German Chancellor is planning to ask President Vladimir Putin to help resolve the situation.

Goldman Sachs sees opportunities in commodities for the long term investor - Handelsblatt

Handelsblatt reported Goldman Sachs analysts Damien Courvalin and Jeffrey Currie continue to see a significant opportunity to diversify by holding commodities.

They said the importance of commodity investment will increase in the coming years with the growth of the world economy.

Especially for a long-term portfolio but remain a raw material content useful, it said Goldman. With the withdrawal of major competitors from the commodity trading also increase the speculation on a weightier market share of Goldman Sachs in this area.

In the short term, however, Goldman expects a further decline in commodity prices.

In a study dated April 13, also by analyst Jeffrey Currie, the analyst forecast Standard & Poor's GSCI Enhanced Commodity index will fall 4% over the next 12 months. The index was up 4.5% since the start of this year.

#### Aussie stocks

All dollars in this section are Aussie dollars - the rises and falls are against the previous close.

Aussie stocks in ADR form were mixed. AWC rose 4c on 70,000 shares, RIO fell 11p on 2m shares, BHP fell 8c on 3.56m shares, News rose 22c on 600,000 shares, Fox rose 70c on 7.1m shares. Westpac rose 13c on 85,000 shares. Telstra rose 1c on 188,000 shares. Resmed fell 2c on 8.4m shares.

Psivida rose 11c on 60,000 shares.

Prana rose 0.5c on 4.9m shares.

In London Anglo American fell 17.5p to 1,564.5p on 1m shares, Aquarius fell 0.75p to 20.75p on 799,067 shares, BskyB rose 20.5p to 900.5p on 4.14m shares, BHP fell 23p to 1,896p on 2.12m shares, Henderson rose 0.20p to 251p on 620,924 shares. RIO fell 24.5p to 3,200p on 1.9m shares.

#### Trading points:

\*MQG: Macquarie Group reports for the year.

Analysts expectations: \$1.235 bln, div 160c/\$1.218 bln div 170c/**company** implied guidance \$1.191/1.234 bln.

\*Most recently, on April 24 a leading broker retained an "equal weight" on Macquarie Group while lifting its price target to \$60.30 from \$55.90 (and up from \$55.20 before MQG's March 24 guidance). The broker said over the past six years the immediate reaction of MQG's share price to the full year result has been driven by the outlook commentary. We expect this trend to continue and that management will guide for profit in 2015 to be up on 2014.

The broker added, in its view consensus forecast for full year 2015 profit to be up 15% on this year vs the broker's forecast of 2015 profit to be up 20% on this year - does not look too bullish.

\*Following MQG's updated guidance on March 24 leading brokers retained "neutral" price target \$50.46, "neutral", price target \$52; "outperform", price target \$63; "hold" price target lifted to \$57 from \$56.

**Company** guidance: On March 24 tabled its presentation to be delivered at the Credit Suisse 17th Asian Investment Conference in **Hong Kong** on March 26/27.

In its presentation to investors and analysts MQG advised since its first half result announcement market conditions continued to show signs of improvement, however client activity remains subdued for some capital markets facing businesses.

Macquarie's annuity style businesses (Macquarie Funds, Banking and Financial services and Corporate and Asset Finance continue to perform well with combined December quarter net profit contribution up on the previous corresponding quarter and the September quarter.

"Accordingly we currently expect Macquarie's result for full year 2014 to be up approximately 40/45% on 2013, subject to the completion rate of transactions and the conduct of period end reviews'

Macquarie remains well positioned to deliver superior performance in the medium term. It has built a uniquely diversified business since its inception in 1969. It employs 13,578 people and operates in over 28 countries. Assets under management are \$A433 **billion**. MQG is well funded with a strong balance sheet".

\*RHC: Ramsay Health Care Founder and Chairman Paul Ramsay, AO, 78, has died.

Our Week's Special, " CYP: Still Pre Clinical But Believes Its Platform Cymerus Technology Overcomes The Major Hurdle To Stem Cell Approval By The FDA And Other Regulators - The Ability To Mass Produce MSC's Without Variation.

Prestigious Management, Adequately Funded For Planned Phase 1 Clinical Trial" posted separately.

#### Overseas

The DJIA closed down 21.97 points to 16,558.87.

S&P 500 fell 0.27 points to 1,883.68.

NASDAQ was up 12.89 points to 4,127.45.

US 10yr bond yields fell 4 points to 2.61%

The US\$ rose 7 points to 102.30 Yen.

The Euro fell 6 points to 1.3864US c.

The Yuan rose 3 points to 6.2595/\$US1.

FTSE 100 rose 28.84 points to 6,808.87. Europe was mostly closed on holiday, the DAX closed higher, the CAC closed down.

The Nikkei Dow last evening closed up 181.02 points to 14,485.13 points.

Shanghai SE Comp IX was closed on holiday (also closed today).

#### Commodities

All dollars in this section are US dollars

In dollars per tonne for three month metal, (LME stockpiles are on a closing basis) - valued against yesterday morning's price, measured over 24 hours.

**Copper** was steady at \$6,645/rose \$14 to \$A7165. Stockpiles fell 2,325 tonnes to 231,000 tonnes.

Aluminium fell \$15 to \$1,785/fell \$12 to \$A1925. Stockpiles fell 9,025 tonnes to 5,343,875 tonnes.

Nickel fell \$40 to \$18,285/fell \$5 to \$A19,716. Stockpiles rose 3,030 tonnes to 279,876 tonnes.

Zinc fell \$21 to \$2,020/was down \$18 to \$A2178. Stockpiles fell 5,525 tonnes to 771,475 tonnes.

**Lead** fell \$16 to \$2,090/fell \$18 to \$A2178. Stockpiles rose 250 tonnes to 193,875 tonnes.

Tin was down \$90 to \$22,860/fell \$49 to \$A24,650. Stockpiles rose 185 tonnes to 9,540 tonnes.

**Iron Ore** fell 50c to \$105.40/was down 32c to \$113.65.

Steel was unchanged at \$400/410. Stockpiles fell a further 975 tonnes to 10,078 tonnes.

Cobalt was indicated at \$29,600/30,000.

Molybdenum was indicated at \$28,500/29,500. Inventories and cancelled warrants both fell 12 tonnes to 132 tonnes and 36 tonnes respectively.

WTI crude fell 32c to \$99.42/fell 14c to \$A107.20.

Brent Crude fell 31c to \$107.76/fell 11c to \$A116.20.

Spot **gold** fell \$6 to \$1,285/fell \$3.77 to \$A1386. Spot silver fell 17c to \$19.04/fell 14c to \$A20.53. Spot platinum was down \$2 to \$1,423/rose \$1 to \$A1534. Spot palladium rose \$4 to \$813/gained \$6 to \$A877.

#### Overseas eco news

In US eco news, jobless claims for the week ended April 26 rose to a nine week high of 344,000, well ahead of estimates. The four week average of claims rose to 320,000 from 317,000 the previous week.

\*Consumer spending rose by a stronger than expected 0.9% in March, the fastest pace since August 2009, the Commerce Department reported.

\*US ISM manufacturing PMI came in at 54.9 vs 54.3 forecast.

\*Incomes rose 0.5% in March, the most since August and vs a 0.4% gain expected. \*Spending on durable goods including automobiles rose 2.7%, inflation adjusted, the biggest gain in four years. Purchases of non durable goods rose 0.9%. Disposable income rose 0.3% in March after adjusting for inflation, the same as in the prior month.

The saving rate was 3.8% in March vs 4.2% the previous month. Wages and salaries rose 0.6% the most in 4 months.

\*US construction spending rose 0.2% in March, less than expected.

\*US **m/v** sales were higher. General Motors reported a near 7% April gain, Fiat reported a 14% gain, Ford's shares fell less than 1% with auto makers overall selling 1.39 **million** cars and light trucks last month, a year on year rise of 8%.

\*In the UK The gains came after the Markit/CIPS Manufacturing Purchasing Managers' Index (PMI) ticked up to 57.3 from a revised 55.8 in March and vs 55.4 expected.

\*UK mortgage approvals fell to a six month low, the Bank of England reported, down for a second consecutive month.

#### Overseas **equity** news

\*In the US of the Dow 30 there were 7 stocks higher and 23 down. Merck led the way higher, gaining \$1.06 or 1.81% to \$59.62 followed by Visa and 3M. On the downside, IBM led the way, falling \$2.94 or 1.5% to \$193.534 followed by United Technologies and Microsoft.

ExxonMobil earnings were well above expectations while revenue missed expectations. The stock fell \$1 or 0.98% to \$101.41.

MasterCard rose about 1% after logging stronger than expected results. Avon fell more than 10% after a big earnings miss on an 11% drop in revenue.

Sony fell over 2% after slashing its profit outlook and projecting a first quarter loss.

DirectTV rose 4% on talk that AT&T may be making a bid for the stellite TV **company**.

Ford confirmed CEO Alan Mulally will step down in July with COO Mark Fields to exceed him. Ford closed down 1%.

\*In Europe Denmark's Danske Bank rose 1.9% intra day and closed up 1.1% at Dkr153.60 on a stronger than expected profit. In Germany where the market was barely higher, K+S led the DAX, up 2.56% to Euro 25.21, Deutsche Telecom rose 2.24% to Euro 12.09, Daimler gained 1.56T to Euro 66.73 and Commerzbank fell 2.33% to Euro 12.81.

\*In the UK shares were lifted by results from Lloyds and BSKyB, and the pound finished slightly up after reaching a near five-year high against the dollar.

BSkyB rose 2.3% to 900.5p after saying revenue in the nine months ended March 31 rose to 5.67 **billion** pounds from 5.3 **billion** pounds a year earlier and added 74,000 TV customers in the third quarter, more than double the pcp.

Nine-month revenues rose 6.6% to £5.7bn, but operating profit fell 8.5% to £910m as competition pushed up sports rights costs.

Shares in Lloyds Banking Group jumped 5.5% to 79.5p after the bank said it was making "good progress" in its recovery.

Underlying profits rose 22% to £1.8bn, and the bank also said it planned to begin the flotation of its TSB business by the end of June.

Shares in troubled outsourcing group Serco fell 0.03% in the day after the **company** announced it was planning to raise £170m through issuing new shares.

The **firm** also revealed that its chief financial officer, Andrew Jenner, was stepping down.

BG Group rose 3.3% to 1,237.5p after the interim exec chair said he will be reviewing the group's portfolio of assets. Tesco fell 2.2% to 286.6p and Sainsbury fell 3.2% to 25.1p after Morrison announced major discounting. g gROUP RO

In other news

\*Handelsblatt reported Opel cars will be sold in Australia again next year, under the Holden logo (Opel had formerly been a Holden brand before being sold off).

\*Malaysia is closing all the MH370 family support centres on May 7 and has advised the families to go home. Relatives would be given news updates through telephone calls, messages, the internet and face-to-face meetings, Malaysia Airlines said.

Centres will be established in the capitals of Malaysia and **China**, where most of those on board MH370 were from, to provide "follow-up support and services".

The search has already been perhaps the most prolonged in history with no clues as to the plane's whereabouts as yet.

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