

## HD Australian Stocks: What Happened Today?

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So the lord giveth, the lord taketh away, and so it came to pass today as negative leads spilled over and eclipsed the positive PMI read from yesterday. Once again it was the financials that came under sustained selling pressure knocking another 1.5% off the big ones. My bank index is now trading at 172 having peaked around 187. In the final analysis we closed down 40 points at 5375 having flirted with 5357 before some buying appeared in the afternoon at the close.

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Consumer stocks fell led by the 'W's Wesfarmers Limited (A\$42.93, -0.5%) and Woolworths Limited (A\$34.82, -0.5%) but Metcash Limited (A\$2.70, -3.6%) also joined in. The gambling sector drew 22 with Crown Resorts Limited (A\$14.08, -3.2%), Tatts **Group** Limited (A\$3.16, -1.3%), TABCORP Holdings Limited (A\$3.65, -0.5%), Ainsworth Game Technology Limited (A\$2.92, -2.7%), Echo Entertainment **Group** Limited (A\$3.26, -1.5%) and Aristocrat Leisure Limited (A\$5.95, -0.3%) all coming up lemons. In normal widget makers Brambles Limited (A\$9.78, -1.8%) gave back some of its recent gains, Seek Limited (A\$16.71, -2.6%) lost ground, Veda and ALS Limited (A\$5.75, -1.2%) continued to slip following the rout yesterday. Property trusts easier led by Scentre and media stocks also turned in a woeful performance as Seven West Media Limited (A\$1.63, -3.0%), Fairfax Media Limited (A\$0.78, -1.9%), Nine Entertainment, Ten Network Holdings Limited (A\$0.24, -4.0%) and Village Roadshow Limited (A\$7.08, -1.9%) fell hard. Despite the housing boom, CSR Limited (A\$3.29, -4.6%) crumpled as news today that Fletcher Building Limited (A\$7.98, -2.6%) are closing their copper tube **business** in Sydney. Other construction stocks also faded with Boral Limited (A\$5.05, -1.9%), James Hardie Industries PLC (A\$12.01, -0.5%) and Orica Limited (A\$19.53, -0.9%) down.

In miners RIO Tinto Limited (A\$60.75, +0.9%) benefitted from a broker report suggesting they were going back to the basics which seemed to suggest capital management issues whilst BHP Billiton Limited (A\$34.69, -0.7%) and other miners were plagued with lower commodity prices and aggressive selling pressure. Sirius Resources NL (A\$3.11, -14.8%) issued an exploration update which knocked the stock for 6. Actually more like 12! Seems the market was unimpressed with the latest numbers and took out the sword.

Stocks looking hot today included #NPX#, Nufarm Limited (A\$4.73, +4.6%), Northern Star Resources Ltd (A\$1.265, +3.3%), Kathmandu Holdings Limited (A\$2.92, +3.5%), Mount Gibson Iron Limited (A\$0.62, +3.3%) and Bradken Limited (A\$4.43, +4.5%) in the bigs and CSG Limited (A\$1.29, +5.7%), #MIR#, #FLN# and Acrux Limited (A\$1.305, +5.2%). In the losers corner Sirius Resources NL (A\$3.11, -14.8%), Vocation, CSR Limited (A\$3.29, -4.6%), Seven **Group** Holdings Limited (A\$6.52, -4.7%), Covermore and Central Petroleum Limited (A\$0.29, -13.4%) and Maverick Drilling and Exploration Limited (A\$0.22, -8.3%) bringing up the rear.

Volume was back to more usual levels at around \$4bn. Aussie dollar is where it's at as it continues to weaken at around 88.70 and tulips at \$468, gold at \$1222. In Asia we saw mixed blessings, Tokyo came back after a day off and fell 0.38% whilst HK and Shanghai were pretty **firm** with HK up 0.4 and Shanghai up 1.2% enjoying their PMI print from yesterday.

Stocks and Stories

AGM season approaches with ASX Limited (A\$36.18, -0.7%) first cab off the rank. Operating revenue was \$658 **million**, up 6.6%, and net profit was \$383 **million**, up 10%. Ex Dividend tomorrow with a final

dividend of 89.9 cents per share fully franked .This takes full-year dividends to 178.1 cents per share, a rise of 4.6%.Not bad given volumes have not been exactly wonderful.

Sirius Resources NL (A\$3.11, -14.8%) smacked. Results disappointing. Low grade. Large tonnage. Nasty.

Kiwi **dairy** giant Fonterra Shareholders' Fund (A\$5.73, -1.0%) full-year earnings halved to \$NZ503 **million** after soaring **milk** prices crimped margins in the **group**'s non commodity businesses. The world's biggest **dairy** exporter had guided for normalised earnings before interest and tax of between \$NZ500 **million** and \$NZ600 **million**.

Lynas Corporation Limited (A\$0.115, unch) went into a trading halt as we await news on their refinancing operation. Let's hope there is one for their sake.

Telstra Corporation Limited (A\$5.42, -0.4%) fresh from their shopping trip to Silicon Valley ,CEO David Thodey has said that the **company** has a long way to go before getting its paws on the \$11bn from Malcolm Turnbull and his buddies.

The RBA has been jawboning again as it opined that they should tie one hand behind the banks backs in their mortgage lending policies in an attempt to curb the runaway housing bubbly. There was also a proposal that foreign buyers of property would have to pay a \$1500 fee to **buy** a home. Not sure that is going to cut the mustard really.

At least one part of the market is booming. Exchange-traded funds are booming and with their low cost, easily accessible and diversified structures they are becoming a key driver of the commoditisation of funds management. The market capitalisation of ETF assets in Australia has grown from just under \$1 **billion** in early 2007 to \$12.6 **billion** as at the end of August 2014.

Tomorrow's News Today

In **China**, Liu Tienan, a former top economic official, is on trial for accepting **millions** of dollars in bribes, officials say. Mr Liu was the National Development and Reform Commission deputy head until he was sacked in August 2013.

Only in France can 200 pilots protest about Air France's plans to expand their low cost airline.

Now I know everyone is scared about IS and the threat from radical religions but I am more scared of Ebola. There is one estimate that by January there will be 1.4 **m** people infected. Africa will come to a standstill.

Euro **business** activity grew at the slowest pace seen so far this year, according to the Markit Flash Eurozone Composite PMI survey of 5,000 manufacturing and service-sector companies. So whatever it takes doesn't seem to be working! And in Germany, their Anti-Euro party, Alternative f&uuml;r Deutschland (AfD), is attracting voters causing headaches for Moaning Merkel and with it risks to the plan to stimulate the EU economy. This is another slow burn story that will impact the ability of Super Mario to get the EU back on track.

India has put a rocket in orbit round Mars for 11% of what it cost the Americans. Looks like NASA, like Telstra, will be outsourcing now too.

London has overtaken **Hong Kong** as the world's most expensive city to live and work in, with a new study suggesting it is almost twice as pricey as Sydney, and four times more than Rio de Janeiro. No bubble there then! Or here?

And finally it looks like PIMCO the world's biggest bond fund is being investigated by the SEC for misleading investors over how well they have performed. Or not!

That is all.

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**CO** aigame : Ainsworth Game Technology Ltd | arstli : Aristocrat Leisure Ltd | brmbis : Brambles Limited | crncas : Crown Resorts Limited | dvhld : Metcash Ltd | ekoe : Echo Entertainment Group Ltd. | tabcor : TABCORP Holdings Ltd | tats : Tatts Group Ltd. | wolwth : Woolworths Limited | wsfrm : Wesfarmers Ltd | brambis : The Brambles Group

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