

**HD MARKET EXPECTED TO CLOSE HIGHER TODAY**

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

Markets in Europe, the UK and US closed higher.

On the NYSE where 3226 issues traded there were 1,622 issues higher, 1,494 down and 110 unchanged. On Nasdaq where 2718 issues traded there were 984 issues higher, 1,646 down and 88 unchanged.

Metals were mostly weaker, crude was mixed, **gold** fell. The \$A is at 92.60US c, down about 15 points from last evening.

"Maree" said, "It looks today as if we will have a gain on the market.

"There has been a lot of focus on Australia's (lower) growth. We have not made new highs like the rest of the world, we have factored in a lot of this slowdown. We have factored in **China's** slowing. A lot of the negatives from the forthcoming Budget have also been factored in - we expect it will be in deficit, may be another 5/10 years.

"While the \$A is too high for manufacturing exporters and others, the Aussie dollar at current levels keeps inflation restrained. If the \$A was weak the RBA would probably be forced to lift interest rates - and we know the level of debt for households is alarmingly high. I don't think a weaker \$A would get us out of trouble.

"Meanwhile, we have the 4th largest level of funds under management in the world.

"For today, I expect the market will rise about 20 points'.

The S&P/ASX200 closed at 5536.1, up 5.1 points last evening.

April 29. Good morning.

\*The US imposed further sanctions on seven Russian officials and 17 firms linked to President Putin's "inner circle" over their role in the Ukraine crisis. The EU added 15 names to the list of persons sanctioned for "actions undermining the Ukraine's territorial integrity, a EU spokeswoman said in a Twitter post.

\*IMF yesterday downgraded Australia's growth f'cast - too low to stop unemployment rising. Missed by us yesterday, deepest apologies.

More below "in other news'

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 2c on 27,000 shares, RIO rose 8p on 3.2m shares, BHP fell 9c on 3.4m shares, News rose 1c on 600,000 shares, FOX rose 24c on 7.4m shares, Westpac fell 5c on 124,000 shares, Telstra fell 1c on 150,000 shares, Resmed fell 1c on 10.5m shares.

PSivida fell 9c on 101,000 shares. Prana was steady on 10.4m shares.

In London Anglo American fell 13.92p to 1,519.08p on 2.25m shares, Aquarius fell 0.75p to 19.75p on 717,608 shares, BskyB fell 13.46p to 882.04p on 2.118m shares, BHP fell 21.4p to 1,902.6p on 5.2m shares, Henderson fell 9.5p to 244.8p on 1.18m shares, RIO fell 93p to 3,185.5p on 4.8m shares.

Trading points:

The Fin Review says FlexiGroup has hired consultants Bain & Co to conduct a sweeping review of its **operations** and map out a six year strategy partly based on an aggressive **acquisition** strategy - targeting \$200 **million** in net profits by 2020, nearly triple the \$72 **million** of 2013.

\*OGC: Oceana **Gold** reports for the 3rd quarter and the full year.

\*WES: Wesfarmers Ltd reports 3rd quarter retail sales.

Analyst's comment: A leading broker on April 24 retained an "underweight" on Wesfarmers with a price target of \$41.23. the broker said Coles like for like growth is expected to moderate to up 2.7% like for like with Bunnings to remain strong, up 5.3% like for like, Kmart to remain subdued with Target weakness remaining.

Resources prices continue to fall (the broker forecasts \$US120/tonne for the hard coking **coal** price) and said it retained an "underweight" due to valuation.

Ex div:MFF ex 1c;PPK ex 1.5c.

Overseas

The DJIA closed up 87.28 points to 16,448.74.

S&P 500 rose 6.03 points to 1,869.43.

NASDAQ fell 1.16 points to 4,074.40 points.

US 10yr bond yields rose 3 points to 2.7%.

The US\$ rose 28 points to 102.48 Yen.

The Euro rose 19 points to 1.3852US c.

The Yuan rose 14 points to 6.2525US c.

FTSE 100 rose 14.47 points to 6,700.16. European markets closed higher.

The Nikkei Dow last evening fell 141.03 points to 14,288.23 points.

Shanghai SE Comp IX fell 33.03 points to 2,003.49.

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 \$20 to \$6,745/fell \$8 to \$A7284. Stockpiles fell 1,950 tonnes to 237,000 tonnes.

Aluminium was down \$24 to \$1,829/fell \$22 to \$A1975. Stockpiles rose 8,250 tonnes to 5,347,575 tonnes.

FastMarkets reported District Judge Katherine Forrest has set a timeline for discovery for each of the defendants accused of anti competitive behaviour . A group of US based aluminium consumers has accused Goldman Sachs, JPMorgan Chase & Co, Glencore and the London Metal Exchange of violating federal anti trust law by conspiring to delay the delivery of aluminium from warehouses, resulting in an artificial spike in the US Midwest aluminium premium and increased costs for end market manufacturers.

Nickel fell \$305 to \$18,175/fell \$293 to \$A19,627. Stockpiles fell 96 tonnes to 277,638 tonnes.

Zinc rose \$9 to \$2,066/gained \$14 to \$A2231. Stockpiles fell 2,925 tonnes to 783,550 tonnes.

**Lead** fell \$26 to \$2,136/fell \$24 to \$A2307. Stockpiles fell 300 tonnes to 192,975 tonnes.

Tin shed \$25 to \$23,600/rose \$20 to \$A25,486. Stockpiles fell 605 tonnes to 8,845 tonnes.

**Iron Ore** fell \$2.40 to \$108.60/fell \$2.37 to \$A117.28.

WTI crude rose 24c to \$100.84/rose 46c to \$A108.90.

Brent Crude fell \$1.46 to \$108.12/fell \$1.36 to \$A116.76.

Spot **gold** fell \$8 to \$1,296/fell \$6.06 to \$A1400. Spot silver fell 15c to \$19.58/fell 12c to \$A21.14. Spot platinum fell \$3 to \$1,419/was steady at \$a1532. Spot palladium fell \$9 to \$800/fell \$8 to \$A864.

#### Overseas eco news

In US eco news, the National Association of Realtors said on Monday its Pending Home Sales Index, based on contracts signed last month, increased 3.4% to 97.4 vs up 1% expected. It was the highest reading since May 2013, and the most since 2011.

The increase beat economists' expectations for a 1% advance and was the first increase after eight consecutive months.

These contracts usually become sales after a month or two, and March's rise suggested home resales could rebound in the months ahead.

\*The US Treasury Department announced the biggest quarterly paydown of government debt in seven years as a stronger labor market helped boost tax revenue. The drop in net marketable debt will be \$78 **billion** in the April-June period, \$38 **billion** more than the paydown projected three months ago with a n end of June cash balance of \$130 **billion**, the Treasury reported in Washington.

However net borrowing of 4169 **billion** is projected for the next quarter, with \$130 **billion** in cash on September 30.

\*In Germany the Bundesbank in its monthly report issued last night said it expects the German economy to lose momentum in the second quarter after a strong start to the year. The bank cited the surge in industrial orders as reason for strong growth in the first quarter with mild weather also underpinning growth.

\*In the UK, the outlook for the economy over the next three months is "exceptionally strong and broad based" according to the employers' organisation the CBI, BBC News reported.

Its latest monthly survey of 675 firms, indicated that growth expectations were the strongest since the CBI started collecting data in 2003.

The data for April showed a growth in output for businesses surveyed.

Retail and services showed the strongest output growth, while manufacturers reported solid progress.

#### Overseas **equity** news

\*In the US of the Dow 30 there were 22 stocks higher and 8 down.

pFizer rose the most, gaining \$1.29 or 4.2% to \$32.04 after confirming it had made a takeover offer for AstraZeneca. Microsoft and Procter & Gamble followed.

General Electric rose 18c or 0.68% to \$26.78 after confirming it has made a bid for the power divisions of Alstom in France, with a rival offer made by Germany's Siemens.

Stocks seen as over valued continued to fall, including LinkedIn, Facebook, Yelp, Twitter and recently listed **Chinese** social media **company** Weibo.

Newmont terminated merger talks with Barrick after Barrick's co chairman John Thornton said last Thursday that a combination of the two companies could not go ahead saying the talks "made us question whether we actually shared the vision and values that are necessary to forge a successful new **company**", FastMarkets reported.

Barrick fell 56c or 3.13% to \$17.33. Newmont fell \$1.78 or 6.73% to \$24.67.

Bank of America fell after the Fed Reserve required the bank to re-submit its 2014 capital plan because BofA incorrectly reported data used to calculate its capital levels. BofA said it was suspending plans to hike its dividend and increase its share repurchase program. Bank of America fell \$1 or 6.27% to \$14.95.

\*In Europe national benchmark indexes rose in 12 of the 18 western European markets. Stocks rose despite new US sanctions against Russian individuals and companies and no easing in the Ukraine crisis, bolstered by M&A activity. Bayer rose 3.3% to Euro 98.95 after first quarter profit beat estimates and it was said to be exploring a sale of its plastics unit. Siemens fell 2.5% to Euro 93.59 after it was said to have made an offer for Alstom that beat a bid from General Electric.

Bouygues which has a 29.3% stake in Alstom rose 2% to Euro 32.25. Meda fell 7.8% to Swedish Kronor 118.50 after rejecting a second bid from Mylan, the biggest US generic drug maker.

Alfa Laval fell 5.4% to Swedish kronor 170.5, its biggest fall since October 2012 after the maker of heat exchangers reported first quarter pre tax profits below analysts expectations.

Air Berlin fell 5.9% to Euro 1.65 after reporting an annual operating loss of Euro 231.9 million and said sales fell to Euro 4.15 billion in 2013. Largest shareholder Etihad Airways said it will buy Euro 300 million of convertible bonds in Air Berlin to increase its capital.

\*In the UK AstraZeneca shares soared more than 14% after Pfizer confirmed interest in buying the UK drug maker.

Pfizer said an initial offer in January which valued Astra at 58.7bn pounds was rejected, and a further approach made at the weekend was also rebuffed.

That helped the FTSE 100 index gain 0.2% to close at 6,700.

ARM Holdings was the biggest faller, closing 3.2% lower, Rio Tinto was the next biggest loser, down 2.8%.

BP fell 1% to 488.35p the oil major holds a 19.75% stake in Rosneft, whose CEO was included in the new US sanctions.

BG closed steady at 11.46 pounds after a low of 10.67 pounds intra day after the sudden departure of CEO Chris Finlayson sparked rumors of a possible bid. Reckitt Benckiser fell 2.3% to 48.45 pounds after confirming after the close it was in the auction for Merck's consumer healthcare unit. Bookmakers Ladbrokes rose 4.6% to 145.1p, William Hill rose 2.4% to 348.1p and Paddy Power rose 1.2% to Euro 55.46 on reports the government would moderate its requirement for limits on casino terminals including no upper limit on wagers, the Financial Times reported .

Sainsbury rose 2.6% to 330.5p ahead of its results on May 7.

In other news

\*The IMF last evening downgraded its growth forecast for Australia since its report on October 2013 to growth of 2.6 % in 2014 and 2.7 % in 2015. The Washington-based institution has previously expected Australia's economy to grow between 2.8% and 2.9 %.

The IMF said Australia's economy is expected to grow below the trend since investments in the mining boom have reached its peak and is now on a declining phase. In the agency's regional report, Regional Economic Outlook for Asia and Pacific released in HongKong on April 28, the IMF also said Australia's economy will need to grow above 3 % every year to keep unemployment rates from rising further.

Australia's Treasurer Joe Hockey has previously pledged that his budget on May 13 will not block the country's tentative signs of economic recovery. He suggested that budget cuts might happen in the coming years as part of a 10-year plan.

\*The IMF upgraded its economic growth forecasts for New Zealand in the last six months. The agency expects the New Zealand economy to grow at 3.3 % in 2014 and 3% in 2015. The previous growth forecast was at 2.4 %.

\*Asia is expected to experience strong growth in 2014 and 2015 to be among the company of global growth leaders. The Asian region is expected to benefit from improved growth opportunities among the world's advanced economies.

However, global economies continue to face new and old risks including the ongoing geopolitical uncertainty over Ukraine, the tapering or the moving away from the unconventional monetary U.S. policy and the impact of low inflation in the EU, the report said.

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