

## HD MARKET MILDLY LOWER AT MIDDAY AS EXPECTED

BY Jenny Prabhu

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The S&P/ASX200 is down 5.8 points to 5505.5 at midday on light volume worth \$1.4 **billion**. There are 459 issues higher and 386 down. The SPI Futures is up 1 point to 5462 on light volume of 7956 contracts. Aussie 10 year bond yields are down 4 points to 3.43%, the \$A is at 93.42US c, down about 30 points from early levels.

\*The banks have contributed 6.8 negative points to the index, insurers have contributed 0.5 negative points, resources have contributed 3.9 positive points, **property** trusts have contributed 0.1 negative points, retailers have contributed 2 negative points, Telstra has contributed 0.5 positive points.

\*The Nikkei Dow futures is down 20 points to 15,380 points, Shanghai CSI physical is up 1.82 points to 2072.17, Hang Seng futures is up 73 points to 23,509 points. S&P futures is up 10 points to 1968.10, Nasdaq futures is up 3.5 points to 3916, Dow futures is up 3 points to 17,001 points.

**Gold** futures are up \$3 to \$1297. crude futures are up 31c to \$100.27.

\***China**'s GDP came in at 7.5% in the June quarter from a year earlier, the statistics bureau reported vs 7.4% expected and higher for the first time in three quarters.

\***China**'s Industrial Production rose 9.2% in June vs a year earlier vs 9% expected and up from 8.8% in May.

\***China**'s Fixed asset investments excluding rural households increased 17.3% in the first half from a year earlier vs up 17.2% expected.

Resources stocks have rallied on positive **China** numbers while the banks have been the major weight on the index given a vast amount of commentary suggesting profits are too high and the banks are over priced.

"Support is at 5500, resistance at 5525 and then at 5535... close down 5 points"

Ben Faulkner, a senior adviser with Morgans said, "There were quite big ranges on both the S&P and Dow last night - the S&P had an 18 point range, the Dow nearly 120 points. With volatility still there it could cause some sort of correction in the future.

"**Gold** continued to fall last night. It's broken the \$1300 level that previously had provided good support. The next support is now \$1280. The chart there still looks pretty bearish, but it is more than likely to see some good support at \$1280.

"The \$A/\$US saw a quite interesting move yesterday after the RBA Minutes. That chart is also quite interesting - for four consecutive days it has tested and closed below the 20 day moving average. There is not much volatility in the \$A at the moment. I would not be surprised to see it head back to 93US c and possibly break down to 92US c over the coming week. There are early signs of a short term downtrend there.

"The German market resumed its downtrend after a bit of a relief rally. It looks a bit precarious now - I would expect it to test the 9600 level.

"The S&P had quite a volatile night. Intra day it did test the 20 day moving average but found support there. It also tested the 1180 level which has proven to be resistance in the past. Resistance did not break but also support held - volatility is increasing there. We would really want to see 1967 hold for the S&P over coming days.

"Our market started strong but then got **sold** into. There was a lot of profit taking around the 5530 level.

"What I have noticed is the appetite for shorting banks, especially CBA has increased. It is testing a triangle formation that is forming on the CBA chart.

"Back to the XJO, 5535 seems to be a level for traders to take profits, but we still had a good close back above 5500 which is a critical level for us to hold.

"If we break it we could see 5450 pretty quickly.

"For today support is at 5500, resistance at 5525 and then at 5535.

"I will call us down 5 points. We will probably see a bit of a rally early on but it will likely get **sold** into".

The S&P/ASX200 closed down 0.1 to 5511.3 last evening.

#### ECO NEWS

THE ABS REPORTED THE TREND ESTIMATE OF THE VALUE OF TOTAL BUILDING WORK DONE ROSE 1.5% IN THE MARCH QUARTER.

The seasonally adjusted estimate of the value of total building work done rose 3.7% to \$21,822.5m in the March quarter, following a fall of 0.4% in the December quarter.

#### NEW **RESIDENTIAL** BUILDING WORK DONE

The trend estimate of the value of new **residential** building work done rose 2.5% in the March quarter. The value of work done on new houses rose 2.1%, while new other **residential** building rose 3.2%.

The seasonally adjusted estimate of the value of new **residential** building work done rose 7.6% to \$11,249.5m in the March quarter. Work done on new houses rose 5.3% to \$6,700.6m, while new other **residential** building rose 11.1% to \$4,549.0m.

#### NON-**RESIDENTIAL** WORK DONE

The trend estimate of the value of non-**residential** building work done rose 0.3% in the March quarter.

The seasonally adjusted estimate of the value of non-**residential** building work done fell 0.3% in the March quarter, following a fall of 0.2% in the December quarter.

#### TOP STOCKS

\*Boart Longyear fell 3.7c to 9.8c on 14m shares before asking for a trading halt.

\*Sirius is up 57c to \$4.01 on 4m shares on the report below.

\*Orocobre is up 16c to \$2.79 on 725,976 shares, also world's largest \$3 **billion** lithium t/o announced last night.

Among the financials, AMP IS down 4.5c to \$5.27.5 on 4.2m shares, ANZ is down 14c to \$33.09 on 1.98m shares, CBA has shed 35.5c to \$81.14.5 on 647,145 shares, NAB is down 16.5c to \$33.84.5 on 1.48m shares, Westpac has shed 23c to \$33.84 on 1.22m shares.

Among the TMT's Telstra is up 1c to \$5.40 on 4.9m shares, Telecom NZ is up 1c to \$2.58 on 217,006 shares, SingTel is up c to \$3.36 on 95,258 shares.

Among the resources BHP is up 6c to \$38.09 on 2.87m shares, RIO is up 56c to \$63.66 on 956,003 shares on its quarterly report, below. Fortescue is up 14c to \$4.45 on 12.78m shares on its quarterly report, below. Iluka is up 28c to \$8.49 on 1.3m shares, also quarterly below. PanAust is up 2.5c to \$2.21.5 on 1.34m shares after its quarterly yesterday, BCI is up 6c to \$3.30 on 250,067 shares.

Among the oils, Woodside is up 3c to \$4.158 on 600,476 shares. Santos is up 16c to \$14.26 on 1.29m shares. **Oil** Search is down 5c to \$9.47 on 978,620 shares, Karoon is down 10c to \$3.27 on 368,760 shares.

Among the golds, Newcrest is down 30c to \$10.73 on 1.89m shares, Oceana is down 13c to \$3.16 on 192,443 shares, Alacer is down 10c to \$2.65 on 132,169 shares, Medusa is up 1.5c to \$1.71.5 on 1m shares, Regis is down 4.3c to \$1.74.2 on 821,120 shares.

AT THE SMALLER END

\*Boom Logistics is up .7c to 13.2c on 300,000 shares, also report below.

NEWS OF THE DAY

Changes in substantials reported on July 14 and 15 inc posted separately.

LARGE CAP INDUSTRIALS

\*BLY: Asks for trading halt

Boart Longyear Ltd asked for a trading halt pending an announcement.

\*MQA: Acquiring extra 0.7% in APRR parent for \$60mln/bookbuild today

Macquarie Atlas Roads International Lt announced it has entered into an agreement to acquire an additional 1.4% in Macquarie Autoroutes de France 2 SA (MAF2) the **company** through which MQA and certain Macquarie managed entities hold their indirect investment in Autoroutes Paris-Rhin-Rhone. The **acquisition** will increase MQA's economic interest in APRR by 0.7% from 19.44% to 20.14%. The vendor is a Macquarie managed vehicle which is concurrently selling an equal **stake** to third parties on the same terms.

The **acquisition** will be funded by a placement of new MQA stapled securities to eligible institutional and sophisticated investors to raise approximately \$60 **million**. The bookbuild will be conducted today.

LARGE CAP RESOURCES

\*AGO: Official opening of Mt Webber mine

Atlas **Iron** Ltd announced the official opening of its Mt Webber mine in WA's Pilbara region. This follows the start of **mining** activity in December 2013 and crushing and screening **operations** from June 1 2014 with haulage **operations** set to commence on July 18. (Jul 15)

\*FMG: Production, shipments up in quarter vs pcg

Fortescue Metals **Group** Ltd in its June quarterly report in highlights included 43.8 **million** tonnes(wmt) of **ore** was mined up 48% on the March quarter and up 28% on the previous corresponding period (pcp).

Total **ore** shipped was 38.7 Mt up 23% on the March quarter and up 55% on the pcg.

Fortescue **ore** shipped was 37.6Mt up 22% on the March quarter and up 58% on the pcg.

C1 costs were \$US34.03/wmt down 2% on the March quarter and down 6% on the June 2013 quarter.

\*ILU: Production, sales, revenue down as expected

Iluka Resources Ltd for the June quarter and year to date reported

for the quarter: Total mineral sands production was 257.7Kt vs 300.2Kt for the previous corresponding period (pcp).

Year to date production was down 16.3% to 478.9Kt.

Zircon production was 96.2Kt vs 62.4Kt for the pcg and 77.8K5t for the March quarter, Rutile production was 44.9K5 vs 34.8Kt for the pcg and vs 33.2Kt for March quarter.

And Synthetic Rutile production was Nil for the March and June quarters this year vs 30Kt for the June 2013 quarter.

For the year total mineral sands production was 478.9Kt vs 572Kt for the previous year.

Total mineral sands sales were 498.9Kt vs 434.2Kt for the previous year.

Total revenue per tonne of Z/R/SR **sold** as \$A was 1,015 \$A vs 1,178\$A for the previous June quarter.

Iluka updated its continuing exploration activities for mineral sands in several other areas both in Australia and at early stages in several international jurisdictions.

\*RIO: Retains **iron ore** guidance, lifts guidance for **copper** for full year

Rio Tinto CEO Sam Walsh tabling the quarterly report said the **group** had achieved another strong half year powered by productivity gains across the business. **Iron ore** expansion continues to deliver high margin growth, reinforcing RIO's position as a low cost producer.

\*First half shipments of **iron ore**, production and rail volumes were all records.

The rail duplication and trackwork required for the 360 Mt/a expansion is complete.

Global **iron ore** production is 73.1Mt up 11% on the 2nd quarter, up 10% on the first quarter while first half production

Full year production guidance for **copper** has been increased following strong production during the first half, driven by higher grades and concentrator recoveries at Kennecott Utah **Copper** and the ramp up at Oyu Tolgoi, with RIO's share of full year mined **copper** moving to about 585,000 tonnes from 570,000 tonnes and refined **copper** production to 300,000 tonnes from 260,000 tonnes.

Global **iron ore** production for the 2nd quarter is 73.1Mt up 11% on the previous corresponding period, and for the half year is up 10/5 to 139.5Mt.

Bauxite production for the quarter was 10.1Mt, down 7% on the pcq, up 1% on the first quarter and for the half year, was down 2% to 20.2Mt.

Aluminium production was steady for the quarter at 839Kt vs the pcq, for the first half was also steady at 1,671Kt.

Hard coking **coal** production was up 6% to 2Mt vs the pcq and was up 9% to 3.9Mt for the year.

**Uranium** production at Rossing was down 53% to 455,000 lbs for the quarter vs the pcq and was down 44% to 1,099,000 lbs for the half year.

Production at ERA was nil for the quarter and half year.

Semi soft and thermal **coal** was down 7% to 6.7Mt for the quarter vs the pcq and up 2% to 13.5Mt for the half year.

Titanium dioxide feedstock was down 19% to 372Kt for the quarter vs the pcq and down 14% to 762Kt for the half year.

Exploration and evaluation expenditure was \$US340 **million** for the first half, sustaining the savings achieved in 2013 whilst progressing the highest priority projects.

The **sale** of Rio Tinto's interest in the Clermont thermal **coal** mine was completed on May 29 for cash consideration for \$US1.015 **billion** before adjustments for working capital and net debt.

Diamonds recovered at Argyle were down 21% to 2,459,000 karats for the quarter vs the pcq and down 4% to 4,920,000 karats for the half year.

At Diavik, mined carats were 1,290,000 up 38% on the pcq and up 15% to 2,409,000 carats for the half year.

At Murowa carats were up 21% to 83,000 for the half year and up 0.4% to 152,000 for the year.

On the corporate front, on April 7 Rio Tinto announced it had gifted its 19.1% shareholding in Northern Dynasty Minerals Ltd owner of the Pebble Project to two local Alaskan charitable foundations.

On May 26 Rio Tinto and its partners, **Chinalco** and the International Finance Corporation signed the investment framework with the Government of Guinea for blocks 3 and 4 of the Simandou project. This marked a significant milestone, providing the legal and **commercial** foundation for the project.

Guidance

**Iron ore:** Rio expects 2014 global shipments of approximately 300 tonnes of **iron ore**. Global production guidance for **iron ore** is unchanged at 205 **million** tonnes on a 100% basis subject to weather constraints.

**Copper:** Rio Tinto increased its **copper** guidance to be approximately 585,000 tonnes vs 570,000 t previously and refined **copper** production to be 300,000 tonnes vs 260,000 t previously.

Aluminium: Rio Tinto's share of bauxite and aluminium production for 2014 is unchanged at 41 **million** tonnes and 3.4 **million** tonnes respectively. **Alumina** production guidance is revised to 7.6 **million** tonnes vs 8 million tonnes previously, excluding **alumina** production from the Gove **alumina** refinery which moved to care and maintenance in May 2014.

Thermal **coal:** Rio Tinto expects to increase its share of thermal **coal** production to 17.5 **million** tonnes from 156.7 **million** tonnes.

**Uranium:** Rio Tinto's share of **uranium** production across Rossing and ERA in 2014 is expected to be between 4.3 and 5.1 **million** pounds. This follows operational changes at Rossing in response to current market conditions.

\*SIR: Hi grade Ni/Cu/Ptm discovery at Taipan prospect, other

Sirius in an exploration update announced a high grade nickel-**copper**-platinum discovery in the first hole at the Taipan prospect, Polar Bear project. A large conductor has been identified near and below Nova in Samson deep-penetrator EM survey and verified in downhole EM.

Nickel-**copper**-cobalt enrichment and magmatic sulphides have been confirmed in first pass drilling at Crux. (More to follow)

#### MID TO SMALL INDUSTRIALS

\*BOL: Lists impairments/ adjusted EBIT in line with consensus expectations

Boom Logistics Ltd advised it expects its full year June 30 to include a goodwill impairment of around \$70.8 **million**, a restructuring provision of around \$6.5 **million**, an impairment of assets held for **sale** of around \$4.5 **million** and an impairment of fixed assets in WA of around \$5 **million**.

Boom has also incurred \$2 **million** of trading adjustments during the year relating predominantly to restructuring, redundancies the "One Boom" project to integrate the Boom Sherrin and Crane Logistics businesses and legal costs associated with advancing its claim in the 18m glove and barrier matter.

Boom expects the Statutory EBIT for 2014 to be a loss of around \$75 **million** vs a profit of \$7.1 **million** for the previous corresponding period and the trading EBIT to be a profit of around \$13.8 **million** vs \$26 **million** last year. The trading EBIT is in line with consensus.

Boom has continued to generate significant free cash flows which it has applied to further reduce its debt balance.

At June 30 Boom's net debt was \$89.55 **million** vs \$115.8 **million** last year. Boom has invested around \$16 **million** in new capital during the year.

Boom's NTA backing per share after the impairments listed is 49c vs 51c last year.

Boom expects to release its audited full year result on August 12, confirming a trading EBIT of around \$13.8 **million** in line with market consensus.

\*DVN/LEI: Devine seeking t/o of entire **company**, including LEI 50.6% **stake**

Devine **Group** Ltd and Leighton Holdings Ltd advised following the announcement on June 25 that Leighton had commenced a confidential expression of interest process to seek potential investors for its 50.6% **stake** in Devine, the **Board** of Devine has formed the view it is in the best interests of Devine shareholders to explore a formal **sale** process for all of the shares in the **company**.

As a result Devine and Leighton have entered into arrangements in relation to the **sale** process, to be administered solely by Devine and overseen by an independent **board** committee of Devine in consultation with Leighton and its advisers.

There are no assurances that a sales will be finalised. Devine has appointed Goldman Sachs as financial adviser and King & Wood Mallesons as legal advisers.

\*NOD: Update on divisions/outlook positive

Nomad Building Solutions Ltd advised the outlook for its McGrath Homes remains positive in 2015 while the second half of 2014 EBITDA result for McGrath will be approximately \$450,000.

For Nomad rental, the 56 room accommodation facility (King village) in Karratha, achieved an average 62% occupancy for the March quarter up from 47% average occupancy for the first half of 2014.

Currently there is an oversupply of accommodation in the Karratha area.

Nomad also updated legacy and other issues.

Nomad has 5 houses for **sale** in Derby, WA, and two properties in Roma, Queensland, expected to provide cash receipts of approximately \$2.5 **million** by December 2014.

At end June Nomad had \$8.2 million in cash or adjusted for the South Hedland Development Infrastructure payment net cash falls to \$5.67m including \$1.7m held against bank guarantees.

On the corporate front, Peter Hogan will retire from the **board** on July 31, previously MD. The **board** paid tribute.

Managing director and CFO said the **company** is making sound progress and expects to be in an improved position to focus on growth opportunities including potential merger or **acquisition transactions**.

\*OCL: Appointed accredited supplier to WA Govt for ICT services

Objective Corporation Ltd announced it has been appointed an accredited supplier to the Western Australian Government under the Information and Communications Technology (ICT) Common Use Agreement 14008. The CUA 14008 is a mandatory agreement for all WA public authorities purchasing ICT services.

#### MID TO SMALL RESOURCES

\*AGS: Alliance Resources Ltd announced with regard to the **sale** of the Four Mile **Uranium** Project, the **company** has been contacted by shareholders holding more than 7% of Alliance's shares, foreshadowing the calling of an EGM if not given satisfactory answers to certain questions pertaining to the **sale** of Alliance Craton Explorer Pty Ltd's 25% interest in the Four mile **Uranium** project. The **board** does not respond to an individual shareholder's queries but informs all shareholders that the terms of settlement with Quasar Resources Pty Ltd and Heathgate Resources Pty Ltd are confidential to both parties.

Also as announced on June 17, if a **sale** of the project can be achieved it will be subject to shareholder approval.

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