

HD MARKET HIGHER AT MIDDAY AS EXPECTED

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The S&P/ASX200 is up 31.7 points to 5349.3 at midday on lightish volume worth \$1.6 **billion**. There are 508 issues higher and 353 down. The SPI Futures is up 32 points to 5354 on strong volume of 89,611 contracts with the June SPI Futures up 32 points to 5357 on 84,986 contracts ahead of the June quarter becoming current on Thursday.

*The banks have contributed 12.4 positive points to the index, resources have contributed 8.6 positive points, **property** trusts have contributed 1.2 positive points, retailers have contributed 1.1 positive points and Telstra has contributed 1.2 positive points.

*The Nikkei Dow futures is up 120 points to 14,380 points, Shanghai CSI physical is up 2.55 points to 2026.22, Hang Seng futures is up 77 points to 21,470 points, S&P futures is up 0.6 points to 1850.10, Nasdaq futures is down 1.5 points to 3650 points, Dow futures are down \$5 to \$16,161 points..

***TRADING SUBDUED ON OUR MARKET**

Trading seems confined to the majors, and may in part be related to the closing out of the March quarter SPI this week, with many small stocks untraded.

*Bloomberg expects the FOMC will further scale back its bond buying program at the FOMC meeting this week, reducing it by the third time by \$10 **billion** to a \$55 **billion** monthly tapering according to 54 economists surveyed by Bloomberg.

*Bloomberg says **China** government officials are saying closed held Zhejiang Xingrun Real **Estate** co has collapsed with \$567 **million** of debt.

This follows Sahnghai Cahori **Solar Energy** Science & Technology default.

*Russia has warned the economy is showing signs of a crisis, Bloomberg reported. With economists forecasting Russia will probably dip into arecession in the second and third quarters of this year.

"Support at 5310, resistance at 5335, followed by 5350 .. I'll call us up 25 points' Ben Faulkner, a senior adviser with Morgans said, "Starting with **gold**, I suggested yesterday that traders will begin to take profits. There was a bit of a sell off last night - also Deutsche Bank was telling clients to short the stock.

"\$1360 should be good support, **gold** is still in a strong uptrend. The 20 day moving average is at about \$1340.

"Looking at the Shanghai market, it had a pretty savage sell off in mid February and the chart is still medium term bearish - has been in downtrend since November last year. It is encouraging to see the 2000 level of strong support that held in January in the sell off remains strong support.

"The Shanghai market is still in a short term downtrend, trading below the 3 month moving average. Resistance is at 2050. A break of 2050 is needed before we see any confirmation of a neutral or bullish breakout.

"With regard to the S&P 500, support held around the 1840 level, it broke back and closed above the 20 day moving average. Support is still around 1845. There is still room to move to the upside before we experience resistance at 1870. That picture improved over night.

"On the XJO, interestingly the index closed right on the 50 and 100 day moving average yesterday. Support remains at 5295. Resistance remains at about 5350. A key level to watch this week is 5350.

"With regard to intra day levels, support is at 5310, initial resistance at 5335 followed by 5350.

"For the day I will call us up 25 points'.

The S&P/ASX200 closed down 11.8 points to 6317.6 points last evening.

ECO NEWS

RBA Minutes of the meeting on March 4

"Considerations for Monetary Policy

The pace of growth of Australia's major trading partners appeared to have remained around average. Domestically, timely indicators were consistent with some improvement in economic conditions over recent months, and there were further signs that the expansionary setting of monetary policy was having the desired effects. Indicators had been generally positive for consumption, housing investment, business conditions and exports. **Mining** investment had declined and was expected to fall further, while non-**mining** investment remained subdued and was expected to pick up gradually over time. Wage growth was at quite low rates, and if domestic costs remained contained some moderation in inflation for non-traded goods and services could be expected over time. These conditions would be expected to keep inflation consistent with the target even with lower levels of the exchange rate. While the labour market remained weak, forward-looking indicators of labour demand appeared to have stabilised.

"At recent meetings, the **Board** had judged that it was prudent to leave the cash rate unchanged, while noting that the cash rate could remain at its current level for some time if the economy was to evolve broadly as expected. Developments since the previous meeting had supported that assessment. There were further signs that low interest rates were providing support to activity, with improved economic conditions evident across a range of household and business indicators. While the labour market was expected to remain subdued for a while and wage growth had declined, the **Board** observed that this was consistent with conditions in the labour market usually lagging changes in economic activity. The decline in the exchange rate seen to date would assist in achieving balanced growth in the economy, though members noted that the exchange rate remained high by historical standards.

In light of this assessment, the **Board's** judgement was that it would be appropriate to maintain the current stance of policy. The **Board** would continue to examine the data over the period ahead, with members noting that, if the economy was to evolve broadly as expected, then the most prudent course was likely to be a period of stability in interest rates.

The Decision

"The **Board** decided to leave the cash rate unchanged at 2.5 per cent"

The ABS reported International Merchandise Imports, Australia, Feb 2014

In original terms, February 2014 imports on an international merchandise trade basis were \$20,510m, a fall of \$1,100m (5%) on the revised January 2014 merchandise imports of \$21,610m.

Preliminary analysis shows that goods debits (imports) on a balance of payments basis in original terms fell \$1,592m (7%) between January and February 2014.

In seasonally adjusted terms, goods debits rose \$321m (1%) between January and February 2014 to \$22,988m. Capital goods rose \$803m (16%) and non-monetary **gold** rose \$109m (43%). Intermediate and other merchandise goods fell \$531m (5%) and consumption goods fell \$58m (1%).

Revisions have been made to the previous six months to incorporate the latest administrative data relating to international merchandise trade.

The preliminary balance of payments debits estimates incorporate the latest available data.

TOP STOCKS

*Nufarm is up 10.5c to \$4.00.5 on 500,000 shares on the report below.

*Virtus is up 20c to \$7.75 on 162,76 shares.

Among the financials, AMP is up 7c to \$5.02 on 3.95m shares, ANZ is up 28c to \$32.34 on 1.7m shares, CBA is up 50.5c to \$73.35.5 on 844,669 shares, NAB has gained 37c to \$34.57 on 1.6m shares, Westpac is up 14c to \$33.68 on 1.77m shares.

Among the TMT's Telstra is up 2c to \$5.02 on 7.4m shares, TelecomNZ has gained 3c to \$2.28 on 3010130 shares, SingTel is up 1c to \$3.09 on 181,008 shares.

Among the resources BHP is up 59c to \$36.06 on 3.3m shares, RIO is up 56.5c to \$61.84.5 on 962,713 shares. Fortescue is up 1c to \$4.92 on 9.1m shares. Atlas is up 1c to 91c on 6.35m shares, Paladin is up 2.2c to 53.2c on 3.1m shares.

Among the oils, Woodside is up 4c to 389.05 on 492,232 shares. Santos is up 9c to \$13.42 on 726,264 shares. **OIL** sEARCH IS UP .5C TO \$8.57.5 O N2.49M SHARES.

Among the golds, stocks are lower across the **board**. Newcrest is down 65c to \$11.51 on 4.1m shares, Alacer is down 10c to \$3.50 on 520,853 shares, Medusa is down 13c to \$2.38 on 708,604 shares.

AT THE SMALLER END

*Sirius is up 15c to \$2.80 on 1m shares. *Progen is up 27.5c to \$1.17 on 72,010 shares.

*Cue is up .3c to 9.7c on 16.79m shares.

NEWS OF THE DAY

Ex div: LMW ex 1.3c; MCP ex 6c; MLD ex 1.4c; WAM ex 6.5c.

Our Darvas system related Special Report is on **Alumina** Ltd today, posted separately.

LARGE CAP INDUSTRIALS

*AHE: Says talks for **sale** of Cova Parts stores in WA are still exploratory

Automotive Holdings **Group** Ltd in response to press speculation today regarding the possible **sale** of its Cova Parts stores in Western Australia, managing director Bronte Howson said, "As is speculated in the press today, we have been approached by prospective buyers of the Cova retail stores. At this stage those discussions are exploratory".

*DJS/MYR: Adviser to assess merits of merger with Myer/**board** renewal

David Jones Ltd announced it has re-appointed management consulting **firm** Port Jackson Partners Ltd as its strategic adviser. Port Jackson Partners will assist the **company** in assessing the value of synergies that can be extracted if David Jones and Myer were to **merge**.

Also an assessment of the value that can be derived for shareholders if David Jones continues with the implementation of its Future Strategic Direction Plan on a stand alone basis.

At a later stage, an assessment of Myer's business as part of a broader due diligence exercise if the merger discussions progress.

Also non exec director Leigh Clapham tendered his resignation, effective immediately. Chairman Gordon Cairns paid tribute. An external search **firm** has been appointed to assist with the appointment of two new non exec directors.

*EHL: Completes refinancing through 9.875% Snr Secured Notes

Emeco Holdings Ltd announced its wholly owned subsidiary Emeco Pty Ltd has completed the previously announced offering of \$US335 **million** in aggregate principal amount of 9.875% Senior Secured Notes due 2019 in an offering to qualified institutional buyers in the US pursuant to Rule 144A under the US Securities Act of 1933 as amended and to certain persons outside the United States in offshore **transactions**.

Net proceeds will be used to repay existing indebtedness outstanding under the USPP Notes and Australian senior bank facilities. On completion of the refinancing, Emeco will have access to a \$50 **million** secured multi currency revolving credit facility, which will provide funding for general corporate purposes. The Notes together with the new credit facility will provide Emeco with a more flexible and sustainable debt

structure and give the **company** the required balance sheet capacity to respond to improving market conditions.

The Notes will pay interest on March 15 and September 15 each year, commencing September 15 2014 at 9.875% per annum. The notes are secured against Emeco Holdings Ltd and certain of its other subsidiaries.

*LLC: Contract worth \$580m with NSW Roads for Oxley Highway upgrade

Lend Lease **Group** announced it has secured a contract with NSW Roads and Maritime services for the Oxley Highway to Kundabung Pacific Highway upgrade project. The contract value is around \$580 **million**.

The project includes the design and construction of 23 km of upgrade works to the Pacific Highway from the Oxley Highway interchange at Port Macquarie to Kundabung. The project includes major bridge crossings across the Hastings River and Wilson River.

CEO and MD Steve McCann said the contract was the third package of upgrade works on the Pacific Highway currently being undertaken by the **company**. (Mar 17)

*NUF: To streamline manufacturing admin in Aust - 105 jobs go, \$13m pa savings

Nufarm Ltd announced a reorganisation of its Australian **operations** which will result in a more flexible and responsive cost structure and an increased focus on new product development and customer service.

Managing director Doug Rathbone said the reorganisation includes the phased closure of two manufacturing facilities, at Welshpool and Lytton with the transfer of production activity for certain products to the existing main Laverton manufacturing facility in Victoria and the redevelopment and expansion of a second existing manufacturing **site** at Laverton, the closure of a number of regional service centres and warehouse network with key centres to be retained in major cropping regions and the closure of six facilities.

A significant streamlining of management resources across most functions of the business will be undertaken, resulting in headcount reduction in various support and administration roles.

(In its conference call following the announcement Nufarm said 105 jobs of the current 673 will be cut).

The changes to be fully implemented over a two year period are expected to result in annual cost savings of up to \$13 **million**. One off restructuring costs of up to \$39 **million** will be booked in the current financial year end statements of which approximately \$28 **million** will be non cash.

Nufarm owns the majority of properties proposed for closure and will seek to maximise **sale** proceeds after **site** closures.

A review is also underway of its manufacturing **operations** in New Zealand. Preliminary conclusions of the review will be discussed with New Zealand employees over coming weeks as part of a consultation process.

LARGE CAP RESOURCES

*KCN: Raising up to \$59.4 mln via placement, part u/writ 3 for 11 issue at \$1

Kingsgate Consolidated Ltd managing director and CEO Gavin Thomas announced it is raising up to \$59.4 **million** via a placement of 14.7 **million** shares to raise \$14.7 **million** and a 3 for 11 accelerated non renounceable entitlement offer to raise up to \$44.8 **million**. the issue price under both the placement and entitlement offer will be \$1 per new share, a discount of 22.5% to the last close of \$1.29, a 21.3% discount to the 5 day VWAP of 41.27 and a 17.6% discount to TERP of \$1.21.

The placement and institutional component of the entitlement offer are fully underwritten by Morgan Stanley Australia Securities Ltd and CIMB Capital Markets (Australia) Ltd.

The joint **lead** managers are also underwriting the first \$11.1 **million** of the retail entitlement offer, supported by a sub underwriting commitment by RCF of that amount, delivering a minimum of \$39.2 **million** of committed and underwritten proceeds to Kingsgate.

Proceeds will be applied towards repayment of existing corporate debt, pre development expenditure at Nueva Esperanza, completion of the Bowdens DFS and EIS and working capital.

MID TO SMALL INDUSTRIALS

*ANP: Phase 1 trial for ATL1102/stores autologous stem cells pre chemo therapy

Antisense Therapeutics Ltd announced it has commenced dosing of its Phase I Stem Cell Mobilisation (SCM) Human Proof of Concept trial of ATL1102, the **company's** second generation antisense drug targeting the VLA-4 receptor. The randomised open label study of ATL1102 dosed over 5 days (given on day 1, 3 and 5) in 10 healthy volunteers is being conducted by leading Clinical Research Organisation, Nucleus Network at its clinical trial unit at the Alfred Hospital, Melbourne.

The release of these stem cells from the bone marrow into the blood is part of an important medical procedure used to improve outcomes for patients undergoing chemotherapy to treat certain cancers. The stem cells released into the blood are then collected and stored before high dose chemotherapy and then re-infused to replace those lost during chemotherapy in order to re-establish the immune system.

*MEJ: Strat agreement with CloudHashing.com, world's largest Bitcoin miner

Macro **Energy** Ltd announced that digital BTC has signed a strategic agreement with CloudHashing.com, the world's largest cloud Bitcoin **mining** provider, with proprietary software developed to optimise the yield of Bitcoins derived from Bitcoin **mining operations**. DigitalBTC intends to then use these Bitcoins that they are awarded to generate revenues by converting them into sovereign currencies (\$US, \$A or similar) or to create further returns by trading them on an exchange.

DigitalBTC executive chairman Zhenya Tsvetnenko said the agreement is an ideal outcome for the immediate expansion of digitalBTC's Bitcoin **mining operations**.

*NAM: Term of debt lengthened from 1 yr to 3, now wholly with CBA

Namoi Cotton Co-operative Ltd announced it has completed consolidation of its finance facilities now to be provided solely by Commonwealth Bank of Australia. This presented an opportunity to lengthen the term of Namoi Cotton's term debt facilities from 1 year to 3 years. In addition Namoi Cotton has secured committed working capital facilities to provide greater flexibility to its **operations**.

*PME: Finalises last buyback, notice of new buyback for up to 10% starts Apr 1

ProMedicus Ltd CEO Dr Sam Hupert announced it has finalised its on market share **buy** back, announced on February 27. Also a new on market share buyback for up to 10% of the ordinary shares on issue has been announced. The new **buy** back cannot commence until 14 days after notice has been given to ASIC, which is from April 1 2014.

MID TO SMALL RESOURCES

*AOH: To be debt free with \$16m in cash 2 years ahead of schedule

Altona **Mining** Ltd managing director Dr Alistair Cowden announced the **company** will repay its debt facility of \$US10 **million** in full effective March 31. The debt removal was made by the payment of \$US10 **million** cash funded by \$US8.3 **million** released from the closure of the majority of the **company's** **copper** hedge book. The **company** retains some 1,751 tonnes of **copper** hedged at approximately \$US3.36/lb to August 2014. The **company** will have approximately \$16.5 **million** in cash at March 31 and will be debt free, two years ahead of schedule.

*CBX/MTE: MTE launches 0.6c cash on market offer for Cape **Alumina**

Cape **Alumina** Ltd chairman George Lloyd said it is considering the terms of the on market takeover bid by MetroCoal Ltd announced today. At this stage shareholders are advised to take no action.

Separately, MetroCoal Ltd announced a non market takeover bid for all the fully paid ordinary shares in Cape **Alumina** Ltd at 0.6c cash for every Cape share held. MetroCoal has appointed Wilson HTM to act as its on market broker. Offer period commences April 3 and ends May 5 unless extended.

*KBL: Significant Pb-Ag-Au intercepts at Mineral Hill Mine, central NSW

KBL **Mining** Ltd announced at its Mineral Hill Mine in central NSW, sequential float trials for the production of a marketable Pb-Ag-Au concentrate have resulted in significant intercepts including 9.1m at 6.4% Cu, 13gpt Ag and 2.8gpt Au from 149.9m in IUS9OZ042 including 5.4m at 9.6% Cu, 19.4gpt Ag and 4.4gpt Au from 144m. The trials support potential production versatility from high grade polymetallic mineralisation at SOZ which continues to deliver encouraging results. Other results were also tabled.

*SOR: Archived records reveal up to 5324.5gpt Au at Aorangi **gold** mine, NZ

Strategic Elements Ltd announced it has discovered an extensive set of records on the Aorangi **Gold** Mine on South **Island**, New Zealand in the Wellington Archives, including previously unknown underground exploration assays of 663.8 gpt Au including 5324.5gpt Au from a sample of selected specimens. Underground exploration also reported **gold** mineralisation continuing beneath the old mine. Also for the first time an exceptionally high average head grade of primary **ore** at 46.9gpt Au has been estimated from production records and comments from a government official document contained within the same archives.

Strategic Elements is a registered Pooled Development Fund.

Managing director Charles Murphy said, "It is now clear that no 3 Level of the Aorangi mine has approximately 300m of completed underground development left unmined in 1914. Over 17 years after the mine closed, New Taitapu **Gold** Prospecting **Company** Ltd drove into this section of the mine successfully, cutting through a vein grading 663.8gpt Au over 0.75m across the full width of the quartz, including 5324.5 gpt Au over 0.25m.

The **company** now plans to outline the extension of high grade **gold** mineralisation at depth beneath the Aorangi mine workings. It will also research archives for other mines in the Goldfield, and make field visits.

*TON: Raises \$40 mln at 11c/Balama graphite project exploration fully funded

Triton Minerals Ltd announced it has raised \$40 **million** through a placement of shares to key sophisticated and institutional investors in Australia and internationally, with an issue of just over 36.3 **million** shares at 11c per share.

Shareholder approval will be required, with approval to be sought at a meeting to be held on March 21.

The **company** said it is now fully funded to progress the first phase of the aggressive drilling program, exploration activities and studies at its key Balama North graphite project in Mozambique.

*WCL: Relinquishing Galilee Basin projects, focus on Meridian SeamGas

Westside Corporation Ltd announced it has notified the Queensland Department of Natural Resources and Mines that it will relinquish its interests in ATP 974P and ATP 978P in Queensland's Galilee Basin to focus on development of its producing Meridian SeamGas gas field. The relinquishment will have no material impact on the results for the year ended June 30 2014 as the carrying value of the tenements was written off in the previous financial year.

Mr Hughes said WestSide remained committed to ongoing exploration within the **company's** Bowen Basin exploration tenements ATP 688P and ATP 769P.

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