

HD MARKET EXPECTED TO CLOSE HIGHER TODAY

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The S&P/ASX200 is likely to close higher today.

Europe rose, the UK was down a touch, the US markets gained.

On the NYSE where 3220 issues traded there were 2,389 issues higher, 741 down and 90 unchanged. On Nasdaq where 2694 issues traded there were 1,970 issues higher, 652 down and 72 unchanged.

Metals were lower, crude rose a touch, **gold** fell sharply. The \$A is at 87.84US c, up about 60 points from last evening.

"Stabilise today, probably finish up 20/25 on the day, could be a little bit more"

"Maree" said, "I think we are going to stabilise today, probably finishing up 20/25 on the day, could be a little bit more given it is the month's close off.

"But when the news hits again on deterioration in the emerging markets our market will be affected as well.

"I am not confident with what is going on with some of our sectors. The US economy continues to grow a lot more than our economy.

"For us, its a matter of seeing what is going to happen with our No. 1 and No. 2 trading partners, **China** and Japan. But for today, we are likely to close in the positive".

The S&P/ASX200 closed down 40.9 points to 5188.1 last evening.

January 31. Good morning.

*India's central bank Governor Raghuram Rajan, formerly chief economist at the IMF said in an interview in Mumbai with Bloomberg TV India said that international monetary cooperation has broken down, noting that emerging markets helped pull the global economy out of the crisis that began in late 2008, adding industrial countries "can't at this point wash their hands off and say we'll do what we need to and you do the adjustment.. we need better cooperation and unfortunately that's not been forthcoming so far".

In 2011 Rajan had co-authored a report that called for an International Monetary Policy Committee composed of representatives from major central banks that would regularly report on the aggregate consequences of individual central bank policies.

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 mostly higher. AWC fell 1c on 700,000 shares, RIO rose 15p on 2.5m shares, BHP fell 10c on 3.2m shares, News fell 24c on 1.9m shares, FOX rose 123c on 8.4m shares,

Westpac gained 1c on 138,000 shares, Telstra was up 1c on 200,000 shares, Resmed was steady on 6.7m shares.

PSivida fell 26c on 233,000 shares, Prana rose 25.5c on 53 **m** shares.

In London Anglo American rose 15p to 1,435.5p on 9.6m shares, Aquarius rose 1.5p to 40.5p on 912,526 shares, BskyB rose 33.5p to 878p on 7.1m shares, BHP rose 7.5p to 1,811p on 6m shares, Henderson rose 3.8p to 224.8p on 1.3m shares RIO fell 7p to 3,240.5p on 2.9m shares.

*BskyB rose after posting a rise in first half sales.

Trading points:

*ACR: 4th qtr sales of Axiron rise sharply

Eli Lilly last night reported 4th quarter sales of Axiron were \$US53.9 **million** vs \$US40.6 **million** in the September quarter.

A leading Aussie broker commented, "We expect the share price to rally today and would be reducing exposure above \$2.70. Longer term we see headwinds of increasing generic competition, potentially new product launch from competitor in full year 2015 and overall market growth declining".

*CCL: CCL to now include major writedown of assets on Ardmona in result

Coca-Cola Amatil announced its disappointment in the Federal Government's decision not to invest \$25 **million** as a one off grant for SPC Ardmona, the last remaining major fruit and vegetable processor in Australia. The Federal Government decision also means a potential \$25 **million** grant from the Victorian that was conditional on a positive Fed decision will also no longer be forthcoming.

CCL had committed a further investment of more than \$90 **million** to support the government contribution.

CCL **Group** MD Terry David said the government decision is disappointing in light of the fact that SPC Ardmona had presented a solid **business** case to both the Fed and Victorian governments for a one off co-investment of \$25 **million** each with CCL committing to a significant and much greater investment of more than \$90 **million**. This was to be invested in best in class technology for both new product development and efficiency gains, utilising clean, green Australian grown fruit and vegetables.

CCL will now need to write down its assets including brands and goodwill, to be included in CCL's 2013 full year results presentation on February 18. (Jan 30, 5.10 pm)

*DJS/MYR: Received a proposal from Myer in Oct 2013 that was rejected

David Jones Ltd responding to various media commentary following a speculative article in "Street Talk" in the Fin Review that Myer could approach David Jones in respect of a union by way of an all scrip deal at a ratio of 1.4 Myer shares for every David Jones shares, David Jones is not currently in discussion with Myer in relation to any such proposal.

David Jones was previously approached by Myer on October 28 2013 offering 1.06 shares in Myer for each David Jones shares. The **Board** formed the view that the potential transaction did not have sufficient merit for David Jones shareholders to warrant engaging in discussions.

Also the execution and implementation of any such transaction would have substantial commercial, market, **business** and regulatory risks including the ACCC review process and would involve the diversion of **company** resources over a lengthy period with great uncertainty as to the final outcome and the potential to result in diminution of value of the David Jones **business**. (Jan 30, 8 pm)

*NUF: Nufarm CEO sells 11 mln of his 12 mln shares after market close

Nufarm Ltd CEO Doug Rathbone **sold** about 11 **million** of his 12 **million** shares after market last night the Fin Review reports, raising \$41 **million**. Adding it is understood Mr Rathbone needed cash quickly to refinance his family **business** interests in the **wine** industry.

Assignments under options close off last night totalled \$1.3 **billion**

At a 2.9 **million** cut off:

*ANZ: 2.9 **million** shares assigned, 200,000 against calls, 2 **million** against puts, 700,000 against LEPOS.

*BHP: 6.7 million shares assigned, 1.3 million against calls, 2.7 million against puts, 2.7 million against LEPOS.

*CBA: 7.8 million shares assigned, 1.4 million against calls, 4.1 million against puts, 2.3 million against LEPOS.

*NAB: 3 million shares assigned, 600,000 against calls, 2 million against puts, 400,000 against LEPOS.

*NCM: 4.9 million shares assigned, 3.2 million against calls, 1.7 million against puts.

*TLS: 12.3 million shares assigned, 6 million against calls, 6.3 million against puts.

*WBC: 2.9 million shares assigned, 600,000 against calls, 1.5 million against puts, 800,000 against LEPOS.

Overseas

The DJIA closed up 109.82 points to 15,848.61

S&P 500 rose 19.99 points to 1794.19.

NASDAQ gained 71.69 points to 4123.13.

US 10yr bond yields rose 1 point to 2.7%

The US\$ rose 51 points to 102.72 Yen.

The Euro fell 102 points to 1.3552US c.

The Yuan fell 46 points to 6.0605/\$US1.

FTSE 100 fell 5.83 points to 6538.45. European markets closed higher.

The Nikkei Dow last evening closed down 376.85 points to 15,007.06.

Shanghai SE Comp IX closed down 16.83 points to 2033.08.

Commodities

All dollars in this section are US dollars

Volumes traded were thin last night ahead of the Lunar New Year holidays, FastMarkets reports with any spot purchase done by traders rather than smelters.

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 \$33 to \$7,094/fell \$86 to \$A8076. Stockpiles fell 2,600 tonnes to 316,200 tonnes. The copper price hit around a 7 week low, FastMarkets reported.

Ok Tedi situation

The copper market is watching developments in the Ok Tedi mine in PNG, Fast Markets reports, where the government has ordered the mine to stop dumping waste into the Fly River. Ok Tedi is a major producer of copper concentrate for the world smelting market in Germany, India, Japan, Korea and the Philippines. While the mine production has been declining due to dwindling ore reserves, it remains the biggest single source of revenue for the government, producing nearly 110,000 tonnes of copper in concentrate in 2013. The government effectively nationalised the mine last year. BHP had handed over its majority share to the PNG Sustainable Development Program Ltd trust in 2001 in return for legal immunity, Fast Markets reports.

Aluminium was down \$12 to \$1,730/fell \$25 to \$A1969. Stockpiles fell 7,000 tonnes to 5,432,125 tonnes. The aluminium price fell to its weakest in 4.5 years, the softest since July 2009 when it hit \$1,722 before closing at \$1,730, down \$12 on the previous day's close, FastMarkets reported.

Nickel shed \$175 to \$13,810/fell \$294 to \$A15,722. Stockpiles rose 2,286 tonnes to 266,718 tonnes. The nickel price hit a 3 week low.

Zinc was down \$11 to \$1,982/fell \$26 to \$A2256. Stockpiles fell 3,225 tonnes to 856,450 tonnes. The zinc price hit around a 7 week low.

Lead weakened \$28 to \$2,114/fell \$46 to \$A2407. Stockpiles fell 500 tonnes to 208,975 tonnes. The **lead** price hit a three week low.

Tin shed \$150 to \$22,025/fell \$321 to \$A25,074. Stockpiles rose 30 tonnes to 8,885 tonnes.

Iron Ore n/a

Steel billet was steady at \$360/370. Stockpiles fell 130 tonnes to 16,205 tonnes.

Cobalt was indicated at \$29,500/30,500.

Molybdenum was indicated at \$21,800/22,800.

WTI crude rose 87c to \$98.23/gained 33c to \$A111.83.

Brent Crude was up 10c to \$107.95/fell 62c to \$A122.89.

Spot **gold** fell \$28 to \$1,242/fell \$40.49 to \$A1414. Spot silver fell 59c to \$19.18/fell 81c to \$A21.84. Spot platinum was down 431 to \$1,382/fell \$45 to \$A1573. Spot palladium fell \$8 to \$707/fell \$14 to \$A805.

Overseas eco news

In US eco news, the GDP for the 4th quarter rose 3.2% annualised, in line with expectations although down from 4.1% in the third quarter, powered by consumer spending that rose at the fastest pace in three years, Bloomberg reported. Household purchases rose 3.3%, the best performance since the end of 2010..

*Jobless claims for the week ended January 25 increased by 19,000 to a seasonally adjusted 348,000 the Labor Department reported. Claims for the prior week were revised up by 3,000. The four week moving average for new claims was up 750 to 333,000. Last week's claims had included the Martin Luther King Jr Day holiday, which affects filings.

The number of people still receiving benefits after an initial week of aid fell by 16,000 to 2.99 **million** in the week ended January 18.

*US pending home sales fell 8.7% in December following a revised 0.3% fall the previous month and vs a 0.3% fall expected, said to be mainly due to unseasonably cold weather.

*The Bloomberg Consumer Comfort Index in the US fell to minus 31.8 in the week ended January 26 from minus 31 the previous week. The buying climate gauge fell to a 3 month low.

*Germany's unemployment rate rose to 7.3% in January, mainly due to seasonal factors, with about a quarter **million** more people out of work compared with December.

The Federal Labor Office reported Thursday the unemployment rate rose from 6.7% in December. Overall, 3.14 **million** people were jobless.

The jobless rate regularly rises during the winter months when certain jobs, like construction, are less available. When adjusted for seasonal factors, the rate remained at 6.8%. Seasonally adjusted 28,000 fewer people were out of work in January than in December.

*Eurozone economic confidence rose for the ninth consecutive time to a 30 month high of 100.9 in January, the European Commission reported, but was marginally below the expected score of 101.

*In the UK, the Bank of England reported mortgage approvals in the UK rose to their highest level in almost six years in December.

Overseas **equity** news

*In the US of the Dow 30 there were 25 stocks higher and 5 down.

Nike led the way higher, up \$2.15 or 3% to \$73.92 followed by Caterpillar, Merck and Pfizer.

Boeing led the way down, falling \$3.44 or 2.65% to \$126.34 followed by 3M and Exxon Mobil.

Facebook rose 14% intra day to a new all time high following strong quarterly sales and earnings growth reported after hours yesterday. Twitter soared in tandem.

Google rose \$28.47 or 2.57% on market to \$1,135.39 and gained another \$41.12 or 3.75% to \$1,770 after hours after reporting profit in the closing quarter of last year climbed to \$3.38 **billion** on rising ad revenue.

"We ended 2013 with another great quarter of momentum and growth," Google chief Larry Page said in the earnings release.

Google also declared it would pay a dividend in the form of Class C stock.

Amazon rose \$18.81 or 4.90% to \$403.01 on market and fell \$489.71 or 12.09% after hours to \$354.80 after quarterly sales disappointed.

*In Europe, national benchmark indexes rose in 12 of the 18 western European markets.

The world's largest maker of flavors and fragrances, Givaudan, rose 6.3% to Swiss francs 1,342 after announcing higher than expected income and announcing a 47 franc dividend vs 42 francs expected.

Roche rose 4.3% to Swiss Fr 249.30 after saying profit will increase faster this year as sales climb for its biggest cancer drugs and other new therapies.

Ericsson rose 3.45% to 80.10 SKr after gross margin expanded to 37.1% of sales in the 4th quarter from 31.1% a year earlier.

H&M dropped 3.6% to SKr 276.9 after reporting 4th quarter income of SKr 5.61, below expectations.

*In the UK, Diageo fell 4.7% to 1,829p, the biggest one day fall since February 2011, Bloomberg reported, after announcing demand had been volatile in emerging markets in the first half of the year, with sales in the Asia Pacific region falling 10.5%.

Johnson Matthey fell 0.5%, Royal Dutch Shell rose 1.1% after saying it will suspend drilling in the US Arctic region, although 4th quarter profit fell 71%.

British Airways owner IAG rose 3.8% to 418.7p.

G4S fell 3.7% to 237.7p, Smith & Nephew rose 1.3% to 885p after US peer Zimmer said demand for replacement hips and knees accelerated in the 4th quarter.

Petrofac rose 2.3% to 11.84 pounds on a broker's upgrade.

Serco Group fell 17% to 423.2p after saying it expects a 2013 revenue decline because it won fewer contracts.

(Serco is responsible for nine detention centres as well as Western Australia's prisoner transport system in Australia. Workers' union United Voice is threatening Serco with industrial action over pay and conditions in Australia's detention centres.

United Voice has seized on a series of escapes from the Serco-run Yongah Hill detention centre, north-east of Perth, to highlight its case for better pay and more staff.

Fourteen asylum seekers have escaped since August last year with two of them still on the run).

In other news

To all our dear Readers who observe the Lunar New Year of the Horse:

May the New Year be Happy, Healthy and Prosperous for you and yours

Regards,

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