

HD MARKET FALLS SHARPLY AT MIDDAY AS DOW FUTURES PLUNGES

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The S&P/ASX200 is down 36.8 points to 5391.8 at midday on lightish volume worth \$1.25 **billion**. There are 296 issues higher and 547 down. The SPI Futures is down 35 points to 5385 on better than usual volume of 12,253 contracts. Aussie 10 year bond yields are steady at 4.01%. The \$A is at 93.89US c, down a few from early levels.

*The banks have contributed 12.9 negative points to the index, insurers have contributed 2.1 negative points, resources have contributed 2.9 points to the index, **property** groups have contributed 1 negative point, retailers have contributed 1.6 negative points and Telstra has contributed 1.5 positive points.

*The Nikkei Dow futures is down 150 points to 3,910 points, Shanghai CSI Physical is down 5.87 points to 2124.67, Hang Seng futures is up 3 points to 22,998 points. S&P futures is down 2.6 points to 1809.1, Nasdaq futures is down 4.75 points to 3439.25, Dow futures is down 129 points to 15,981 points. **Gold** futures are up \$8.80 to \$1327.80. Crude futures are up 53c to \$104.27.

Our market was down in the mid 20's for most of the morning, plunging late morning after the Dow futures fell 120 points. No specific news as yet. The situation in Ukraine is a concern, with Russia seeking an emergency meeting of the UN Security Council after Ukrainian security forces clashed with pro-Russian gunmen in Sloviansk, Bloomberg reports.

"Support is at 5390, resistance at 5475. I will call us down 25 points"

Ben Faulkner, a senior adviser at Morgans said, "With regard to the S&P 500 uptrend that began in June 2012, if you draw that trend line, it is still in tact, just.

"1800 is probably the base of that trend line. Just keep an eye on that.

"What we have seen over the last month is a bit of consolidation on the S&P. We did see a new high, but that could not hold - the head and shoulders broke from the high of 1980 last week, which is technically short term bearish.

"The consolidation range over the last couple of months has also broken. The 20 day moving average is starting to trend down as well.

"The long term uptrend does remain in tact, but keep an eye on 1800.

"Nasdaq has a different set up to the S&P 500. The top was formed at the start of March. It has pretty much been in downtrend since March 21. The confirmed downtrend has gathered a lot of acceleration with the 20 day moving average having crossed below the 50 day moving average last week.

"The level to watch is 4,000 where it basically closed on Friday. A break would probably see it head down to the next level of support at 3900.

"With regard to the **Chinese** market, a key level of support at 2000 has continued to hold. It is good to see the **Chinese** market last week break 2100. It has gathered quite a bit of momentum since that break. That

market looks quite bullish with the 20 day moving average having crossed back over and above the 50 day moving average. "2160 is resistance, support is at 2080. It is short term bullish there.

"On **gold**, there has been a short term break of the long term downtrend for **gold**, to around the \$1390 level.

"**Gold** is in no man's land at present. It is short term neutral. There were some good movements last week - a test of \$1280 on three different days confirmed the support level there. Resistance now will be around \$1345 for **gold**. It is short term neutral, could go in either direction from here.

"The 20 day moving average is still in downtrend, we need to see \$1325 broken .

*The XJO was interesting last week and over the last couple of weeks, de-coupling a bit from the US. after the sell off in March there is good support at 5300. It has been in a short term uptrend from March 24. The 20 day moving average is still trending upwards along with the 50 day and will be close to testing the uptrend, probably today.

"Support is at 5390, resistance at 5475.

"For the week keep an eye on the 5395 level where the 20 day is sitting at this moment and where we had good support last week.

"Intra day levels are 5415 and then 5395. Resistance is probably 5435 for the day.

"Given the price action in the US and the US futures opening down 60 points this morning, I will call us down 25 points'.

The S&P/ASX200 closed down 52.2 points to 5428.6 on Friday.

TOP STOCKS

*Telstra is up 3c to \$5.08 on 12.668 **million** shares on newspaper reports that the NBN may have to pay Telstra more than \$9.8 **billion**.

*Westfield is down 13c to \$10.44 on 857,883 shares, Westfield Retail is down 3c to \$3.03 on 2.8m shares - Grant Samuel finds the proposed split fair (more below).

*Henderson **Group** is down 22.5c or 5.03% to \$4.24.5 on 4.6m shares - unusual price move and volume for the UK stock. Henderson fell 3.55% in London on Friday - seen as a high p/e stock.

*CC Amatil is down another 54c to \$9.20 on 7.9m shares on its profit warning last week.

*Oroton rose 17c to \$4.13 on 37,737 shares.

Among the financials, AMP is down 4.5c to \$5.09.5 on 2m shares, ANZ is down 26c to \$33.59 on 1.13m shares, CBA is down 55c to \$76.81 on 612,406 shares, NAB is down 25c to \$35.08 on 1.13m shares, Westpac is down 23c to \$34.43 on 1m shares.

Among the TMT's Telecom NZ is up 2.5c to \$2.42.5 on 600,287 shares, SingTel has gained 1c to \$3.10 on 457,028 shares.

Among the resources BHP is down 16c to \$37.46 on 1.5m shares, RIO has shed 53c to \$63.58 on 735,219 shares. Fortescue is down 1.5c to 45.27.5 on 4.79m shares, BCI is down 12c to \$4.74 on 1.5m shares, Atlas is down 3c to 98c on 3.59m shares, PanAust is up 1c to \$1.63.5 on 744,558 shares. Western Areas is up 19c to \$3.95 on 1.7m shares.

Among the oils, Woodside is up 2c to \$39.31 on 332,633 shares. Santos is down 7c to \$13.42 on 1m shares, **Oil** Search is down 9.5c to \$8.44.5 on 12.9m shares.

Among the golds, Newcrest is up 11c to \$10.85 on 1m shares, Tribune is down 17c to \$2.95 on 15,792 shares in an unusual move. Medusa is up 1.5c to \$1.94.5 on 457,167 shares, Alacer is down 15c to 42.74 on 225,887 shares, Medusa is down 1.5c to \$1.94.5 on 734,246 shares.

AT THE SMALLER END

*Ridley Corp is up 4.5c to 86.5c on 522,803 shares on the report below. (Our Week's Special last Friday).

*GI Dynamics is up 5c to 56c on 6557,435 shares - Israel has also listed its EndoBarrier therapy for diabetes sufferers for reimbursement.

NEWS OF THE DAY

Changes in substantials reported April 9, 10 and 11 posted separately.

LARGE CAP INDUSTRIALS

*API: Halt ahead of revised carrying value of assets/int now on Apr 30

Australian Pharmaceutical Industries Ltd asked for a trading halt pending an announcement in relation to the carrying value of its assets as part of the process of finalising its half year results, now scheduled to be released on April 30.

API expects to make an announcement to the market concerning the carrying value of its assets before the commencement of trading on April 16.

*LYL: Acquiring 74% of South African engineering biz ADP Holdings (Pty) Ltd

Lycopodium Ltd announced it has signed an agreement to acquire a majority interest in ADP Holdings (Pty) Ltd, a South African based engineering business established in 1997.

The parties have also executed a binding agreement whereby Lycopodium Ltd will subject to satisfying certain conditions including obtaining the necessary governmental approvals, acquire a 74% shareholding in ADP Holdings with options over the remaining share capital. The timing for completion of the approvals is expected prior to December 31 2014. The **acquisition** will be funded from cash reserves. Once completed ADP Holdings is expected to contribute 5/15% of annual NPAT to the overall **group**, based on 2013/4 forecast numbers.

*WDC/WRT: Grant Samuel says proposal fair, WDC to receive 48.6% Scentre

Westfield **Group** announced its Securityholder Booklet for the proposal to form Westfield corporation for its international business and **merge** its Australia/New Zealand business with Westfield Retail Trust to form Scentre **Group**.

The Booklet includes an Independent Expert's report from Grant Samuel & Associates which finds the proposal to be fair and reasonable and therefore in the best interests of WDC security holders in the absence of a superior proposal.

One of the analyses considered by Grant Samuel in its report was the relative contribution by WDC security holders to the formation of Scentre **Group** on a number of bases. The report states the relevant contribution should be between 48% and 56% of Scentre **Group**, depending on the basis adopted.

Under the proposal, WDC security holders are receiving 48.6% of Scentre **Group**. Securityholder will meet on May 29 to vote on the proposal.

LARGE CAP RESOURCES

*AQA: Settles with Vale, each party to bear its own expenses, j/v proceeding

Aquila Resources Ltd advised with regard to legal proceedings relating to the Bowen Central **Coal** j/v which is 50% owned by Aquila in j/v with Vale, Aquila has reached settlement with Vale with each party to bear its own legal costs, with the settlement unconditional and immediately effective. The BCC j/v will now be able to focus its efforts on developing the Eagle Down Hard Coking **Coal** project unimpeded by litigation.

MID TO SMALL INDUSTRIALS

*AJX: iTextiles in Pakistan, **M/E** makes first payment for fire retardant chem

Alexium International **Group** Ltd announced the first payment of \$US55,000 has been received from iTextiles for the first Fire Retardant chemical shipment. ITextiles is a leading Textile Trading **Company** of Premium Textile and Chemical Brands for the Pakistan, Middle East and Sri Lankan markets. The agreed annual sales minimum with iTextiles is \$US110,000 to \$180,000 in 2014 doubling in following years. Strong demand and continued revenue stream from Pakistan's \$13 **billion** textile industry and middle east markets is expected.

*BPO: Initially to acquire 35% of Invatec's Heart Rate Variability tech

BioProspect Lt announced it will proceed with the **acquisition** of Invatec/Heartlink's Heart Rate Variability technology following the completion of a favorable due diligence exercise. The HRV technology which

analyses the heart rate variability of the patient is the world's first truly objective quantitative test for mental health, including depression.

BPO will initially acquire 35% of Invatec and a worldwide license to the HRV technology by funding the future development of the technology. Once this is complete BPO may exercise a further option to fully acquire the entire patent portfolio of Heartlink and to increase its **stake** in Invatec to 80%.

*CWE: Receives \$950,115 royalty from Metal X's Higginsville **gold** mine

Carnegie Wave **Energy** Ltd announced it has received \$950,115 relating to all **mining** activities up until Decemehr 31 2013 in the Higginsville district where Carnegie holds royalty interests. The royalty is owned by Carnegie and is held at no cost relating to the says when it was a minerals exploration **company** in the 1990s. The tenements are being operated by Metals X Ltd as part of their Higginsville **Gold Operations**.

*RIC/PSH: No Penrice owings included in 1st half, nor in full yr NPAT

Ridley Corporation Ltd advised with regard to Penrice's appointing a voluntary administrator, Ridley has not brought to account any of the components of compensation contemplated by the Agreement in its half year reported result nor in its outlook for the full year operating result.

Ridley will actively pursue with the Administrator its rights under the original long term take or pay contract and the recovery of the debt of \$1.07 **million** currently owing from Penrice in respect of prior year brine sales.

*SMN: Critical milestone successful in **commercial** in flight test program

Structural Monitoring Systems plc announced it has been informed of a fully successful and on schedule attainment of a critical milestone in the previously announced **commercial** in flight test program involving Delta Air Lines, the Boeing **Company**, the Federal Aviation Administration and the FAA Airworthiness Assurance Center at Sandia National Laboratories.

It is envisaged the program phase will last 5-6 months and will culminate in a body of data sufficient to enable the FAA t o decide on SMS's CVM technology for use in **commercial** aircraft environments.

SMS will have the ability to request Alternative Means of Compliance approval for any particular Airworthiness Directives that are suitable for CVM installation and monitoring.

XTE: XTEC j/v to supply ERGOTEC suits for Bomb Disposal **operations**

XTEK Ltd announced an addition to their range of Explosive Ordnance disposal equipment via a partnership with Morgan Advanced Materials - Composites and Defence Systems, XTEK is able to provide the ERGOTEC 3010 light weight explosive ordnance disposal searcu suit and the ERGOTEC 4010 Bomb suit to the Australian Defence and Law Enforcement communities. The ERGOTEC suits provide protection together with an unprecedented range of movement for body and limbs to enhance operator flexibility. The suits are light weight, comfortable to wear for extended periods and have effective cooling and ventilation systems to reduce fatigue.

MID TO SMALL RESOURCES

*ACJ: Proposes to sell its 100% interest in African Chrome

The **board** of African Chrome Fields Ltd announced the **company** has entered into a conditional agreement whereby the **company** has agreed to sell 100% of its interest in African Chrome Fields Pt Ltd in consideration of \$US4 **million**, subject to successful due diligence investigations by the **purchaser** and regulatory and ACJ shareholder approvals.

*AGS/Other: **Mining** at Four Mile East **uranium** project to begin today

Alliance Resources Ltd announced it has been advised that effective April 11, all required approvals to begin **mining** in the first stage **mining** area of the Four Mile East **uranium** project have been received.

Quasar Resources Pty Ltd has advised Alliance that it expects final commissioning and start up in situ recovery **mining operations** to commence today.

*COY: EL2272 Wowonga adjacent to Makmam granted for two years

Coppermoly Ltd announced the PNG Mineral Resources Authority has notified the **company** that EL2272, Wowonga has been granted for two years, to February 25 2016.

COY managing director Maurice Gannon said in the report Wowonga is a small greenfield exploration licence on the south coast of West New Britain, neighboring Coppermoly's Makmam exploration licence. "We believe that it warrants closer examination given the exceptional results we have obtained on our other tenements on the same regional trend".

*CTR/RRS: Strong light **oil** shows flowing to surface in Atzam #5

Citation Resources announced the Atzam #5 well in the Atzam **Oil** Project in Guatemala is currently drilling at 2,907 ft in the producing C17 carbonate section with strong light **oil** shows flowing to surface with high **oil** saturation (80%) in sample porosity testing.

C17 carbonate reservoir is the producing unit in the Atzam #4 well.

Material **oil** shows have been recorded at surface drilling through the C15-C17 carbonates over the past week. The C17 carbonate section was intersected at 2,748 ft and estimated to be only 15 ft low to the same producing reservoir located over 1km from the Atzam #4 well and around 300 ft high to the field discovery well Atzam #2. The well is expected to reach the top of the C18 carbonate section within days when the well will be logged for the C12-C17 sections then set 9.5/8 inch casing before drilling primary C18/19 carbonate reservoir targets.

Atzam #4 well continues to product at 170 bopd, with a plan to increase choke and flow on Atzam **Oil**. (CTR 60% of Latin American Resources, owner of Block 1-2005, Range Resources direct and indirect 33% int)

*PCL/Others: Sunbird-1 intersects hydrocarbons, but unlikely to be **commercial**

Pancontinental **Oil** and Gas NL advised the Sunbird-1 well off the southern Kenyan coast has been completed and the well has intersected a hydrocarbon-bearing zone in the top of the Sunbird Miocene Pinnacle Reef. Analysis of the zone itself and recovered hydrocarbon samples are continuing.

Both gas and liquid samples have been recovered. In addition to the recovered gas the nature of the liquid samples and whether or not these contain naturally occurring hydrocarbons remains to be determined by further analysis.

At this stage, due to its estimated size, the Sunbird discovery itself is continued unlikely to be **commercial**. PCL has a 18.75% interest in the well and block L10A. BG **Group** is continuing to assess the results for the L10a consortium.

*RED: Trading halt ahead of report on status of Cease and Desist order

RED 5 Ltd asked for a trading halt pending the release of an announcement regarding the status of the Cease and Desist Order on the Siana **gold** project in the Philippines.

*TGS: **Mining** contractor at Kipoi granted **equity stake** in lieu of **mining** services

Tiger Resources Ltd announced MCK Trucks sprl, the **mining** contractor at Tiger's Kipoi **Copper** Project in the Democratic Republic of Congo since the **company** started producing **copper** concentrate at Kipoi in May 2011, has sought and received 35.6 **million** shares at 36c per share, with proceeds to be settled through the provision of **mining** services for the Stage 2 solvent extraction electro-winning **operations** at Kipoi. The SXEW plant is on schedule to commence production of **copper** cathode in the 2nd quarter 2014.

Managing director Brad Marwood said in the report the alliance with MCK will reduce the development cost for the next phase of work whilst maintaining a presence at **site** of a key contractor who has been an integral part of the success to date.

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