

**HD JENNY PRABHU'S HOT & SPICY CURRY SHOP For June 13, 2014.**

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the day's menu

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The S&P/ASX 200 as at 2:38PM: Down 34.2 TO 5394.6

**China**'s industrial production may have slowed in May ..

Nomura in its ex Japan daily research summary said during a June 10 talk with academics from the **Chinese** Academy of Sciences and the **Chinese** Academy of Engineering, Premier Li Keqiang revealed that electricity production rose 1.6% month on month in May, implying it slowed to 5.2% year on year from 6.4% in April.

This suggests that industrial production growth may also have slowed in May. Consensus and Nomura were at 8.8%, as PMI's and railway freight data have improved. "The correlation between electricity production and IP growth is 0.79 over the period January 2005 to April 2015, while that of railway freight and IP growth is 0.54. We now see downside risk to our IP growth forecast. Of those analysts surveyed by Bloomberg, only two of 49 forecast a drop in the rate of IP growth" Nomura reported.

\* \* \*

Pacific Brands remains a "neutral", price target lowered ..

A leading broker retained a "neutral" on Pacific Brands, with a price target of 55c, down from 61c earlier after Pacific Brands lowered its full year 2014 EBIT guidance by 15% to \$90/93 **million** (2nd half 2014 EBIT guidance lowered by 30%) due to lower than expected sales and increased discounting with the Underwear division the most impacted. PBG has also advised it has retained Macquarie Capital to undertake a strategic review.

PBG down 1.5c to 52.5c.

\* \* \*

Downer EDI remains an "add" ..

A leading broker retained an "add" for Downer EDI after BHP Mitsubishi Alliance terminated contract **mining** services for the Goonyella mine early.

The broker said although it may be glib to simply say the fall in the share price is a buying opportunity, the market reaction is significantly greater than the actual impact .. "We believe the 2014 full year result will provide a catalyst to re-rating" the broker added.

DOW down 2c to \$4.55.

## Diggers & Drillers

Newcrest remains an "equal weight" ..

A leading broker retained an "equal weight" on Newcrest and price target of \$12.10 after NCM's update last evening, said "with a broadly flat production and cost outlook, we expect **gold** price direction will determine sentiment".

NCM up 18c to \$9.89.

\* \* \*

Perseus is an "underweight" ..

A leading broker commenting on Perseus' report today retained an "underweight" on the stock with a target price of 30c.

The broker said Perseus has reported power supply outages resulting in significant downtime at Edikan with production stopped between 7 and 10 June, with the issue not appearing to be fully resolved at this stage.

The broker said 2nd half 2014 production guidance is 89/99K ozs, with production over 2nd half to June 6 being 76,000 ozs, meaning 13,000 ozs is required to hit the low end of guidance. This will need the mill to run well above nameplate over the remainder of June, but with reduced power supply this appears unlikely, the broker said. It estimates 2nd half 2014 production could be 82,000 ozs.

PRU up 2c to 32c.

\* \* \*

StockAnalysis continues to recommend AZZ as a 'speculative buy" ..

StockAnalysis in its report dated June 11 recommended that subscribers vote against Lone Star's proposal while continuing to recommend Antares as a speculative buy, underpinned by a valuation of 85c per share.

Peter (who reports he has a small **stake** in Antares) then details the Lone Star proposal and makes several points countering it.

Peter refutes Lone Star claims that Antares is under performing, although only Sundance **Energy** has outperformed, share price wise over the three years that the **company** has been active in the Permian, and that too largely since SEA bought Texon's Eagle Ford Shale assets.

AZZ up a half cent to 50.5c.

**CO** chacdr : Chinese Academy of Engineering

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