HD **MARKET DOWN BUT HALVES ITS LOSS ON LIGHT VOLUME**

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The S&P/ASX200 closed down 16 points to 5460.8 on light volume worth $3.2 billion. There were 449 issues higher and 498 down. The SPI Futures closed down 4 points to 5455 on average volume of 20,198 contracts. Aussie 10 year bond yields were down 2 points to 3.81%. The $A is at 93.61US c, down about 10 points on last evening.

*The banks contributed 10.8 negative points to the index, insurers contributed 1.2 negative points, resources contributed 5 negative points, property trusts contributed 0.1 positive points, retailers contributed 0.4 negative points and Telstra was Neutral.

*Over the week the S&P/ASX200 was up just 2.7 points.

*At 4pm AEST the Nikkei Dow futures was up 80 points to 14,220 points, Shanghai CSI physical was down 5.8 points to 2009.48 points, Hang Seng futures was up 5 points to 21,632 points, S&P futures was down 0.6 points to 1871.70, Nasdaq futures was down 0.5 points to 3537 points, Dow futures was down 12 points to 16,498 points. Gold futures was up $4 to $1293. Crude futures was up 17c to $100.43.

(Our thought only: gold may receive some support in the Asian day from physical buying by India - marriage season now in full swing).

*China April CPI rose 1.8%, below expectations.

China's annual consumer inflation rose 1.8 percent in April, slower than March's 2.4 percent rise, data on Friday showed. The reading was below expectations for a 2 percent rise in a Reuters poll. On a month-on-month basis CPI fell 0.3 percent, below expectations for a 0.1 percent decline. "It seems China is catching a whiff of that deflationary problem," Yao Wei, China economist at Societe Generale told CNBC.

"For an economy with a nominal GDP (gross domestic product) growing at 8 percent, this is an extremely low level of inflation, or rather deflation actually. It seems that all these corrections that China needs to work on its debt are having an impact on the economy and we think its going to last, the low inflation or PPI (producer price) deflation," she added

China's PPI fell 2% year on year in April vs a 1.8% fall expected in a Reuters poll.

Light volumes allowed the market to swing down more than 30 points early before halving the number at the close while most investors sat on the sidelines ahead of the Budget next Tuesday.

China's eco numbers today were barely different to expectations and failed to move the market.

"I'll call the market down 5"

"Bernborough" said, "A lot will depend on China's economic data today, but I think we will struggle to go up. I think we will wait for next week's Budget.

"There is no doubt in the world that people have been taking a bit off the top. There is more trading - the super funds are trading more than they did, including around stocks paying dividends.

"I'll call the market down 5".

The S&P/ASX200 closed up 41 points to 5476.8 last evening.

Movement Over The Week:

Market: As of: Latest Change As of:

May 2, 2014 May 9, 2014 May 10, 2013

$A1 = $US: Cents 92.74 93.71 +0.97 100.75

DJIA 16,558.87 16,550.97 -7.9 15,082.62

S&P 500 1,883.68 1,875.63 -8.05 1,626.67

Nasdaq 4,127.45 4,051.5 -75.95 3,409.17

FTSE 100 6,808.87 6,839.25 +30.38 6,592.74

US 30 Y **Bonds** % 3.41 3.43 +0.02 3.03

US$1 = Yen 102.3 101.58 -0.72 100.78

Euro1 = US$ 1.3864 1.3833 -0.0031 1.3028

Copper US $'s 6,645 6,729 +84 7,354

Aluminum US $'s 1,785 1,765 -20 1,891

Nickel US $- 's 18,285 19,400 +1,115 15,285

Zinc US $'s 2,020 2,033 +13 1,872

Lead US $'s 2,090 2,095 +5 2,017

Tin US $'s 22,860 23,200 +340 20,725

Iron Ore $us 105.4 103.7 -1.7 130.2

Spot month Crude US$'s 99.42 100.26 +0.84 96.39

Spot **Gold** US$'s 1,285 1,289 +4 1,459

Silver US$'s 19.04 19.16 +0.12 23.8

Platinum US$'s 1,423 1,436 +13 1,508

Palladium US$'s 813 804 -9 710

Uranium US$s (per lb) 30.75 29 -1.75 40.5

London Exchange Warehouse Stock

Movements over week

in metric tonnes As of: Latest Change As of:

(UK Dates) May 1, 14 May 8, 14 May 9 2013

Copper 231,000 213,025 -17,975 605,750

Aluminium 5,343,875 5,321,900 -21,975 5,151,950

Nickel 279,876 277,968 -1,908 178,398

Zinc 771,475 762,500 -8,975 1,044,300

Lead 193,875 193,475 -400 247,100

Tin 9,540 9,705 +165 14,010

The week ahead:

(Sat May 10: China New Yuan Loans, Aggregate financing.

(Sun May 11: Japan current a/c, Japan bank lending).

May 12: NAB biz confid/conditions. IPL int. US Treasury Budget. German wholsesale price index, UK BRC ret. sales.

May 13: Aussie Budget. Aussie hom loans. China inflat. US retail sales, export/imp, biz inv. Euro IP. German, France, Spain CPI. UK avg earnings.

May 14: CBA Mar qtr update. CSR fin. Japan GDP. Ex div: BTT ex 16c, MQG ex $1.60, UOS ex 2c; NAB ex 99c. US MBA Mort Ind, PPI, crude inv.

May 15: Aussie m/v sales. SPN fin. Japan consum confid. US jobless, CPI, Emp M'fr, IP, Capacity Utd, Phil Fed, NAHB Hous Ind. France, German GDP.

May 16: Ex div: RMD div. Japan IP, cap ute. US hous starts, bldg permits, Mich sent.

RBA STATEMENT

CPI expectation now down from 3% year on year to 2.3/4 % and 2.5% for end 2014 down from 2.3/4%.

GDP growth also lowered by a quarter percent to 3% for mid 2014, and for 2015 down 0.25% to 2.3/4% below trend.

"Growth of Australia’s major trading partners looks to have moderated a little in the March quarter, but indicators are consistent with the pace of growth remaining around average this year. There are some signs that the recent slowing in China may be temporary and the Chinese authorities have indicated a willingness to support investment growth, if needed, to achieve their target for output growth. In Japan, economic activity appears to have picked up as expected in the March quarter, ahead of the increase in the consumption tax in April, and this has been followed by a decline in some measures of activity. It remains to be seen whether the planned fiscal stimulus measures will be sufficient to offset the anticipated decline in household expenditure.

"Other east Asian economies appear to have been growing at around their decade-average pace. The US economy is showing signs of moderate growth, notwithstanding a slowdown in the early part of the year attributable, in large part, to adverse weather.

"Global inflation remains low, particularly in the advanced economies, while monetary policy is highly accommodative in most economies. The outlook for Australia’s trading partner growth is little changed since the February Statement. With the moderation in trading partner growth in the first quarter expected to be temporary, growth of Australia’s trading partners in year-average terms is forecast to be around its long-run average in 2014 and 2015.

"Commodity prices overall have declined over the past three months. Notable falls in the prices of iron ore and coal reflect a moderation in the demand for steel in China, some tightening of credit affecting the steel sector there, and continued expansion of the global supply of bulk commodities.

"Commodity prices, and hence the terms of trade, are expected to be a bit lower over coming years owing to the increased supply of bulk commodities following the significant investment in capacity. However, the demand for bulk commodities is expected to remain strong and bulk commodity prices are generally expected to remain well above their levels of recent decades.

Conditions in financial markets have been remarkably stable in the past few months, with historically low volatility evident in many asset classes. The US Federal Reserve has further pared back its program of asset purchases. The Bank of Japan has continued its pace of asset purchases, while the European Central Bank has expressed a preparedness to use additional measures if the medium-term outlook for inflation softens or financial conditions tighten.

"There has been an increase in investors’ appetite for risk with global equity prices reversing the falls recorded in January, demand for corporate bonds remaining strong and yields on sovereign bonds of several euro area periphery economies declining to multi-year lows. Conditions in many emerging markets have also improved, with their bond yields generally declining, equity markets rising and their currencies appreciating, reversing much of the movements seen in the second half of last year.

"Australian financial markets have followed the **lead** of international markets over recent months.

Equity prices have increased, while bond yields and spreads have declined or remained at relatively low levels. Domestic financing conditions remain very accommodative, with ongoing expansion in marketbased financing, while growth in business credit has picked up and housing credit growth has stabilised at a rate that is a little faster than income growth.

The Australian dollar has appreciated by around 4 per cent since the February Statement, supported in part by domestic economic data being a little stronger than markets had expected. This has taken the exchange rate back to levels seen late last year, though it is still about 10 per cent lower than the peak seen earlier in 2013.

In Australia, overall economic activity picked up over the past six months with the economy looking like it grew at close to its long-run average pace over this period. Much of this improvement was accounted for by a surge in resource exports, although there are also some signs of better conditions in parts of the non-**mining** economy. Still, non-**mining** investment remains subdued, as businesses are reluctant to take on significant new projects. Also, **mining** investment will decline substantially over the coming years, and growth in public demand is expected to be subdued owing to planned fiscal consolidation at state and federal levels. The still high level of **mining** investment has added to capacity in the resources sector and helped to underpin the particularly strong growth of resource exports over the past two quarters. Further capacity for bulk commodities is still coming on line, although this will likely be at a slower rate than of late. Meanwhile, **mining** investment will decline substantially over the coming years as more resource projects reach completion and few new projects commence construction in the near term. This decline will subtract significantly from economic activity, although it will also see a substantial reduction in capital imports.

Non-**mining** investment is estimated to have declined in the December quarter and remains low as a share of GDP. While this was consistent with survey measures of business conditions being below average through much of 2013, a number of those surveys suggest that conditions have lifted to around their average levels since mid last year.

Nevertheless, firms continue to report through the Bank’s liaison program that they are waiting to see a sustained pick-up in demand before committing to I ncreasing capital expenditure.

Household consumption growth picked up through 2013 as households became more optimistic about their finances, helped by low interest rates and the strength in the housing market. Over the past year, income growth was slower than that of consumption, with the saving rate declining a little.

A moderate pace of growth in consumption appears to have been sustained into early 2014.

The strength in the established housing market, with rapid price growth over 2013 and rising housing turnover, not only provided an impetus to consumption but has also provided the backdrop for a much anticipated pick-up in dwelling investment.

Dwelling approvals remain at high levels, and recent data on commencements point to strong growth in dwelling construction in the first half of 2014.

Nationwide housing price inflation has moderated a little in recent months from the earlier rapid pace, auction clearance rates have also declined from recent high rates and loan approvals have been stable for a few months. It remains to be seen whether these signs of a tempering of conditions represent a shift to a more sustainable growth rate for housing prices. At the same time, indicators of demand for new housing remain strong, including first home owner grants and loan approvals for new dwellings.

Labour market conditions have shown some signs of improvement over recent months, consistent with the earlier improvement in economic activity.

Employment growth picked up in the early months of 2014, following subdued growth over 2013. The unemployment rate has not increased over the past few months in contrast to the gradual upward trend of the previous year and a half. The participation rate also appears to have stabilised. Despite the

improvement in conditions, there remains a fair degree of spare capacity in the labour market. This has seen the growth of wages remain low, with most measures of wages recording their slowest pace of growth for a decade or more. The combination of slow wage growth and productivity growth a little above the average of the past decade resulted in very little growth in unit labour costs over 2013.

The slow growth of wages is now more clearly evident in lower rates of inflation for a range of consumer prices. This is especially so in the prices of market services, which tend to be relatively responsive to changes in labour costs. Inflation in the prices of those non-tradable items for which prices are regulated or the government is a significant provider have been running at a faster pace. Historically the prices of these items have been less sensitive to changes in domestic labour costs.

Overall though, non-tradables inflation has slowed over the past year to around 3 per cent, well below the average rate of nearly 4 per cent over the past decade. Inflation in the prices of tradable items, in contrast, has been running at a faster pace over the past year than in the preceding few years, consistent with the depreciation of the exchange rate since early 2013.

The various measures suggest that underlying inflation was ½ per cent in the March quarter, noticeably lower than the December quarter'steady at reading. These data appear to overstate the change in inflationary pressures in recent quarters and in this regard it is likely that the past two quarters of inflation data have reflected an element of noise.

Abstracting from this volatility by looking at the various measures in year-ended terms suggests that underlying inflation is running at a pace of around 2½ to 2¾ per cent. CPI inflation was a little higher than this, in part reflecting the rise in the tobacco excise in December.

The outlook for the domestic economy is little changed from that presented in the February Statement. Growth is expected to be a bit below trend pace over the next year or so, reflecting the decline in **mining** investment and weak public demand, offset to some extent by the support being provided to domestic demand by very low interest rates. This support is already evident in the recent strength in indicators of dwelling investment, as well as some pick-up in the pace of consumption growth".

As household demand picks up, businesses are expected to increase their investment given growth in the non-**mining** capital stock in recent years has been well below average. The depreciation of the exchange rate over the past year is also expected to make a contribution to a pick-up in activity in the traded sector, albeit to a slightly lesser extent than was anticipated in February given the appreciation of the exchange rate since then. The combination of these forces is expected to see growth increase gradually to an above-trend pace over 2015/16.

The unemployment rate is unlikely to decline consistently for some time. Forward-looking indicators of labour demand have improved recently, but they are still at low levels, consistent with relatively moderate growth of employment in coming months. With GDP growth forecast to be at a below-trend pace for the next year or so, the unemployment rate is not expected to begin to decline in a sustained fashion until after this, and then only slowly.

Inflation is forecast to remain consistent with the inflation target. The outlook for inflation reflects the influence of two opposing forces. There is expected to continue to be a fair degree of spare capacity in both product and labour markets, which is likely to contain profit margins and **lead** to moderate growth

of labour costs. Working in the other direction is the impetus to tradables prices coming from the depreciation of the exchange rate since early 2013.

Overall, the forecast for inflation is little changed from the previous Statement.

For most of Australia's major trading partners, the uncertainty surrounding the forecasts for growth appears broadly balanced. Notably, **Chinese** growth slowed in the first quarter of 2014, as it did in each of the past two years. But in both of those years growth picked up later in the year, in part because of government actions but potentially also reflecting a changing seasonal pattern. **Chinese** officials have recently announced an unchanged growth target for this year and emphasised the importance of stable growth to achieve job creation. In Japan, it is uncertain how the disruption to growth from the increase in the consumption tax rate will be balanced by the fiscal stimulus and the current stimulatory stance of monetary policy.

For the domestic economy, the key uncertainties surrounding the outlook relate to the balance of two key forces: the decline in **mining** investment and the pick-up in activity in the non-**mining** economy (which is being helped in large part by stimulatory monetary policy). The timing and strength of these remain subject to considerable uncertainty. Consequently, it could be that aggregate demand will be weaker or stronger than expected over the next couple of years, with resulting implications for inflation. The path of the exchange rate also presents a significant source of uncertainty for the forecasts of both economic activity and inflation. With resource prices and therefore the terms of trade expected to decline further, historical relationships suggest that the exchange rate could move lower over time. The decline in capital inflows that have helped to fund **mining** investment, the increase in income payments to domestic and foreign owners accruing from strong growth in resource exports, as well as the conduct of monetary policy in major countries and associated capital flows, could also affect the exchange rate.

The cash rate has been at its current low level for some time now, resulting in very low levels of household and business borrowing rates. This stimulatory setting of monetary policy is having the expected effect. The housing market has been strong and a significant pick-up in dwelling investment is in prospect. Household consumption has also strengthened as have some measures of business conditions. While there have been signs of improvement in the labour market over recent months, a fair degree of spare capacity remains. Over the next couple of years, growth in activity is expected

to pick up gradually but it is likely to be some time before unemployment declines consistently. This should see domestic costs remaining contained, which will be necessary to help offset the ongoing effect on prices of the depreciation of the exchange rate over the past year. The balance of these forces on consumer prices is expected to see inflation remain consistent with the inflation target through the forecast period. Since last August, when the cash rate reached its current low level of 2.5 per cent, evidence of the effects of the substantial degree of stimulus already imparted has continued to accumulate. At the

same time, the economy continues to face some significant headwinds, with the large decline in resources sector capital spending getting underway and fiscal consolidation in prospect. Also, while the exchange rate is noticeably lower than a year ago, it remains high and commodity prices have declined further over recent months. The outlook is uncertain but as currently assessed suggests that a degree of spare capacity will be present for much of the forecast period.

"Given that assessment, the **Board**'s view is that the current accommodative monetary policy setting is likely to be appropriate for some time yet".

TOP STOCKS

*Envestra was the talking point, up 20.5c or 18.14% to $1.33.5 on 28.9m shares after a counter bid by the Cheung Kong companies are ultimately owned by Mr LiKa-Shing, one of the richest men in the world vs APA's offer. APA was up 7c to $6.91 on 3.9m shares. (APA has 33% of Envestra).

*Arrium fell 5.5c to $1.10.5 on 14.9m shares on a slight risk seen to Arrium's non **iron ore** earnings.

Among the financials, AMP closed down 7c to $5.25 on 7.34m shares, ANZ ex 83c fell $1.08 to $32.72 on 11.12m shares, CBA rose 41c to $79.50 on 1.5m shares, NAB was up 24c to $34.38 on 5.29m shares, Westpac rose 4c to $34.94 on 3.94m shares.

Among the TMT's Telstra closed steady at $5.22 on 9.1m shares, Telecom NZ rose 1c to $2.44 on 1.58m shares, SingTel rose 1c to $3.26 on 783,154 shares.

Among the resources BHP closed down 31c to $37.34 on 3.66m shares, RIO fell 51c to $60.95 on 1.18m shares, Fortescue was down 1c to $4.81 on 16.3m shares, Atlas fell a half cent to 84c on 5.12m shares, BCI fell 2c to $4.05 on 421,704 shares. Mincor rose 2c to 90.5c on 1m shares, Western Areas gained 4c to $4.32 on 2.9m shares.

Among the oils, Woodside rose 5c to $41.25 on 895,234 shares, Santos was up 7c to $14.20 on 2.49m shares, Oil Search rose 2c to $9.12 on 3.8m shares.

Among the golds, Newcrest is up 7c to $10.41 on 1.6m shares, Kingsgate rose .5c to 88c on 382,076 shares, Northern Star was steady at $1.12 on 1.5m shares. Medusa fell 1c to $1.73 on 1.2m shares.

AMONG THE TOP 20 OVER THE WEEK

Macquarie was the winner, up 142c or 2.4% to $60.12 followed by AMP, up 12c or 2.3% to $5.25 and Origin, up 32c or 2.2% to $15.20.

On the downside ANZ (ex div today) fell furthest, down 162c or 4.7% to $32.72 followed by FMG, down 10c or 2% to $4.81 and QBE, down 18c or 1.5% to $11.63.

AT THE SMALLER END

*Bluechiip rose 1.3c to 5.4c on 913,700 shares on its deal in China.

*Prima was up 1.2c to 4.8c on 58.5m shares on the report below.

*Silex closed down 10.5c to $1.69.5 on 225,618 shares. In response to the ASX query said that talks between the GLE Consortium and the US Department of Eneryg with regard to GLE's proposal to establish a laser enrichment facility in Paducah Kentucky are ongoing, and may be completed in the current quarter, while there is considerable speculation as to whether the Federal Government will fund the proposed 100MW solar power station being planned by Silex subsidiary Solar Systems Pty Ltd.

Our Week's Special, "SMN: Structural Monitoring Systems' CVM Metal Stress Monitoring Technology In Pivotal Trials With Several Airlines - FAA Approval Will Bring Huge Commercial Success' posted separately.

NEW LISTING

Victor Group Holdings Ltd (VIG) closed at 22.5c on 40,000 shares, listed following an issue of 19.56 million shares at 20c each for up to 525 million shares following the offer.

Victor Group is the parent company of Hong Kong Victor International Enterprise Management Co Ltd which in turn has a wholly owned subsidiary in the PRC. Victor Group is the owner and operator of a business advisory and enterprise management consulting business in the PRC. The company's strategy is to achieve superior returns for its shareholders through expanding both its distribution and its seminars throughout the PRC and offshore markets.

Directors:

Wayne V Reid,OBE, Independent Non-Executive Chairman

Mr Wayne V Reid, is an Independent Non-Executive Director of the Company. He was appointed as a Director on 4 December 2013. Mr Reid, an Australian resident, has served on over 30 company boards of various companies across several continents in diverse and wide ranging industries, including insurance, pharmaceutical, retail, mining, stock-broking, construction, property development and hospitality. Mr Reid was previously an Executive Director of Jarden Morgan Europe S.A. managing its strategic investments and stock broking divisions. Prior to that, Mr Reid also owned and controlled a division of one of the world's leading credit card companies.

In addition to his professional achievements, Mr Reid has spent 11 years as the Vice President of the Association for the Blind and is a Life Governor of the Association. He was also formerly President of Kooyong Low Vision Aid Centre and a recipient of the Vision Australia Honour Award.

Mr Reid was the President of the Confederation of Australian Sports, President of Tennis Australia, President of the Melbourne Football Club, Vice President of International Tennis Federation and a Member of the Australian Sporting Hall of Fame. Mr Reid was also a member of the Federal Government's 6 members Sports Advisory Council and a Foundation Director of the Australian Institute of Sports. For his services and contributions to both sports and community in Australia, Mr Reid was awarded the Order of the British Empire (O.B.E.).

Zhang, Bin, CEO and Deputy Chairman

Mr Zhang, Bin is the Deputy Chairman and Chief Executive Officer of the Group, and Chief Executive Officer of Shanghai Kesheng and founder of the business of the Group. Mr Zhang is an entrepreneur with over 10 years experience in the enterprise management consulting industry.

Mr Zhang is responsible for the day to day operations of the Business and regularly gives lectures to clients who attend the Company's courses.

David P Batten, Independent Non-Executive Director

Mr David P Batten, is a Non-Executive Director of the Company. He was appointed as a Director on 4 December 2013. Mr Batten, an Australian resident, has over twenty five years of experience in the financial markets with more than half of that managing and leading his peers. His specialty has been in the complex world of derivatives where he has experienced bullion, equity, commodities, foreign exchange and interest rate markets.

David has primarily worked for brand name foreign banking institutions such as Bankers Trust Australia, Goldman Sachs JB Were and the Republic Bank of New York (both in Sydney and New York) within the corporate arena. He is currently Chief Executive Officer/Director at the Global Derivatives Firm BMFN Pty Ltd.

Liu, Xinjie, Non-Executive Director

Mr Liu, Xinjie is a Non-Executive Director of the Company. He was appointed as a Director upon incorporation of the Company on 11 September 2013. Mr Liu is currently the Finance Manager of Achieva Capital (Shanghai) Ltd, and a Director of Achieva and Achieva Capital Management and he holds a bachelor of science in management from Shannxi University of Science & Technology, Xi'an, the PRC.

Frederick C Kempson, Independent Non-Executive Director

Mr Frederick C Kempson, is an Independent Non-Executive Director of the Company. He was appointed as a Director on 6 January 2014. Mr Kempson, an Australian resident, is Managing Director of Kempson Capital Pty Limited (corporate consulting for domestic and international corporations and high net worth individuals) - since 2001 Chairman - Simple Trade Pty Ltd (Swedish controlled Internet company) - since 2007 Chairman Advisory Board - Forte Wealth Management limited (wealth management) since 2012 Chairman designate - Etivity Corporation Limited (Cloud IT company soon to be publicly listed on ASX) since 2013 Director - Ocean Spray Group Inc (Hong Kong seafood investment company) since 2008 Alternate Director – Octief Holdings Pty Ltd (hazard material monitoring services group) since 2013.

Previous major company directorships and managerial roles include , Australian representative for Bank of New York IMB (Swiss bank subsidiary of Bank of New York) 2001- 2006 Managing Director - Security Pacific Limited (international investment bank holding company subsidiary of Security Pacific National Bank California) 1985- 1992 Managing Director - Australian International Finance Corporation Limited (ANZ Banks investment Bank) 1981- 1985 Deputy Chairman - Australian Merchant Bankers Association 1986- 1992 Director - NBN Ltd (public listed television company) 1987- 1990 Director - Fulcrum limited (leverage buyout fund) 1987- 1993 Chairman - Engsteel Ltd (Russian steel Australian distributor) 2008-2013 Director - Umami Seafood Inc - (USA public listed aquaculture corporation) 2009- 2011 Numerous consulting roles for major international and domestic corporations and Australian State Governments.

Mr Kempson was the non-executive chairman of Millhouse IAG, a company that was placed into voluntary administration on 7 May 2010 and then following that into provisional liquidation.

Millhouse IAG operated in the high risk business environment of providing venture capital to start up business predominantly in Germany. Upon entering into administration the Company owed unsecured creditors $4.67 million. Questions raised by the administrators and the provisional liquidators were referred to ASIC. However, Mr Kempson has not been contacted by ASIC in relation to any investigation.

NEWS OF THE DAY

Canaccord Genuity (Australia) Ltd's chairman Warwick Grigor's "Weekly Charts & Commentary" posted separately.

Ex div: ANZ ex 83c; TWD ex 8c.

LARGE CAP INDUSTRIALS

*APA/ENV: APA seeks adjournment of May 13 meeting in light of new offer

APA Group announced it notes the announcement issued by Envestra that it has received an indicative, non binding, highly conditional off market takeover proposal from a consortium that includes members of the Cheung Kong Group (ultimate owner Mr Li Ka-shing).

In light of this proposal Envestra has announced it will be seeking from the Federal Court an adjournment of the scheme meeting previously scheduled for May 13 2014.

The Scheme Implementation Agreement between Envestra and APA remains on foot. A further announcement will be made in due course.

Market Cap $5.8b. / $2.4b.

APA up 7 cents to $6.91 / ENV up 20.5 cents to $1.335

*CFX: Acquires additional 25% interest in DFO South Wharf

CFS Retail Property Trust Group announced the simultaneous acquisition and settlement of an additional 25% interest in DFO South Wharf, taking its stake in the Melbourne CBD retail outlet centre to 75.5

the quarter share of the asset was acquired for $87.6 million from Plenary Group, in line with an independent valuation. Plenary Group will retain a 25% interest. The transaction price was based on a valuation of a 100% interest in the asset of $350.2 million and a blended cap rate of 7.5%.

Market Cap $6.2b.

CFX up 2 cents to $2.05

*ENV/APA/Other: Counter bid by Cheung Kong Group for $1.32 cash

Envestra announced after market close on May 7 it received an indicative non binding takeover proposal to acquire all of Envestra's shares for a cash consideration of $1.32 per Envestra share, from a consortium comprising Cheung Kong (Holdings) Ltd, Cheung Kong Infrastructure Holdings Ltd and Power Assets Holdings Ltd, each of which is a member of the Cheung Kong Group.

Cheung Kong Infrastructure Holdings (Malaysian) Ltd currently holds 17.46%of Envestra shares.

Minimum condition is more than 50% by number of Envestra shares, including CKI's current 17.46% interest.

Subject to the usual conditions and FIRB approval. Cheung Kong does not expect the ACCC approval to be a condition to an offer. (May 8)

*IAG: Fitch has announced it is ceasing coverage of Insurance Australia Group Fitch announced it will cease coverage of IAG's main operating subsidiaries on or around June 9 for business reasons. The Insurer Financial Strength Ratings (IFS) of Insurance Australia Limited and IAG (NZ) Limited are currently 'AA-'. The Outlook is Stable. Fitch reserves the right in its sole discretion to withdraw or maintain any rating at any time for any reason it deems sufficient. Fitch believes that investors benefit from increased rating coverage by Fitch and is providing approximately 30 days' notice to the market on the withdrawal of IAG's main insurance subsidiaries' ratings as a courtesy. Fitch's latest rating action on the issuers took place on 16 December 2013, whereby Fitch affirmed its ratings of IAG's main insurance subsidiaries.

Market Cap $13.56b.

IAG down 2 cents to $5.79

*JBH: To buy back 1.438 mln shares to offset exercise of employee options

JB Hi-Fi Ltd advised it intends to undertake an on market share buyback of up to 1.438 million shares or 1.4% of shares on issue at a cash cost of around $27.2 million, based on yesterday's closing share price, to offset the dilutionary impact of shares issued in 2014 pursuant to the exercise of employee shae options.

The buyback will take place between May 26 and June 30.

JBH will also consider further initiatives as part of its ongoing capital management strategy. JBH will engage Macquarie Securities (Australia) Ltd to undertake the buyback.

Market Cap $1.95b.

JBH up 53 cents to $19.47

*NWS: News Corp net income down in 3rd qtr but up on f/casts

News Corporation last night reported net income in the quarter through March came to $US48 million, or 8USc per share, down from $US323 million, or 56 US c per share, a year ago. Last year, News Corp had booked a gain on the sale of its stake in New Zealand pay TV operator Sky Network.

Excluding that and other items, adjusted earnings fell two cents to 11US c per share vs 2US c expected.

Revenue for the quarter fell 5% to $US2.08 billion, vs $US2.07 billion expected.

Market Cap $379m

NWS up 54 cents to $18.29

*REA: EBITDA, revenue strongly higher for 9 months vs pcp

REA Group Ltd advised year to date financial information for REA was released by News Corp in its report for three and 9 months today (NWS has 61.6% of REA Group).

For the 9 months REA segment EBITDA was $A162 million vs $A117 million last year on revenue worth $318 million vs $244 million for the previous corresponding period (pcp).

Free cash flow was $107 million vs 85 million for the pcp.

REA Group Chairman Hamish McLennan said in the report revenue growth of 30% and EBITDA growth of 38% over the prior corresponding period demonstrates the strength of the business.

Market Cap $6b. REA down $1.11 to $45.76

LARGE CAP RESOURCES

*AWC: All resolutions adopted by wide margin

Alumina Ltd, amending its results of meeting at the AGM announced all resolutions except the Spill Resolution (a contingent item that has no effect) were adopted by a wide margin.

Market Cap $3.75b. AWC up 1.5 cents to $1.335

MID TO SMALL INDUSTRIALS

*BCT: Exclusive licensee deal for China

Bluechiip Ltd announced it has executed a Development and Commercialisation Agreement with Eastern Equipment Trading Company or its nominee granting an exclusive licence to market Bluechiip products in China, Hong Kong and Macau for seven years with an option to extend for a further three years. Payment will include an upfront payment on signing, milestone payments and royalties on net sales.

Including royalties, this would approximate to an amount approaching $500,000 in year 1. Bluechiip's initial obligations include $35,000 worth of product and technical assistance.

Market Cap $6.3m.

BCT up 1.3 to 5.4 cents

*CNI: Centuria to sell 50 Qn St Melbourne for $40.7m vs $26.5m when acquired

CNI Subsidiary Centuria Property Funds Ltd announced it has entered into an unconditional contract to sell its commercial office building at 50 Queen Street Melbourne for $40.7 million. The property was part of the Becton Office Fund No 2 which Centuria took over in September 2010 at which time the property valuation was $26.5 million. Settlement is due for mid June 2014.

Market Cap $63m.

CNI down 1.5 to 80.5 cents

*HDX: New contract for on mine grade control at Solomon Hub

Hughes Drilling Ltd announced said since commencing a three year contract for on mine grade control at Fortescue Metals Group's Christmas Creek mine in September 2013 using three grade control drills, JSW and their Aboriginal j/v partners Eastern Guruma have secured a new contract for on mine grade control drilling at Fortescue's Solomon Hub mines.

The new contract commenced using three drills and is ramping up to five grade control drills with several of the drills operating double shifts.

The j/v has 30% Aboriginal employment participation on both Fortescue Grade Control contracts, and follows the Chamber of Commerce and Industry of WA's award to JSW for excellence in indigenous training.

Market Cap $50m.

HDX up 1.5 to 24 cents

*PRR: Fast track from FDA in orphan drug designation for Cvac

Prima BioMed Ltd announced the US FDA has granted Fast Track Designation to the Cvac clinical development program at Prima. This program is intended to improve overall survival in patients with relapsed with relapsed platinum-sensitive epithelial ovarian cancer who enter a second complete remission. Prima will work closely with the FDA in accelerating its development program for Cvac to potentially bring this treatment option to patients in the US.

Market Cap $59m.

PRR up 1.2 to 4.8 cents

*RDF: Expects loss in 2nd half and for yr, EBITDA to be up/outlook cautious

Redflex Holdings Ltd advised following an evaluation of its strategic growth options by global consulting **firm** LEK, the **company** has engaged Canaccord Genuity Corp to assist with the identification of strategic opportunities.

Also Redflex has engaged a leading recruitment **firm** to assist in the search for a CEO.

Full year results update

The **company** said following guidance at the half year that the **company** expected the second half results to be break even at best on a profit before tax basis, the **company** now expects a loss before tax of between $7/9 **million** for the second half, with positive EBITDA of $5/7 **million** for the second half.

The full year loss before tax is expected to be $2/4 **million** with positive EBITDA of $25/27 **million**.

Conditions within the US market continue to be difficult and Redflex is currently experiencing a higher than normal number of cities choosing not to renew their programs - no intersections have been lost to competitors, cities have just decided not to continue with enforcement programs.

The resultant reduction in cameras and associated asset writedowns together with a lack of new installations has negatively impacted the **group**'s US revenue base and profitability. The Chicago program was also completed in February, resulting in reduced revenue going forward.

During the second half of this financial year, Redflex will incur non recurring costs of approximately $2.3 **million** on payouts for the strategy work, engagement of Canaccord Genuity and follow up actions. Also there was adverse weather in the US for a period that significantly reduced traffic volumes and traffic violations for an extended period of time.

Market Cap $109m.

RDF down 3 to 98 cents

*TFC: Adam Gilchrist resigns as director, continues as global ambassador

TFS Corporation Ltd announced Adam Gilchrist will resign as a director due to his increasing media and other professional commitments. He will continue as global ambassador for TFS, a position he has held since June 2010.

The chairman Patrick O'Connor paid tribute.

Mr Gilchrist said he has been an investor and shareholder in TFS Corp for almost 14 years, and he has no doubt the business is extremely well positioned to capitalise on future opportunities.

Market Cap $502m.

TFC down 5 cents to $1.78

MID TO SMALL RESOURCES

*BOA: Anomalous Ni, Cu, Co and chromium at Symons Hill 5 km north of Nova

Boadicea Resources Ltd advised results from the **company**'s first drill program at Symons Hill located 5 km north of the Sirius Resources Nova discovery has outlined an anomalous trend of nickel, **copper**, cobalt an chromium, corresponding to deeply weathered ultramafic and mafic rocks located along strike from Nova.

A number of holes finished in **iron** rich oxidised rocks containing higher values towards the end of the holes.

Full results were tabled.

The next phase of work is being considered.

Market Cap $4.5m.

BOA untraded last at 17 cents

*FNT: Swit Kia (formerly Suguma) project in PNG initial drilling

Frontier Resources Ltd announced the April 1st 2014 program exploring for high grade **gold** mineralisation at the Swit Kia Prospect (formerly Suguma) PNG was completed in late April.

Chairman and managing director Peter McNeil Mc said the report mineralised outcrops in the Swit Kia area were located, cleaned and systematically sampled as possible. The local geology, structure and orientation of the **gold** mineralisation is now much better understood.

The relationship between the Upper and Lower Zones is not well understood. The intensity of brecciation and alteration in the Upper Zone suggests it is closer to the major mineralising conduit, whereas the Lower Zone has significant widths of more passive conformable mineralisation.

Market Cap $3.9m

FNT up 0.5 to 1.2 cents

*SFX: Placement at 81c raises $11.5mln/PFS, DFS for 1st min sands in 2017

Mineral sands developer Sheffield Resources Ltd advised it has resolved to raise up to $11.5 **million** through a placement of up to 14.2 **million** shares at an issue price of 81c per share to sophisticated and professional investors. The placement follows the release on April 14 of the Thunderbird Scoping Study results that highlighted the project's large scale, long life and exceptional financial returns.

Hartleys Ltd, Sheffield's corporate adviser, is broker to the offer.

Managing director Bruce McQuitty said in the report the **company** was very pleased with the strong demand for the capital raising, Sheffield will have a robust balance sheet to deliver on its milestones - the **company** expects to deliver the Thunderbird pre feasibility study in first quarter 2015 followed by the DFS, for a target of initial production in 2017.

Subject to shareholder approval, directors have committed to contribute $320,000 to the placement.

Market Cap $111m.

SFX up 6 to 93 cents

*TEX: To sell 10% of Fairway for $6.5 mln

Target **Energy** Ltd announced it has released a webcast, announcing it will sell 10% of Fairway for $6.5 **million**.

Market Cap $23m.

TEX steady at 5 cents

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