

HD HIGHER AT AVRO/CHINA GDP, RETAIL SALES BEAT FORECASTS

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The S&P/ASX200 is up 19.6 points to 5407.8 at midday on lightish volume worth \$1.4 billion. There re 481 issues higher and 317 down. The SPI Futuers is up 19 points to 5396 on light volume of 7710 contracts. Aussie 10 year bond yields

*The banks have contributed 4.5 positive points to the index, insurers have contributed 0.5 positive points, resources have contributed 1 negative point, property trusts have contributed 0.8 positive points, retailers have contributed 2.6 positive points and Telstra has contributed 0.7 positive points.

*The Nikkei Dow futures is up 260 points to 14,290 points, Shanghai CSI physical is down 2.09 points to 2097.21, Hang Seng futures is up 131 points to 22,787 points. S&P futures is up 4.6 points to 1844.20, Nasdaq futures is up 13.75 points to 3505, Dow futures is up 48 points to 1623 points. Gold futures are down \$3 to \$1299. Crude futures are up 6c to \$103.81.

China numbers positive

*China's GDP rose 7.4% in the first quarter vs 7.7% growth for the fourth quarter of last year the National Bureau of Statistics reported. The GDP number was up on the 7.3% rate expected by analysts. The March quarter economy expanded 1.4% from the December quarter, seasonally adjusted.

*China's March retail sales rose 12.2% year on year and were up 1.23% on February, accelerating from a 11.8% year on rise or January and February, the National Bureau of Statistics revealed.

Retail sales also increased 1.23% in March from February. In February, they rose 0.71%.

Our market volumes are thinner, expected to be more so tomorrow as many investors begin their Easter break early. If anything can be read into price action this morning, investors seem to have gravitated to safe sector stocks today.

"Support is at 5360, resistance at 5400. I will call us up 5 points"

Ben Faulkner, a senior adviser at Morgans said, "Nasdaq again tested support levels last night but bounced back up which was good to see, indicating the break through support was a false break. But we need to see 4055 broken this week otherwise it is looking a bit susceptible. Ideally we would want to see it back above 4150.

"The S&P so far for the week following the break of the 1830 support level had a good close last night, closing not far off its highs. It is still short term neutral. For the week we would want to see it back above 1860 which would see it close above the 20 day moving average.

"Shanghai closed off a bit yesterday but is still holding above the 2100 level, which we need to see it hold for now.

"Commodities got whacked last night with **copper** in a bit of a sell off on Comex to below \$3/lb, slightly bearish for the week. Support is still around \$2.94/lb. We would want to see it back above \$3.03/lb on the week, otherwise it is susceptible to testing recent lows. The US dollar was strong across the **board**.

"**Gold** was hit quite hard last night, it pretty much gapped yesterday and is now below the 20 day moving average. The uptrend it has been in for the last week or two has been broken. Selling pressure in coming days may see it head back down to the previous support at \$1280.

*The XJO had a pretty good day, closing right on the 20 day moving average. There is again potential for a false break of the 20 and 50 day moving averages. We would want to see it close above 5388 for the week. It will run into pretty strong resistance around 5400. If it breaks that level it can go to 5450.

Support is around 5360 which is also support for the day with resistance at 5400.

I will call us up 5 points.

"Resources are going to be weak, but some recovery in high p/e, high momentum stocks can push us back into positive territory".

The S&P/ASX200 closed up 29.3 points to 5388.2 last evening.

ECO NEWS

The ABS reported:

The trend estimate for total dwellings approved rose 0.7% in February and has risen for 26 months.

The seasonally adjusted estimate for total dwellings approved fell 5.0% in February following a rise of 6.9% in the previous month.

The trend estimate for private sector houses approved rose 1.9% in February and has risen for 14 months.

The seasonally adjusted estimate for private sector houses fell 2.1% in February following a rise of 8.4% in the previous month.

The trend estimate for private sector dwellings excluding houses fell 0.7% in February and has fallen for two months.

The seasonally adjusted estimate for private sector dwellings excluding houses fell 8.7% in February after rising for two months.

VALUE OF BUILDING APPROVED

The trend estimate of the value of total building approved rose 0.2% in February and has risen for eight months. The value of **residential** building rose 0.2% and has risen for 12 months. The value of non-**residential** building rose 0.3% and has risen for seven months.

The seasonally adjusted estimate of the value of total building approved fell 0.3% in February and has fallen for two months. The value of **residential** building fell 0.2% and has fallen for two months. The value of non-**residential** building fell 0.5% and has fallen for two months.

BUILDING WORK DONE

The trend estimate of the value of total building work done rose 0.6% in the December 2013 quarter.

The seasonally adjusted estimate of the value of total building work done fell 0.8% to \$20,954.6m in the December quarter, following a rise of 1.6% in the September 2013 quarter.

NEW **RESIDENTIAL** BUILDING WORK DONE

The trend estimate of the value of new **residential** building work done fell 0.1% in the December quarter. The value of work done on new houses fell 0.2% while new other **residential** building rose 0.1%.

The seasonally adjusted estimate of the value of new **residential** building work done fell 1.1% to \$10,448.9m in the December quarter. Work done on new houses rose 0.7% to \$6,408.7m, while new other **residential** building fell 3.8% to \$4,040.1m.

NON-**RESIDENTIAL** WORK DONE

The trend estimate of the value of non-residential building work done rose 1.3% in the December quarter.

The seasonally adjusted estimate of the value of non-residential building work done fell 0.9% in the December quarter following a rise of 3.5% in the September 2013 quarter.

TOTAL DWELLINGS

The trend estimate for the total number of dwelling units commenced rose 3.6% in the December 2013 quarter following a rise of 2.6% in the September quarter.

The seasonally adjusted estimate for the total number of dwelling units commenced rose 8.2% to 44,729 dwellings in the December quarter following a fall of 0.6% in the September quarter.

NEW PRIVATE SECTOR HOUSES

The trend estimate for new private sector house commencements rose 2.2% in the December quarter following a rise of 2.3% in the September quarter.

The seasonally adjusted estimate for new private sector house commencements rose 0.1% to 24,055 dwellings in the December quarter following a rise of 2.0% in the September quarter.

NEW PRIVATE SECTOR OTHER RESIDENTIAL BUILDING

The trend estimate for new private sector other residential building commencements rose 6.2% in the December quarter following a rise of 4.4% in the September quarter.

The seasonally adjusted estimate for new private sector other residential building rose 22.4% to 19,587 dwellings in the December quarter following a fall of 5.2% in the September quarter.

TOP STOCKS

*Ramsay Healthcare is up 88c to \$45.39 on 371,444 shares, Nufarm is up 9c to \$4.08 on 161,629 shares, Carsales is up 18.5 to \$10.26.5 on 440,928 shares. GrainCorp is up 13c to \$8.84 on 456,721 shares. Challenger Financial is up 39c to \$6.50 on 1.4m shares.

Among the financials, AMP is up .5c to \$5.12.5 on 2.6m shares, ANZ has gained 6.5c to \$33.58.5 on 968,638 shares, CBA is up 8c to \$76.98 on 562,147 shares, NAB is up 4.5c to \$35.10.5 on 944,049 shares, Westpac is up 20c to \$34.57 on 1.2m shares.

Among the TMT's Telstra is up 1.5c to \$5.09.5 on 7.78m shares, Telecom NZ is steady at \$2.45 on 704,225 shares, SingTel is up 5c to \$3.17 on 453,768 shares.

Among the resources BHP is down 3.5c to \$37.74.5 on 3.15m shares on a flattish quarterly production report. RIO has regained 2c to \$673.37 on 685,173 shares after its quarterly report yesterday. Fortescue is down 3c to \$5.30 on 12.58m shares, also quarterly report below. Iluka is down 64c to \$9.13 on 2.4m shares, also Quarterly below. Sandfire is down 25c to \$5.74 on 182,317 shares, PanAust is down 3.5c to \$1.64.5. Paladin is down 1.8c to 44.7c on 2.16m shares.

Among the oils, Woodside is up 41c to \$39.56 on 822,713 shares, Santos is up 15c to \$13.47 on 720,307 shares. Oil Search has gained 13c to \$.58 on 1.34m shares.

Among the golds, Newcrest is down 11.5c to \$10.28.5 on 2.15m shares, Silver Lake is up 1c to \$2.5 on 3.5m shares, also quarterly report yet to be entered , deepest apologies.

Alacer is down 5c to \$2.69 on 152,958 shares, Oceana has shed 3.5c to \$2.40.5 on 143,868 shares.

AT THE SMALLER END

*Clean Seas Tuna is up .2c to 5.6c on 7.5m shares on the report below.

*GI Dynamics is up another 5.5c to 59c on 679,804 shares.

*McAleese fell 6.5c to 45c on 871,178 shares, also report below.

NEWS OF THE DAY

Our Darvas System related special report is on Goodman Fielder Ltd today, posted separately.

Changes in substantials reported April 14 and 15 inc posted separately.

Ex div: CLV ex .5c.

(No Week's Special this week or next - cannot do justice in shortened week)

LARGE CAP INDUSTRIALS

*API: Seeks further suspension

Australian Pharmaceutical Industries Ltd sought further suspension, continuing to make an assessment of the carrying value of its assets as part of the process to finalise its half year results to be announced on April 30.

*DOW: 4 yr \$A400 mln credit facility extended on more favorable terms

Downer EDI Ltd announced it has completed the extension of its \$A400 **million** syndicated credit facility which had closed in April 2013, with a maturity of four years including an option exercisable in April to extend the term for a further one year period from April 2017 to April 2018.

Downer's improved credit profile and credit rating and the general contraction in market credit spreads enabled Downer to achieve reduced pricing for the whole revised four year facility, to apply from April 2014.

CFO Kevin Fletcher said in the report all banks in the facility unanimously agreed to the extension with no changes to existing participation levels.

*PPT: Corrects NZ Guardian Trust Co divestment synergy announcement

Perpetual Ltd corrected the announcement of April 7 regarding the **sale** of the New Zealand Guardian Trust **Company** Ltd to synergy benefits of at least \$15 **million** per annum before tax, correcting from after tax.

LARGE CAP RESOURCES

*BHP: BHP Billiton in its report for the March quarter and 9 months said over the nine months there was record production of four commodities and at 10 operations.

Iron ore: There was strong operating performance throughout the period, with relatively limited impact from the wet season. The continued ramp up of Jimblebar underpinned record production at Western Australia **iron ore** of 163 **million** tonnes on a 100% basis. Production for the quarter was 147,387Kt, up 23% from the previous corresponding period (pcp) and up 1% from the December quarter.

Year to date production was up 21% to a record 147,387 Kt.

Full year **iron ore** production guidance: raise by a further 5 **million** tonnes to 217 **million** tonnes on a 100% basis.

Queensland **Coal:** achieved record annualised production of 69 **million** tonnes on a 100% basis in the March 2014 quarter.

Metallurgical **coal** production was up 24% year to date, up 28% on the pcp and down 1% on the December quarter to 33,192 Kt.

Energy coal production was up 2% year to date, up 11% on the pcp and steady with the December quarter to a total 55,129Kt.

Full year Queensland **coal** production guidance: Lifted to 43.5 **million** tonnes.

Total **energy coal** production guidance for the year: Unchanged at 73Mt.

Petroleum liquids production increased by 16% to 77 **million** barrels of **oil** equivalent (mboe) for the nine months, underpinned by a 71% increase at Onshore US.

For the nine months ended March 2014 total petroleum production rose 3% to 181.3 Mmboe.

Full year production guidance: Now expected to be approximately 245 **million** barrels of **oil** equivalent (vs 250 **million** barrels forecast on January 22) after the divestment of Liverpool Bay. The overall reduction in full year guidance has been mitigated by an increased contribution from higher margin crude and condensate.

Copper Production and Guidance: Remains unchanged at 1.7 **million** tonnes with a strong June 2014 quarter expected. Production for the quarter was down 5% on the pcq to 1,257.1Kt and vs the December quarter was down 6%. Year to date **copper** production was up 2% to 1,257.1 Kt.

*Olympic Dam **copper** production for the nine months rose 10% and was underpinned by record **mining** and hoisting rates. Full year production at Olympic Dam is expected to be broadly unchanged from the 2013 financial year.

Lead production was down 3% on the quarter vs the pcq to 141,861 tonnes and was down 1% on the December quarter.

Zinc production was down 36% on the pcq to 80,819 tonnes and down 41% on the December quarter, total zinc production for the nine months was broadly unchanged at 80,819 tonnes (down 2%).

Silver production was down 4% on the pcq to 26,295Kt and down 1% on the December quarter and down 4% year to date to 26,295 Kt.

Natural gas production for the nine months ended March 2014 fell by 5% to 624 bcf. First gas from Macedon partly offset lower seasonal demand at Bass Strait and natural field decline at Haynesville following BHP's decision to prioritise Onshore US development drilling in the Black Hawk region of Eagle ford.

Uranium production for the nine months ended March 2014 was down 1% to 2,944 tonnes. **Uranium** production was up 4% on the pcq and down 4% on the December quarter.

Announces major increase in mineral resource at Escondida

BHP announced a 28% increase in the mineral resource at Escondida vs a previous estimate at June 30 2013, largely reflecting the inclusion of 46 km of in fill drilling that has continued to delineate the Escondida Este deposit, adjacent to the Escondida mine.

As at March 31 Escondida had a total resource in measured, indicated and inferred categories for oxide, mixed and sulphide **ore** of 13,890Mt grading 0.57% Cu (BHP 57.5%).

*FMG: **Ore** mined down on 2nd qtr, up on pcq, debt reducing, cash \$US1.9 bln

Fortescue Metals **Group** Ltd for the period ended March 31 announced **ore** mined was 29.6Mt, down 8% on the second quarter and up 17% on the previous corresponding period (pcq) for total **ore** mined up 17%.

Total **ore** shipped was 31.5 Mt, up 13% on the 2nd quarter and up 20.2% on the pcq for total **ore** shipped up 56% to 31.5Mt (inclusive of 3rd party tonnes).

Fortescue **ore** shipped was up 59% to 30.8Mt.

C1Costs were down 20% to \$US34.88/tonne on the pcq, and were up 6% on the 2nd quarter. The improvement in C1 costs was in line with guidance and reflects the low cost Solomon tonnes and operational efficiencies.

Debt repayments are \$US3.1 **billion** to date, with a commitment to reduce gearing to an initial target of 40%.

Cash on hand was \$US1.9 **billion** at end March.

Forecast production:

Fortescue plans to ship 41.6Mt in the June 2014 quarter to achieve 127Mt in full year 2014. The **mining**, rail and port **operations** have demonstrated the required sprint capacity during the March 2014 quarter to achieve this target.

C1 cost guidance was maintained at \$US34/wmt based on a US to \$A exchange rate of 90US c.

*ILU: Prod, revenue steady with pcq/signs indicate improving market

Iluka Ltd for the March quarter announced total zircon/rutile/synthetic rutile production was 110.9 Kt in the March quarter vs 111.0Kt for the previous corresponding period (pcq) and vs 9.7Kt for the December quarter.

Total mineral sands production including ilmenite was 271.8Kt vs 221.2Kt for the pcq and 207.1 for the December quarter.

Mineral sand revenue for the March quarter was \$139.98 million vs \$139.7 million for the pcq and vs \$234.3 million for the December quarter.

Iluka continued to operate at below full production rates as previously advised through a combination of lower mineral separation plant utilisation and asset idling. Zircon production increased in the quarter relative to the December quarter and March 2013 quarter in line with a planned production increase in 2014 as demand recovers and finished goods inventory is drawn down.

Mineral sands market conditions

Iluka has observed numerous positive indications during the first quarter regarding a likely recovery in demand for both zircon and high grade titanium dioxide feedstocks during 2014.

Iluka does not provide price forecasts and does not provide price update unless material.

The group also updated its development and exploration activities under way.

*WHC: Dept of Environment approves offsets package at Maules Creek

Whitehaven Coal Ltd welcomed advice from the Commonwealth Department of the Environment which has found the offsets package to be fully compliant with the Maules Creek Project approval conditions.

The government also dismissed the claim that the offsets package was based on false and misleading information.

*YAL: U/g wall collapses at Austar coal mine, two employees killed

Yancoal Ltd advised at around 21.30 on April 15 an underground incident occurred at the Austar coal mine located approximately 10 km south west of Cessnock. A team of coal mine employees were working underground when a wall collapsed. Tragically two employees lost their lives. Mining activities ceased and a recovery operation was initiated at the site. Yancoal will continue to work closely with emergency services and the regulator.

MID TO SMALL INDUSTRIALS

*ACG: Patent granted for SphygmoCor in the US

AtCor Medical Ltd the developer and marketer of the SphygmoCor system which measures central aortic blood pressures and arterial stiffness non invasively announced a new patent, method for determination of cardiac output, has been granted in the US. This establishes a proprietary position for AtCor and confers IP rights until August 2026.

*CAA: Capral Ltd announced it has renewed its finance facility of up to \$90 million with GE Commercial Corporation with a new 3 year arrangement commencing from July 1 when the current arrangement expires.

*CAA: Forecasts positive EBITDA for 2014

Capral Ltd chairman Rex Wood-ward and CEO Tony Dragicevich addressed the AGM.

The chairman said despite the disappointing financial results for 2013 he was heartened by the underlying resilience of Capral's business and further progress with productivity improvements and cost efficiencies which resulted in a trading EBITDA of \$4.1 million in line with \$4 million reported in 2012.

The after tax loss of \$51.7 million vs a loss of \$11 million the prior year included asset impairment charges of \$41.5 million, restructuring costs of \$4.3 million and a net acquisition gain of \$1.8 million arising from the acquisition of the business of OneSteel Aluminium.

Loss after tax before these items was \$7.7 million vs \$9.6 million before restructuring costs in 2012.

He said he was confident of great progress in the year ahead and paid tribute to the CEO in his first year of performance, and to the Capral team and shareholders.

The managing director and CEO Tony Dragicevich said Capral remains at the forefront of a campaign to deliver a fair market for aluminium extrusion products in Australia through the reform of the Australian anti-dumping regime.

The **acquisition** of OneSteel Aluminium was positive for the **company** and the outlook for the new housing sector is positive for 2014. Improved trading conditions are expected to lift volumes higher in 2014 which together with a focus on costs is expected to generate improved earnings in 2014. Trading EBITDA is forecast to lift by between \$1/3 **million** in the first half, for a full year EBITDA of between \$8/10 **million**.

*CSS: Kingfish biomass growth, survival year to date significantly above budget

Clean Seas Tuna Ltd announced that Kingfish biomass growth and fish survival continue to exceed budget, forecast and previous historical fish performance. Actual performance year to date is significantly ahead of the annual budget. The **company's** revised forecast for the remainder of the year sees the trend continuing.

*EBT: Receives regulatory approval for entry into Victoria

eBet Ltd announced it has received the required regulatory approval to operate in Victoria from the Victorian Commission for gambling and Liquor Regulation.

CEO and MD Tony Toohey said it was a crucial approval for its entry into Victoria, the third largest gaming market in Australia.

*GOZ: Leases final unit at 9-11 Drake Bve, Altona/Keysborough prop completed

Growthpoint Properties Australia Ltd announced leasing of the final industrial unit at 9-11 Drake Boulevard, Altona for an initial ten year with two options each of five years. The tenant is Peter Stevens Motorcycles, formed over 40 year ago and a family owned and run business.

'The final cost of the **property** excluding **acquisition** costs is expected to be \$25.485 **million** after adjustment for the longer lease term under the Peter Stevens lease.

A valuation has been received with Urbis valuing the **property** at \$26 **million**.

Also the Keysborough **property** has achieved practical completion on April 4. Transport Management Solutions has leased the 6,455 sq **m** office/warehouse for 5 years with annual 3.5% fixed rent reviews. The 11,430 sq **m** office and warehouse is available for lease, covered by a 5 year rental guarantee provided by Australand, the developer of the **property**.

*GRK/AWE: AWE withdraws from Mid West geothermal project

Green Rock **Energy** Ltd announced it has received written notification from AWE Ltd of its withdrawal from the Mid West Geothermal **Energy** Project. AWE decided not to progress at the first selected location because it could be within or adjacent to a Public Drinking Water Resource area. A second location was chosen. However AWE has now decided the second area does not provide the hydrocarbon value it requires to continue with the project.

Green Rock will now review the situation with all the other parties involved including the power generating partner Pacific Hydro but at present it considers it very unlikely to be able to secure an alternative funding and drilling partner in the time available.

*MCS: Acquiring WA Freight **Group** for \$15.4 mln from existing facilities

McAleese Ltd announced it has entered into a share **sale** and **purchase** agreement for the **acquisition** of the WA Freight **Group** for \$15.4 **million**. WAFG is the leading LTL express carrier on the East-West corridor operating a network of freight depot facilities in all major capital cities.

The business serves a range of markets including FMCG, Retail, Print, Food & Beverage, light manufacturing, **Oil** and Gas and Resources. The **acquisition** will be funded from existing debt facilities and is expected to complete in late April.

*MCS: March quarter revenue, EBITDA below expectations

McAleese Ltd advised trading for the three months to March 31 has been more difficult than expected with sales revenue and EBITDA being down \$9 **million** and \$7 **million** respectively below the forecast made in February.

Key adverse factors include lower than expected **Oil** & Gas fleet availability in Cootes Transport due to vehicle inspections and increased maintenance and investment in fleet to improve performance' a rapid escalation in mine activity and haulage requirements for the Resources Division resulting in non recurring increases in contractor and maintenance costs and a faster than expected decline in demand from LNG

infrastructure projects in Queensland for heavy haulage, and weather related delays at Hay Point in Queensland and shipping schedules in Western Australia.

MID TO SMALL RESOURCES

*BTR: Sells 27.3% **stake** + expl licences in Perkoa to Glencore/focus on Kitumba

Blackthorn Resources Ltd announced it has entered into an agreement with Glencore Xstrata to sell its remaining 27.3% **stake** in the Perkoa Project in Burkina Faso for up to \$US12 **million** cash, \$US10 **million** for Perkoa and up to \$US2 **million** for the exploration tenements.

Blackthorn will not be required to contribute its \$US9 **million** shares of the \$US30 **million** working capital requirement for Perkoa announced in August 2013. Blackthorn believes the price received is fair value for its **equity**.

BTR will now focus on the development of its core asset, the Kitumba **copper** project in Zambia.

*MLX: Trading halt ahead of report on Higginsville **gold**

Metals X Ltd asked for a trading halt up to April 22, pending the announcement in relation to its Higginsville **Gold** Operation.

*RED: Cease & Desist order lifted, **gold** prod in 6 months/change of MD

RED 5 Ltd announced agreement has been reached on the process for lifting the Cease and Desist Order from the Department of Environment and Natural Resources of the Philippines that had been placed by the authority over the processing **operations** at the Siana **gold** mine after completing certain measures, in line with Red 5's proposals.

The **company** expects it will be 6-8 months of construction activities required to complete the necessary requirements prior to **commercial** milling activities being able to commence, it expects subject to the formal lifting of the CDO, **gold** production will recommence in the first quarter of the 2015 calendar year.

The **company** has \$A40 **million** in uncommitted cash to fund the work necessary to recommence **gold** production.

Change of managing director

The **company** regretted to advise due to personal reasons Mr Steve Norregaard will no longer be managing director but will be retained on a consultancy arrangement at \$275,000 per annum. The **board** thanked him for all his efforts during a difficult period both for the **company** and him personally.

Mark Williams, currently a non exec director will be appointed managing director. He is a **mining** engineer and has been actively involved in the outcome the **company** has now achieved. Since being appointed a director in January 2014 he has spent a significant amount of time in the Philippines dealing with government authorities.

He was previously GM of the Tampakan **copper-gold** project in the Philippines from 2007 to 2013 and has over 20 years **mining** industry experience.

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