

HD MARKET MAY CLOSE MILDLY HIGHER

BY Jenny Prabhu

WC 3,664 words

PD 1 May 2014

SN OzEquities News Bites

SC NBOZEN

LA English

CY Copyright 2014 News Bites Pty Ltd. All rights reserved.

LP

AUSTRALIAN **COMPANY** NEWS BITES

OZEQUITIES NEWS BITES

TD

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

Europe closed mixed, the UK was up a few, the US markets rose.

On the NYSE where 3217 issues traded there were 2,073 issues higher, 1,034 down and 110 unchanged. On Nasdaq where 2755 issues traded there were 1,520 issues higher, 1,144 down and 91 unchanged.

Metals were mostly weaker, crude fell, **gold** was down. The \$A is at 92.92US c, up a few from last evening.

"Another slow day, closing up about 10"

"Maree" said, "Quite possibly a period of consolidation ahead of the Budget has already kicked in. We may have another slow day, closing up about 10. Investors are remaining sidelined waiting for confirmation of where our economy is heading. Meanwhile, we have a massive Asian market into which our LNG supplies are likely to **lead** the world and although our mines are slowing down, they are still doing better than expected. But we seem to react to negative news while disregarding the rest.

"We also seem to be disregarding what is going on in the rest of the world".

The S&P/ASX200 closed up 2.5 points to 5489.1 points last evening.

May 1. Good morning.

May Day (Labor Day) holiday is observed in 80 countries around the world, **China** is on holiday May 1-3, most of Asia and Europe are on holiday (Europe tomorrow, our time).

*BBC news reported that in **China**, there has been a violent attack yesterday at a railway station in **China**'s western Xinjiang region has killed three and injured 79 others, officials and state media say.

The attackers used explosives and knives at Urumqi's south railway station on Wednesday, officials said.

The local government described it as a "violent terrorist attack" but said the situation was now under control.

President Xi urged "'decisive actions' against violent terrorist attacks' following the incident, Xinhua news agency said.

Verifying reports from the region is difficult because the flow of information out of Xinjiang is tightly controlled.

Xinjiang has seen a series of violent attacks in the past year. Beijing blames the violence on separatists from the mainly Muslim Uighur minority.

*In Ukraine, the acting President Olexander Turchynov has admitted his forces are "helpless" to quell unrest driven by pro-Russian activists in the eastern regions of Donetsk and Luhansk. Mr Turchynov said the goal was now to prevent the unrest spreading to other regions, especially Odessa and Kharkiv. So far these cities have seen some turbulence, but nothing on the level of what has happened in Donetsk and Luhansk.

The government's hope is to keep a lid on the situation until the 25 May presidential elections.

* The International Monetary Fund has approved loan assistance to Ukraine in the amount of \$17 bln for two years. Ukraine is threatened with bankruptcy.

* There was an acute risk of recession, the IMF warned on Wednesday in Washington. The US GDP will grow this year by only 0.2% instead of the previously estimated 1.3%. In addition, the experts expect a massive capital flight of about \$US100billion.

*Russia is seen to be already struggling with recession.

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 mixed. AWC rose 4c on 23,000 shares, Rio fell 80 on 3m shares, BHP rose 21c on 3.9m shares, News fell 33c on 760,000 shares, Fox rose 20c on 4.6m shares, Telstra was steady on 290,000 shares, Resmed fell 6c on 11.5m shares.

PSivida fell 8c on 118,000 shares. Prana rose 0.5c on 30.3m shares.

In London Anglo American rose 39.6p to 1,582.16p on 5.5m shares, Aquarius fell 0.5p to 21.5p on 3.4m shares, BskyB fell 9.41p to 880.09p on 3.7m shares, BHP rose 0.6p to 1,919.10p on 5m shares, Henderson rose 6.57p to 250.77p on 2m shares. RIO fell 4.82p to 3,224.82p on 3.8m shares.

Trading points:

*ANZ: Cash profit, dividend exceeds analysts expectations

ANZ has reported interim results - cash profit is up 11% to \$3.5 billion, a fully franked interim dividend of 83c has been reported (more to follow).

Analysts expectations: Cash NPAT \$3.455 bln/consensus \$3.41 bln/div 80c/81c.

High estimate \$3.8 bln and a low estimate of \$2.86 bln. The median estimate represents a 1.73% decrease from the last consensus forecast of \$3.46 bln.

*A leading broker on February 24 said it expects ANZ's margins to keep falling. It said it thinks the full year 2014 loan loss guidance (down 10/5 year on year to \$A1.1 billion or 21 basis points of loans) factors in additional provisioning for Forge Group. It sees some risks from exposure to the mining sector and Asia.

*Another leading broker said "Look for net interest margin decay from institutional/Asia, Pacific, Europe and America (APEA) business and an increased emphasis toward returns rather than growth in the APEA franchise."

Funding costs are at a 5-year low.

*RIO: Sues Vale, other over Simandou

Media services report Rio Tinto has sued Vale SA, Israeli billionaire Beny Steinmetz and his BSG Resources Ltd. alleging they conspired to steal mining rights to the world's biggest untapped iron-ore deposit by bribing officials in Guinea.

Vale used information obtained from Rio during discussions in New York to buy a stake in the Simandou property in southeast Guinea and secretly passed it on to Steinmetz and BSGR to back their bid to get the mining rights, Rio said in a complaint filed today in federal court in New York.

Rio, which said it spent 11 years and hundreds of millions of dollars developing mining operations at Simandou, lost half its interest in the property in 2008, valued in the billions of dollars, when the Guinean government said it planned to give the stake to BSGR, according to the complaint. Steinmetz and BSGR bribed Guinean officials, giving \$200 million to Mahmoud Thiam, the former mining minister, Rio claimed. BSGR, known mainly for diamond mining, partnered with Vale because the company had iron mining experience and resources to develop the mine, Rio claimed.

"While BSGR and Steinmetz pursued their illegal bribery campaign in Guinea, Vale's role in the scheme was to continue to obtain Rio Tinto's highly confidential and proprietary information under false pretenses, and pass that information on to Steinmetz and BSGR in order to facilitate their efforts to induce officials in the Guinean government to rescind Rio Tinto's rights."

Thiam, the former **mining** minister, said in an e-mailed statement today that Rio's claims are false and "borderline comical." He said Rio poses as facts events that never took place and may be attempting to divert attention from its unwillingness to develop the **property**.

"Unfortunately, it's Guinea's economy that will continue to suffer at the hand of corporate bandits," Thiam wrote.

Rio Tinto is represented by Quinn Emanuel Urquhart & Sullivan LLP. The law **firm** represented **billionaire** Leonard Blavatnik in his lawsuit against JPMorgan Chase & Co, the Sydney Morning Herald reports.

*KSC: Profit for full year to be lower partly on Scott Corp t/o costs

K&S Corporation following the merger with Scott Corporation Ltd provided an update for the year ended June 30 2014. KSC expects underlying net profit after tax for the year ended June 30 2014 will be approximately \$10.1 **million** (vs \$15.9 mln last year). Reorganisation costs and **transaction** costs associated with the merger with Scott corp incurred in 2014 amount to approximately \$104 **million** on an after tax basis. KSC expects Scott Corp will make a strong positive contribution to financial performance in 2015. (May 30)

New listing:

Pioneer Credit Ltd (PNC) lists following an issue of 25.2 **million** shares at \$1.60 per share for 45.4 **million** shares on offer. Pioneer Credit is a debt collection service based in Perth. Its primary business is purchasing unsecured retail debt portfolios that are generally more than 180 days overdue from its Vendor Partners or in some cases as a secondary **purchaser** at a discount to their face value. Pioneer then seeks to work closely with its customers until the debts are repaid. As at December 31 2013 the balance of Pioneer's accounts under payment arrangement was approximately \$83 **million**.

Following the IPO Pioneer will be well capitalised to support ongoing investment in new debt portfolio acquisitions and growing its Customer Service Team.

Pioneer has entered into a new Senior Debt Facility which includes a Cash Advance Facility with a limit of \$47 **million** March 2014 with drawdown conditional on completion of the offer.

Pioneer Credit forecasts 2014 net profit after tax of \$4.5 **million** rising to \$6.6 **million** in 2015 on revenue worth \$25.3 **million** this year rising to \$39.1 **million** next year.

EPS is forecast at 10c this year, rising to 15c next year.

Pioneer intends to declare a fully franked dividend of 7.3c per share following the announcement of the 2014 results, to be paid in October. Thereafter Pioneer intends to target a payout ratio of 50% of statutory NPAT paid semi annually.

On completion of the offer founder Keith John will have 17.7% of shares on issue, Banksia Capital 16.8% with other existing shareholders including key management holding 10%.

Directors:

Michael Smith, Non-Executive Chairman

Michael was appointed Non-Executive Chairman of Pioneer in February 2014.

Michael is the Managing Director of strategic marketing consultancy **firm** Black House, the Chairman of iiNet Limited and Synergy and the National President of the Australian Institute of **Company** Directors. Michael is the Deputy Chairman of Automotive Holdings **Group** Ltd, Non-Executive Director of 7-Eleven Stores Pty Ltd, and a **Board** member of Giving West and Creative Partnership Australia.

He is a Fellow of the Australian Institute of **Company** Directors, Australian Marketing Institute and the Australian Institute of Management. Michael is also a Chartered Management Consultant.

Keith John, Managing Director

Keith is the founder of Pioneer and has been in the receivables management industry since 1988. He formerly served as a director of ACA International Inc (the US based representative body of the worldwide

receivables management industry) and TCM **Group** International Inc (one of the largest independent network of affiliated receivables management agents in the world).

Keith is a Director to the **Board** of the Australian Collectors and Debt Buyers Association Ltd.

In 2006 he was recognised as one of Western Australia's most exceptional young business leaders in the WABN '40 Under 40' Award.

Mark Dutton, non exec director

Mark was appointed Non-Executive Director of Pioneer in May 2010.

Mark was the Founder and is a Director at Banksia Capital, and is a Non-Executive Director of Mineral Resources Limited. He was previously a Partner at Navis Capital and a Director at Foundation Capital and at BancBoston Capital.

Prior to commencing his private **equity** career, Mark worked in Audit and Corporate Finance at PwC in the UK and Russia.

Mark is a Chartered Accountant and is a member of the Institute of Chartered Accountants of England & Wales.

Mark also holds an MA in Management Studies and Natural Sciences from the University of Cambridge.

Rob Bransby, non exec director

Rob was appointed as a Director of Pioneer in February 2014.

Rob is the CEO and Managing Director of Western Australia's largest private health insurer, HBF which he joined in August 2005 following a successful career in banking during 25 years at National Australia Bank.

Rob is a Non-Executive Director of Goldfields Money Ltd, President of Private Healthcare Australia and is the Australian representative on the International Federation of Health Plans (IFHP) Council of Management.

Rob is also a Senior fellow of the Financial Services Institute of Australia (FINSIA) and the Australian Institute of Management (AIM).

Michael Smith (Non-Executive Chairman)

Michael was appointed Non-Executive Chairman of Pioneer in February 2014.

Michael is the Managing Director of strategic marketing consultancy **firm** Black House, the Chairman of iiNet Limited and Synergy and the National President of the Australian Institute of **Company** Directors. Michael is the Deputy Chairman of Automotive Holdings **Group** Ltd, Non-Executive Director of 7-Eleven Stores Pty Ltd, and a **Board** member of Giving West and Creative Partnership Australia.

He is a Fellow of the Australian Institute of **Company** Directors, Australian Marketing Institute and the Australian Institute of Management. Michael is also a Chartered Management Consultant.

Keith John (Managing Director)

Keith is the founder of Pioneer and has been in the receivables management industry since 1988. He formerly served as a director of ACA International Inc (the US based representative body of the worldwide receivables management industry) and TCM **Group** International Inc (one of the largest independent network of affiliated receivables management agents in the world).

Keith is a Director to the **Board** of the Australian Collectors and Debt Buyers Association Ltd.

In 2006 he was recognised as one of Western Australia's most exceptional young business leaders in the WABN '40 Under 40' Award.

(The Darvas system is throwing up comparatively few names at present - 71/80 vs 120+ normally, and none are on the line suggesting imminent take off. Ridley, NearMap, Sunland, Altium are prospective, but none are on the line).

Ex div:ATM ex div; TPC ex 3c.

Overseas

The DJIA closed up 45.47 points to 16,580.84, an all time high

S&P 500 rose 5.62 points to 1,883.95.

NASDAQ gained 11.02 points to 4,114.56.

US 10yr bond yields fell 4 points to 2.65%.

The US\$ fell 35 points to 102.23 Yen.

The Euro rose 60 points to 1.3870US c.

The Yuan fell 17 points to 6.2598/\$US1.

FTSE 100 closed up 10.12 points to 6,780.03. European markets were mixed.

The Nikkei Dow last evening closed up 15.88 points to 14,304.11.

Shanghai SE Comp IX closed up 6.02 points to 2,026.36.

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 closed down \$70 to \$6,645/fell \$92 to \$A7151. Stockpiles fell 1,750 tonnes to 233,325 tonnes.

Aluminium fell \$15 to \$1,800/fell \$21 to \$A1937. Stockpiles fell 6,575 tonnes to 5,352,900 tonnes.

Nickel rose \$175 to \$18,325/gained \$142 to \$A19,721. Stockpiles fell 210 tonnes to 276,846 tonnes.

Zinc fell \$14 to \$2,041/fell \$20 to \$A2197. Stockpiles fell 3,350 tonnes to 777,000 tonnes.

Lead fell \$8 to \$2,106/fell \$14 to \$A2266. Stockpiles rose 650 tonnes to 193,625 tonnes.

Tin fell \$245 to \$22,950/fell \$323 to \$A24,699. Stockpiles fell 25 tonnes to 9,355 tonnes.

Iron Ore fell \$US2.90 to \$US105.40 pmt/down \$3.40 to \$A113.43.

Steel billet was indicated at \$400/410. Stockpiles fell 780 tonnes to 11,050 tonnes, the sixth day of falls.

Cobalt and Molybdenum were quoted at \$29,500/30,500 and 28,500/29,500 respectively.

WTI crude fell \$1.54 to \$99.74/fell \$1.92 to \$A107.34.

Brent Crude fell 91c to \$108.07/fell \$1.26 to \$A116.30.

The US **Energy** Information Administration said crude stockpiles rose 1.7 **million** barrels for the week ended April 25 vs a climb of 2.1 **million** barrels expected. But the increase lifted **commercial** crude inventories to 399.4 **million** barrels, the largest weekly total gain since at least late August 1982, the beginning of EIA records.

Spot **gold** fell \$5 to \$1,129/fell \$8.69 to \$A1389. Spot silver fell 24c to 419.21/fell 31c to \$A20.67. Spot platinum fell \$4 to \$1,425/fell \$8 to \$A1534. Spot palladium rose \$3 to \$809/gained \$1 to \$A871.

Overseas eco news

In US eco news, the GDP for the first quarter seasonally adjusted annual rate came in at up 0.1% the Commerce Department, the second weakest quarterly reading of the nearly 5 year old economic recovery. Exports fell at the fastest rate since the recession ended, declining at a 7.6% pace in the first quarter, on shaky recoveries in Europe and Asia generating poor demand, the Wall Street Journal said. Consumer spending rose at only 0.4% while total consumer spending rose 3% only slightly below the 4th quarter's 3.3% rate.

Many economists believe the first quarter pullback was a temporary speed bump. They expect demand that slowed in the winter to accelerate later in the year.

*The FOMC reduced its bond buying by a further \$10 **billion** per month as expected to \$45 **billion**, as widely expected. The Fed said it sees signs of growth, but still intends to keep interest rates low for some time.

*Payroll processor ADP said the private sector added 220,000 jobs in April, the strongest job growth since November.

*The Chicago business barometer rose to 63 in April from 55.9 in March, above expectations.

*German retail sales fell 0.7% in March, more than expected. Germany's level of unemployment fell by 25,000 vs a fall of 10,000 expected.

*The EU CPI rose 0.7% vs up 0.85 expected.

Overseas **equity** news

*In the US of the Dow 30 there were 17 stocks higher and 13 down. **M** co led the way higher, gaining \$1.54 or 1.12% to \$139.09 followed by Goldman Sachs, Exxon and Walt Disney.

Pfizer led the way down, falling 48c or 1.51% to \$31.28 followed by American Express and Chevron.

Twitter fell 8.8% intra day after saying late Tuesday its average monthly active users in the first quarter rose 25% to 255 **million**, missing estimates. Quarterly revenue more than doubled and adjusted earnings were flat vs a 3c loss expected.

Facebook fell early but bounced back as the day wore on.

Energizer shares rose after announcing a split into two companies, one for Energizer batteries and other household products, another for personal care brands such as Playtex and Schick.

Pepco rose 17% after Exelon Corp made a \$27.25 a share cash offer, up 20/5 on Tuesday's closing price. Exelon fell 4.4%. Ebay fell 5.4% after saying it expects second quarter adjusted earnings of 67/679c a share vs 70c expected.

Auxilium Pharmaceuticals fell 18% intra day after reducing its profit outlook from a flat profit to a loss of \$15 **million**. Auxilium cited lower than expected revenue from its Testim testosterone gel as a primary driver of the revised expectations.

*In Europe national benchmark indexes rose in 10 of the 18 western European markets.

BNP Paribas fell 3.2% to Euro 54.11 after setting aside \$1.1 **billion** related to a review of payments to parties subject to US economic sanctions. K+S Europe's biggest potash supplier rose 2.6% to Euro 25.21 after Yara posted first quarter EBITDA of Norwegian kroner 3.83 bln vs NKr of 3.26 bln expected. Yara rose 5.3% to NKr280.6.

Nemetschek rose 4.5% to Euro 62.65 after the maker of software for construction projects reiterated full year forecasts. Munich Re fell 2.1% to Euro 166.45. Daimler fell 1.6% to Euro 66.73 after reporting first quarter net income of euro 1.03 **billion**, vs Euro 1.1 **billion** expected.

Osram Licht fell 9% to Euro 37.73, a spin off from Siemens, after 2nd quarter revenue fell to Euro 1.28 **billion** from Euro 1.32 **billion** and lowering its full year growth target.

*In the UK Rolls-Royce rose 2.8% to 2,347p after it said it was in talks with Siemens over the possible **sale** of its gas turbine and compressor business.

Royal Dutch Shell shares rose 3.7%, despite posting a 44% fall in first quarter profit after a writedown of refinery assets. However, its underlying profits beat expectations and the **oil** giant also announced a 4% increase in its first quarter dividend.

Heritage **Oil** rose 23% to 315.2p, its biggest rally since May 2009 and the highest price in three years after agreeing to be bought by Qatar's royal family for 320p a share. Ladbrokes rose 6.9% to 153.3p, William Hill rose 4.5% to 354.7p.

Shares in Next rose 0.5% as the retailer raised its estimates for annual sales and profits. Next forecast full-year profits of £163,750m-£163,790m compared with previous guidance of £163,730m-£163,770m.

Shares in Argos owner Home Retail **Group** slipped 1% after the retailer reported full-year profits in line with expectations.

The **company** - which also owns DIY chain Homebase - said underlying pre-tax profits rose 27% to £115.4m, with sales increasing by 3% to £5.7bn.

Domino's Pizza shares dipped 0.2%. The pizza delivery **firm** announced that interim chief executive David Wild had been given the role on a permanent basis.

Mr Wild has been in the post since January after the previous head, Lance Batchelor, left to join Saga.

In other news

*In London, the metro strike began on Tuesday and will continue until 3 pm on Wednesday. Almost all the lines are closed. There is pure traffic chaos in the street with people looking for alternative transportation - bicycles and cars vie for the limited space on the streets, various reports.

NS m11 : Equity Markets | nanl : Analyses | mcat : Commodity/Financial Market News | ncat : Content Types | nfact : Factiva Filters | nfce : FC&E Exclusion Filter

RE ukrn : Ukraine | austr : Australia | uk : United Kingdom | waustr : Western Australia | apacz : Asia Pacific | ausnz : Australia/Oceania | dvpcos : Developing Economies | eecz : European Union Countries | eeurz : Central/Eastern Europe | eurz : Europe | ussrz : CIS Countries | weurz : Western Europe

PUB News Bites Pty Ltd

AN Document NBOZEN0020140430ea51000dx