HD **MARKET EXPECTED TO CLOSE MILDLY LOWER TODAY**

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

Markets were sharply weaker in Europe and the UK partly on Crimea concerns, partly on the small solar power company in China being allowed to default, with metals worried on South Africa's having passed amendments to its Minerals & Mining Act.

US markets closed mixed.

On the NYSE where 3208 issues traded there were 1,331 issues higher, 1,796 down and 81 unchanged. On Nasdaq where 2705 issues traded there were 1,277 issues higher , 1,325 down and 103 unchanged.

Metals were sharply lower, crude rose, gold weakened. The $A is at 90.66US c, down 20 points from Friday evening.

*On Saturday China reported its CPI came in at 2% for Febraury vs 2.1% expected.

*The PPI fell 2%, more than expected, extending to 24 months the longest decline since 1999.

Customs Data on Sunday showed China's exports fell 18.1% in February from a eyar earlier, the biggest drop since the global financial crisis. Imports rose 10.1%, leaving the trade deficit at the largest in two years.

Combined January-February data for IP, fixed asset investment and retail sales will be announced on March 13.

The numbers are seen as likely to be distorted because of the Lunar Year holiday.

"Probably going to give back about 25 on the day"

"Maree" said, "We are probably going to give back about 25 on the day, with volumes thinned by Labor Day holidays in Victoria and South Australia. The RBA Governor has said rates will probably be stable for awhile. The numbers we received last week were better than expected, showing that the low interest rates are filtering through into the economy". Maree added, "If the $A drops, our inflation rate is likely to rise above 2% because of the amount of goods we import".

Meanwhile, she said, "We are very dependent on our trading partners, China and Japan. Japan is still in diabolic trouble. The Chinese export numbers were lower than expected - the slow down there may be bigger than even the Chinese government expects.

"In the US, although the employment number was higher, the economy is not picking up as rapidly as expected and interest rates are likely to remain low for a considerable length of time".

The S&P/ASX200 closed up 16.4 points to 5462.3 on Friday.

*Commodities and share markets in Europe were weaker across the board as investors and speculators alike went for cash instead, media reports commented.

*Standoff in the Ukraine

Russia has said if Crimea wanted to join the 83 Subjects (States) under its rule it would be very welcome. It had been separated out of Russia in 1954. Ukraine has ruled the referendum for March 16 is illegal.

*Russia has said Ukraine must pay off almost $2 **billion** owed for natural gas today, or supplies may be cut. The last time Russia cut **oil** supplies to Ukraine was in 2009 which caused considerable hardship in Europe since the pipelines go through the Ukraine.

Meanwhile the paralympic games have opened in great style in Sochi, with Ukrainians and Russians also competing.

*Alarm bells ring on South Africa's amended minerals law - more below.

March 10. Good morning.

*Barron's cover story for the week of March 10 was on 3-D printing - the technology may hold great promise but the stocks do not. "why the industry darling could tumble 80%" Barron's says in its headline.

*Baron's was bullish on MetLife.

*Barron's was bullish on Daimler, also on Great Lake shares.

*Barron's International trader - Europe said a deepening rift between Russia and the West could take a heavy toll on investors.

*Barron's International Trader - Asia was bullish on Sony.

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 weaker. AWC fell 2c on 750,000 shares, Rip fell 8p on 5m shares, BHP fell 93c on 8.8m shares, News fell 33c on 400,000 shares, Fox fell 20c on 3.24m shares, Westpac rose 3c on 120,000 shares, Telstra gained 1c on 180,000 shares. Resmed fell 2c on 8m shares.

PSivida rose 3c on 176,000 shares. Prana fell 3c on 12m shares.

In London Anglo American fell 103p to 1,462p on 8.8m shares**, Aquarius fell 0.25p to 39.25p on 353,390 shares, BSkyB fell 8.5p to 923.5p on 1.9m shares, BHP fell 40.5p to 1,847.5p on 15.2m shares, Henderson fell 2.9p to 251.3p on 2.08m shares. RIO fell 110.5p to 3,200p on 6.19m shares.

Trading points:

*While a search of the South African government websites has not so far yielded information on the latest changes on the **Mining** Law, the Financial Times in London reports that on Friday South Africa approved amendments to its Mineral Development Act which gives far reaching implications to petroleum and **coal** miners in South Africa (more below in Other News).

*The Financial Times commented, "Anglo American currently sells thermal **coal** for just $17 a tonne in South Africa against $74 to export markets and **iron ore** for $62 a tonne against $115 internationally".

*Our note: apart from highly negative implications for Australian companies in South Africa, should the new laws be enforced at their ultimate levels, **China** companies with **operations** there could be affected.

Overseas

The DJIA closed up 30.83 points to 16,452.72.

S&P 500 rose 1.01 points to 1,878.04.

NASDAQ fell 15.91 points to 4,336.22.

US 10yr bond yields rose 5 points to 2.795.

The US$ rose 26 points to 103.28 Yen.

The Euro rose 14 points to 1.3870US c.

The Yuan fell 82 points to 6.1270/$US1.

FTSE 100 fell 75.82 points to 6,712.67. European markets closed sharply weaker.

The Nikkei Dow last evening closed up 139.32 points to 15,274.07.

Shanghai SE Comp IX closed down 1.67 points to 2,057.91.

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 fell $273 to $6,782/fell $284 to $A7481. Stockpiles fell 3,175 tonnes to 272,050 tonnes.

*__Copper__'s plunge was reported to be partly on the **China solar** panel maker default.

Aluminium fell $31 to $1,764/fell $30 to $A1946. Stockpiles rose 10,825 tonnes to 5,293,200 tonnes.

Kentucky aluminium warehouse approved by LME

*FastMarkets reported the LME has listed a Pacorini Metals warehouse in Owensboro, Kentucky for NASAAC and primary aluminium. Owensboro is a logical landing point - located a short distance from Century Aluminium's Sebree and Hawkesville primary aluminium smelters, both owned by Glencore Xstrata.

Nickel was down $220 to $15,250/fell $205 to $A16,821. Stockpiles rose 1,254 tonnes to 270,624 tonnes.

Zinc fell $34 to $2,075/fell $32 to $A2289. Stockpiles rose 15,875 tonnes to 776,000 tonnes.

Lead fell $49 to $2,096/fell $49 to $A2312. Stockpiles were steady at 203,975 tonnes.

Tin was down $495 to $22,825/fell $489 to $A25,176. Stockpiles fell 20 tonnes to 9,105 tonnes.

Iron Ore fell $2.70 to $114.20/fell $2.58 to $A125.97.

Steel billet fell $5 to $370/380. Stockpiles fell 65 tonnes to 14,040 tonnes.

Cobalt was indicated at $30,300/31,200. Stockpiles fell 13 tonnes to 571 tonnes.

Molybdenum was quoted at $22,500/23,500.

WTI crude rose $1.02 to $102.58/fell $1.37 to $A113.15.

Brent Crude rose 90c to $109/gained $1.26 to $A120.23.

Spot **gold** fell $11 to $1,339/fell $8.86 to $A1477. Spot silver fell 59c to $20.87/fell 60c to $A23.02. Spot platinum fell $2 to $1,482/rose $1 to $A1635. Spot palladium gained $1 to $781/rose $3 to $A861.

*There was speculation that Russia may be forced to begin selling off some of its **gold** reserves to defend the rouble. The rouble has fallen to an all time low of 36.5/$US1, down almost 12% since the beginning of the year.

The Russian central bank has doubled its **gold** reserves since 2009 from 519 tonnes to 1,039 tonnes and has been a net buyer since the late 1990's, FastMarkets reported.

Overseas eco news

In US eco news, 175,000 new jobs were added in February vs 151,000 new jobs expected and vs 129,000 new jobs in January.

*The unemployment rate, obtained separately from a survey of households, rose to 6.7% from 6.6%, said to relate mostly to bad weather.

*Hourly earnings rose 9c or 0.4% on average to 424.31 last month, the biggest gain since last June.

*Consumer borrowing in the US rose $13.7 billion in January following a revised 415.9 billion rise in December, smaller than initially reported, the Fed Reserve reported. Credit card purchases fell by $225.6 million in January after a $3.1 billion gain a month earlier.

Non revolving credit rose by $13.9 billion after rising $12.8 billion the month before.

*US gross domestic product (GDP) grew at an annualised rate of 2.4% in the fourth quarter of 2013, down from an initial estimate of 3.2%, the Commerce Department reported.

The revision is down to weaker than expected consumer spending.

Severe winter weather in the US is expected to slow growth further in the current quarter.

The Commerce Department initially predicted consumer spending had expanded by 3.3%, but spending is now estimated to have grown at a 2.6% annual rate.

Consumer spending accounts for roughly 70% of US economic activity.

Bad winter weather has cut into vehicle sales, among other purchases.

Despite the revised GDP estimate, US growth should be regarded as strong, the financial information firm Markit said.

"The details of the report suggest that investment is growing at an increased rate and underlying demand continued to expand at a reassuringly robust rate, given the headwinds during the closing months of 2013," said Markit chief economist Chris Williamson.

For all of 2013, the economy grew at 1.9%.

The US trade deficit widened to $39.1 billion in January from a revised $39 billion in December, the Commerce Department reported.

*In Europe, German Industrial Production rose 0.8% in January after a 0.1% rise in December, revised up from a 0.6% fall reported earlier.

*In Ireland industrial production rose 0.9% in January from December after a 2.2% fall in December.

Overseas equity news

*In the US of the Dow 30 there were 18 stocks higher and 12 down.

Nike led the way higher, up $1.24 or 1.59% to $79.46 followed by Exxon and Goldman Sachs.

Walt Disney fell furthest, shedding $1.13 or 1.36% to $82.21 followed by Microsoft and Verizon.

Foot Locker rose after athletic apparel retailer reported stronger than expected results. Big Lots rose after posting slightly better quarterly revenue. Coupons.Com almost doubled, up 93% on their first day of trading on Friday - one trader suggested their rise was "insanity", could indicate the market is near its peak.

Skullcandy rose more than 30%.

Alpha Natural Resources fell 12% on low metallurgical coal prices. Peabody Energy fell 5.% on a weak outlook for coal.

*In Europe, benchmark indexes retreated in every western European market except Greece, led down by the DAX which fell 2%.

Fugro fell 2.1% to Euro 40.83 after posting revenue of Euro 2.42 billion for last year, vs Euro 2.63 billion expected. Airbus fell 3.1% to Euro 51.31 after British Airways said one of its Airbus jets suffered an engine surge during a flight to France forcing the pilot to return to Heathrow. British Airways has 33 of the A319 narrow body planes in its fleet.

Air France-KLM rose 4.4% to Euro 10.40 after reporting a 1.8% increase in passengers to 5.34 million in February.

Danish mining equipment supplier FLSmidth rose 2.5% to DKr295.60.

In Germany Fresenius fell 2.1% to Euro 107.60.

Car maker Continental fell 2.3% to Euro 177.20 on a broker's downgrade of the car components maker. Commerzbank fell 3% to Euro 12.75, Deutsche Bank was down 2.7% to Euro 33.90. Krones rose 5.9% to Euro 64.97 after a broker upgrade for the world's largest maker of filling and packaging machines.

*In the UK Glencore Xstrata fell 4.4% to 324.85p, Anglo American fell 6.6%, Fresnillo fell 2.2% to 927.5p. Vodafone fell 3.5% to 238.7p on a broker's downgrade.

Aviva rose 0.9% to 508.5p, after rising 8.1% the day before on reporting higher than expected profits.

In other news

"Mineweb" in Johannesburg last night carried the following report,

Author: Ayanda Mdluli

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" According to Lizel Oberholzer, director and head of **oil** and gas at pan-African corporate law **firm** Bowman Gilfillan, “Some of the most significant changes to the Bill were rushed through this week, including provisions for state participation in petroleum licences,” she said in a statement.

Oberholzer noted that earlier versions of the Bill entitled the State to a free carried interest of 20% and a further participation interest of 30% with the total state interest capped at 50%.

“The version that was approved yesterday removed the reference to a 30% participation interest as well as the limit of 50%, effectively giving the State the right to take over an existing petroleum operation,” she explained.

While previously the State was obligated to pay “a fair market value” for any participation interest that it acquired, it now only needs to pay “an agreed price” which would present major problems in the future as the Bill does not make any provision for a situation where price cannot be agreed upon”.

The Bill also introduces the notion of ‘production sharing agreements’, a system employed in other countries with mature upstream industries. However, South Africa currently implements a tax royalty system in the minerals and petroleum sector and it is unclear how this system will be combined with a production sharing regime,” she said.

James Lorimer, shadow minister for mineral resources at the Democratic Alliance (The country's official opposition in government) referred to the bill as a 'crony enrichment bill', because of the power to designate **mining** licence beneficiaries it will provide the Minister.

Also, the state will be entitled to take over 100% of **oil** and gas companies, 20% for free and the other 80% at a forced, 'fire **sale**' price; which will allow the Minister to rule the sector by making regulations which can easily be changed at short notice, he said (our italics)

The ruling African National Congress (ANC) has used its majority muscle to override any opposition to amendments of the Mineral and Petroleum Resources Development Act, effectively opening the door for the nationalisation of the **oil** and gas sector.

The act will effectively govern South Africa’s entire mineral resources sector, including the nascent **oil** and gas sector that aims to explore for and extract shale gas in the Karoo.

On Thursday, Parliament’s mineral resources committee finalised its clause-by-clause deliberations on the bill in a meeting characterised by sniping between ANC and Democratic Alliance MPs.

The votes on contested clauses were always eight to two in the ANC’s favour.

The most contentious of the clauses was introduced by the ANC on Wednesday evening and concerned the state’s participation in **oil** and gas production.

While the DA bitterly opposed the changes, saying they would smother investment in the sector, the ANC overrode its concerns by claiming that the changes were based on the ideology of those who voted for them.

The two clauses fall under section 86 of the draft law.

The first clause gives the state, through a designated organ of state, the right to a 20% free carried interest on all new exploration and production rights of **oil** and gas.

The second clause now says that in addition to the free carry interest, the state is "entitled" to a further participation of up to 80%.

Currently the clause imposes a ceiling on the state for an additional **acquisition** of 30% of the venture.

The **oil** and gas sector has opposed strongly the proposed free carry interest and the 30% ceiling. A number of **oil** and gas sector **company** representatives left Thursday’s meeting in a sullen mood and refused to comment, only indicating they would prepare a statement on the matter.

Webber Wentzel law **firm** partner Peter Leon said that while the bill had been improved considerably, especially in terms of the beneficiation issue, he found the **oil** and gas provisions troubling.

"Those provisions are clearly undesirable and will have a negative effect on the sector," he said.

On Friday, the committee will finalise its report on the bill for the National Assembly and it may be debated next week, which will be the last parliamentary session ahead of the May 7 national and provincial elections.

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