

HD MARKET CREEPS INTO THE POSITIVE AT MIDDAY**BY** Jenny Prabhu**WC** 3,177 words**PD** 31 January 2014**SN** OzEquities News Bites**SC** NBOZEN**LA** English**CY** Copyright 2014 News Bites Pty Ltd. All rights reserved.**LP**AUSTRALIAN **COMPANY** NEWS BITES

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The S&P/ASX200 is up 1.5 points to 5189.6 at midday after falling to a low of 5169.9 at one stage, on volume worth \$3.3 **billion** or subtracting \$1.3 **billion** for assignments at an average \$2 **billion**. There are 459 issues higher and 363 down. The SPI Futures is steady at 5138 on 8392 contracts. Aussie 10 year bond yields were steady at 4%. The \$A is at 88.02US c, up about 20 points from early levels.

*The banks have contributed 2.8 negative points to the index, resources have contributed 0.8 positive points, **property** trusts have contributed 0.1 negative points, retailers have contributed 0.7 negative points and Telstra has contributed 0.7 positive points.

The Nikkei Dow futures rose 90 points to 15,080 points at midday, Shanghai CSI and the Hang Seng futures were closed on holiday. S&P futures was up 2 points to 1783.40. Nasdaq futures were 16.75 points higher at 3518.75, Dow futures rose 10 points to 15,742 points.

Gold futures were down 20c to \$1242.30. Crude futures were down 8c to \$98.15.

Our market is trading quietly, settling down after an eventful week with the focus now on the interim profit reporting season, in full swing through February.

"Stabilise today, probably finish up 20/25 on the day, could be a little bit more"

"Maree" said, "I think we are going to stabilise today, probably finishing up 20/25 on the day, could be a little bit more given it is the month's close off.

"But when the news hits again on deterioration in the emerging markets our market will be affected as well.

"I am not confident with what is going on with some of our sectors. The US economy continues to grow a lot more than our economy.

"For us, its a matter of seeing what is going to happen with our No. 1 and No. 2 trading partners, **China** and Japan. But for today, we are likely to close in the positive".

The S&P/ASX200 closed down 40.9 points to 5188.1 last evening.

THE WEEK AHEAD

(**China**, on holiday, to Feb 7)

Feb 3: ANZ job ads, bldg appr, PMI **M**fr. CTY fin. PRY int. Ex div: AAI ex div. US ISM ind, constr spend, **m/v** sales. Euro comp PMI

Feb 4: RBA rates decision. CDI, DOW, REA int. Ex div: AYK ex 85c; AYJ ex \$1.10; AYD ex 90c; AFI ex 8c; AKY ex 74c. US factory orders. Euro PPI.

Feb 5: EGP int. US MBA mort ind, ISM, Crude inv.

Feb 6: NAB biz serv/ret sales/trade bal. COH, FXL, NWS, TAH int. WOW 2nd qtr sales. US jobless, trade bal, prod. ECB, BOE rate decision.

Feb 7: Aussie PCI constr, RBA SOMP. FOX int.US Jan jobs, avg workweek, consum cr.

ECO NEWS

*PPI rises 0.2% in December quarter

The ABS announced the Producer Price Indexes for Australia rose 0.2% in the December quarter mainly due to rises in the prices received for other agriculture (+11.1%), other transport equipment manufacturing (+3.2%) and building construction (+0.4%).

Partly offset by falls in the prices received for petroleum refining and petroleum fuel manufacturing (-5.5%), and computer and electronic equipment manufacturing (-2.5%).

The PPI rose 1.9% through the year to the December quarter 2013.

Intermediate indexes rose 0.3% in the December quarter 2013 mainly due to rises in the prices received for **oil** and gas extraction (+4.2%), meat and meat product manufacturing (+3.4%) and other agriculture (+2.8%).

partly offset by falls in the prices received for sheep, beef cattle and grain farming; and **dairy** cattle farming (-3.2%) and **coal mining** (-3.4%).

rose 2.1% through the year to the December quarter 2013.

Preliminary demand rose 0.3% in the December quarter 2013.

mainly due to rises in the prices received for **oil** and gas extraction (+4.2%), meat and meat product manufacturing (+5.5%) and legal and accounting services (+1.1%).

partly offset by falls in the prices received for metal **ore mining** (-3.1%) and **coal mining** (-3.4%).

rose 2.2% through the year to the December quarter 2013.

The RBA reported:

Financial Aggregates Percentage change

Monthly Year-ended

Nov13 Dec13 Dec12 Dec13

Total credit 0.3 0.5 3.6 3.9

– Housing 0.5 0.6 4.5 5.4

– Personal 0.0 0.2 −0.3 0.9

– **Business** 0.0 0.4 2.9 1.7

M3 0.6 0.6 7.3 6.6

Broad money 0.5 0.5 6.7 5.8

All growth rates for the financial aggregates are seasonally adjusted, and adjusted for the effects of breaks in the series as recorded in the notes to the tables listed below. Data for the levels of financial aggregates are not adjusted for series breaks. Historical levels and growth rates for the financial aggregates have been revised owing to the resubmission of data by some financial intermediaries, the re-estimation of seasonal factors and the incorporation of securitisation data. The RBA credit aggregates measure credit provided by financial institutions operating domestically. They do not capture cross-border or non-intermediated lending.

TOP STOCKS

*Treasury Wine Estates fell just 1c to \$3.63 on 11.4m shares - Diageo's 10% fall last night on a similar fall in sales reported in the UK, leading the UK lower was accompanied by their account of falling sales in China and emerging markets.

*Coca Cola Amatil fell 7.5c to \$11.71.5 on 1.3mln shares on the Ardmona problems.

*David Jones is up 11.5c to \$2.98.5 on 2.5m shares on revelations of an unlikely to succeed offer by Myer last year, below.

*Nufarm was down 6c to \$3.94 on 11m shares on the report below.

*Leighton rose 44c to \$16.43 on 919,014 shares, Flexigroup rose 12c to \$4.07 on 339,529 shares ahead of the profit reporting season.

*Navitas rose 16c to \$6.73 on 581,491 shares after doing little yesterday after reporting its profit result.

Among the financials, AMP fell 1c to \$4.27 on 3.2m shares, ANZ rose 2c to \$30.07 on 4.7m shares, CBA gained 3c to \$74.23 on 8.8m shares, NAB fell 9c to \$33.18 on 4.34m shares, Westpac fell 2.5c to \$30.76.5 on 4.8m shares.

Among the TMT's Telstra rose 1.5c to \$5.14.5 on 26m shares including 12.3 million shares assigned against options close off, Telecom NZ fell .5c to \$2.17.5 on 215,905 shares, SingTel rose 1c to \$3.14 on 254,582 shares.

Among the resources BHP fell 11c to \$36.58 on 9.19m shares, RIO fell 7.5c to \$65.72.5 on 3m shares. Fortescue rose 16c to \$5.39 on 15.24m shares, Atlas Iron rose 1.2c to \$1.02.7 on 6.2m shares, Alumina rose 2.5c to \$1.28 on 6.5m shares, Sandfire gained 17c to \$5.876 on 219,429 shares.

Among the oils, Woodside fell 2c to \$37.47 on 1.8m shares, Santos rose 6c to \$3.38 on 3.2m shares, Oil Serach gained 3c to \$13.97 on 1.3m shares.

Among the golds, Newcrest rose 3c to \$9.69 on 7.8m shares, Oceana fell 9c to \$2.03 on 260,746 shares, Medusa fell 13c to \$2.04 on 836,581 shares, also quarterly reported yesterday still to be entered apologies. TGZ rose 3.5c to 90.5c on 288,424 shares.

AT THE SMALLER END

*Prana Biotech rose 11c to 41.26 on 2.39m shares.

*McAleese recovered 8.7c to \$1.17.7 on 1m shares.

NEWS OF THE DAY

Ex div: ASW ex 1.9c.

To all our dear Readers who observe the Lunar New Year of the Wooden Horse:

May the New Year be Happy, Healthy and Prosperous for you and yours

Regards,

LARGE CAP INDUSTRIALS

*ACR: Dec qtr sales up on September, confident of sales growth in 2014

Acrux Ltd confirmed that Eli Lilly reported Axiron net sales of \$US53.9 million for the quarter ended December 31 2013 up from \$US40.6 million for the September quarter. Global sales for the 2013 calendar year were \$US178.7 million.

Acrux remains confident about net sales growth prospects for calendar 2014.

*CCL: CCL to now include major writedown of assets on Ardmona in result

Coca-Cola Amatil announced its disappointment in the Federal Government's decision not to invest \$25 million as a one off grant for SPC Ardmona, the last remaining major fruit and vegetable processor in Australia. The Federal Government decision also means a potential \$25 million grant from the Victorian that was conditional on a positive Fed decision will also no longer be forthcoming.

CCL had committed a further investment of more than \$90 million to support the government contribution.

CCL **Group** MD Terry David said the government decision is disappointing in light of the fact that SPC Ardmora had presented a solid **business** case to both the Fed and Victorian governments for a one off co-investment of \$25 **million** each with CCL committing to a significant and much greater investment of more than \$90 **million**. This was to be invested in best in class technology for both new product development and efficiency gains, utilising clean, green Australian grown fruit and vegetables.

CCL will now need to write down its assets including brands and goodwill, to be included in CCL's 2013 full year results presentation on February 18. (Jan 30, 5.10 pm)

*CTX: Caltex Australia Ltd advised the December unlagged Caltex Refiner Margin (CRM) was \$US7.81/bbl vs \$US6.55/bbl in November but well below the prior year equivalent \$US12.49/bbl.

Regionally the unlagged Caltex Singapore Weighted Average Margin was \$US12.33/bbl, higher than November's \$US11.93/bbl but below December 2012 level of \$US12.93/BBL.

Sales from production in December were 19% below the prior year equivalent of 951ML and significantly below November sales of 1,045ML.

For the 12 months from January 1 2013 to December 31 2013 the average realised CRM was \$US9.34/bbl vs \$US11.83/bbl last year with CRM sales from production totalling 10,638ML vs 10,913 ML the previous year.

Caltex's full year RCOP NPAT outlook of \$320/340 **million** issued on December 19 remains unchanged.

*DJS/MYR: Received a proposal from Myer in Oct 2013 that was rejected

David Jones Ltd responding to various media commentary following a speculative article in "Street Talk" in the Fin Review that Myer could approach David Jones in respect of a union by way of an all scrip deal at a ratio of 1.4 Myer shares for every David Jones shares, David Jones is not currently in discussion with Myer in relation to any such proposal.

David Jones was previously approached by Myer on October 28 2013 offering 1.06 shares in Myer for each David Jones shares. The **Board** formed the view that the potential **transaction** did not have sufficient merit for David Jones shareholders to warrant engaging in discussions.

Also the execution and implementation of any such **transaction** would have substantial **commercial**, market, **business** and regulatory risks including the ACCC review process and would involve the diversion of **company** resources over a lengthy period with great uncertainty as to the final outcome and the potential to result in diminution of value of the David Jones **business**. (Jan 30, 8 pm)

*IFN: Australian production up 8%, US in line, revenue up 10% for Dec qtr

Infigen **Energy** Ltd announced for the second quarter of 2014 **group** production was 1,233 GWh, up 1% on the prior corresponding period (pcp).

US production was 818 GWh, down 2% on the pcp, revenue was \$US36.2 **million** in line with the pcp.

Australian production was \$15 GWh, up 8% on the pcp and revenue rose 8% to \$A38.9 mln.

Group revenue was \$A77.9 **million**, up 10% on the pcp.

Infigen will announce its interim financial results on February 26.

*NUF: CEO confirms **sale** of shares, remains committed to leadership of Nufarm

Nufarm Ltd CEO Doug Rathbone **sold** about 11 **million** of his 12 **million** shares after market last night (the Fin Review reports raising \$41 **million**) and has entered into a derivative **transaction** over a portion of the remaining shares held by him and associated family entities.

The purpose of the **sale** and derivative **transaction** is to complete the refinancing of his personal and family **business** interests at the request of his primary financier.

Mr Rathbone **sold** 8.38 **million** shares at \$3.80 per share, about 3.18% of the **company**'s issued share capital under a bookbuild managed and underwritten by Credit Suisse (Australia) Ltd. Following the **sale** Mr Rathbone and family entities will hold 3.348 **million** shares or 1.27% of Nufarm's capital. Mr Rathbone has entered into a collar derivative **transaction** involving 2.85 **million** shares. To hedge the collar Credit Suisse has **sold** 2.283 **million** shares at the same price.

Mr Rathbone said he is pleased to have resolved the refinancing of his personal and family **business** obligations. "Having devoted more than 30 years to help build Nufarm into a leading global crop protection **company** .. I will continue to devote my full attention to the leadership of the **company**".

*SPN: AER caps Victorian elec bills at status quo the next 3 years

SP Ausnet announced the Australian **Energy** Regulator has issued its final decision on SP AusNet's revenue proposal for the three year regulatory period commencing April 1 2014.

SP AusNet is the principal electricity transmission network service provider in Victoria. The AER's final decision sets the maximum revenue that SPN can recover from its customers via the transmission network component of an electricity bill.

AER chairman Andrew Reeves said for the average four person Victorian household, the **residential** bill should fall by \$4 per year and halt the past trend of increasing transmission charges. The average **business** will see their bills fall by \$16 per year.

The final decision rejects \$40 **million** or 7% of SPN's proposed operating expenditure. It also rejects \$29 **million** or 5% of SPN's proposed capital expenditure. The capex expenditure approved includes \$513 **million** over 2013/14 to rebuild major stations across Victoria including the redevelopment of the Richmond and West Melbourne terminal stations. For example the West Melbourne terminal station was built in the 1960's the AER report said.

LARGE CAP RESOURCES

*KAR: Trading halt pending update on Browse Basin drilling

Karoon Gas Australia Ltd asked for a trading halt pending an announcement regarding the drilling **operations** in the Browse Basin Australia.

*ORG: Prod up 28%, sales revenue up 39% for Dec qtr vs pcq, down on Sep qtr

Origin **Energy** Ltd for the December quarter announced production of 37 petajoules (Pje) and sales revenue of \$281 **million**, with production up 28% on the previous corresponding period (pcq), primarily reflecting higher volumes for Otway Basin. Sales revenue rose 39% on the pcq, reflecting increased production, higher average commodity prices and higher third party sales volumes.

Compared to the previous quarter production fell 1% as higher plant availability and increased volumes at Otway were offset by lower seasonal demand at Kupe. Sales revenue fell 9% from the September quarter 2013.

Origin added the report does not cover its electricity generation, **energy** retailing, non hydrocarbon development activity or the performance of subsidiary Contact **Energy** of New Zealand.

MID TO SMALL INDUSTRIALS

*BKI: Net op result up 16.8%, div 3.45c ff, DRP avail, outlook positive

BKI Investment Ltd for the half year ended December 31 2013 announced net operating result before special dividend was up 16.8% to \$18 **million**.

Net profit after including special dividends from WPL, CCL, SLM, WBC and GNC lifted net profit by 3.5% to \$19.1 million.

The interim dividend was increased from 3.25c to 3.45c fully franked, ex date is February 11, record date February 17. The DRP is available.

Basic eps before special dividend income rose 4.5% to 3.72cps.

BKI has no debt, cash and cash equivalents represent 7.8% of the portfolio.

CEO Tom Millner said BKI has now recorded 10 years of being listed on the ASX. The discount to NTA has reduced from a peak of 20% in June 2008 to a premium in July 2013 while the interim ordinary dividend has grown by 62% from the first half 2005, with 6 fully franked special dividends paid since listing.

Outlook

In the outlook statement the LIC said while earnings valuations for many companies are starting to look stretched, the **company** remains confident that long term stock picking opportunities will continue to emerge. (Jan 30)

*GXL: Completes **acquisition** of Mammoth Pet, new CEO

Greencross Ltd announced it has completed its **acquisition** of Mammoth Pet Holdings Pty Ltd, the owner of Petbarn and Animates, to create Australasia's largest integrated consumer facing pet care **company**.

Jeff David has been appointed MD and CEO of Greencross.

since the announcement of the merger on November 14 2013, six new Petbarn stores have been opened and GXL has acquired two more veterinary practices, in Caldwell, ACT and Beaudesert, Qld. Interim results will be announced on February 10.

*PVA: pSivida Corp 2nd quarter financial results to be announced after market close on February 7.

*SAV: ANZ extended debt reduction deadline to March 31

Savcor **Group** Ltd advised ANZ has extended the amended deadline for debt reduction by \$10 **million** to March 31 2014. ANZ remains supportive of the **company**.

MID TO SMALL RESOURCES

*BUL/BPT: Buys balance 25% from Beach for 100% in ATP 674P + ATP 733P

Blue **Energy** Ltd announced the **company** has secured a 100% interest in ATP674P and ATP 733P, from 75% held formerly and has reached an in principle agreement with Australian Unconventional Gas Pty Ltd, a wholly owned subsidiary of Beach to **acquire** the whole of Beach's interest in ATP613P in the Maryborough Basin, Queensland, subject to final documentation.

Consideration is \$2.5 **million** in three instalments over a 12 month period. The **sale** is conditional on standard Queensland Government approvals and other third party consents.

*RNI: Increase in finance facility to \$19.5 mln, repayment date extended

Resource and Investment NL announced it has successfully negotiated an increase and extension of the **company's** finance facility with Taurus Resources No. 2 Fund, increasing the facility from \$15 **million** to \$19.5 **million** with the date for repayment being extended by approximately 12 months to February 7 2015.

NS eppin : Producer Price Index | mcattl : Beef/Dairy Cattle Markets | epmi : Purchasing Managers Index | m11 : Equity Markets | nanl : Analyses | e11 : Economic Performance/Indicators | e1103 : Inflation/Prices | e1111 : Industrial Production | ecat : Economic News | m14 : Commodity Markets | m141 : Agricultural Commodity Markets | mcat : Commodity/Financial Market News | mlvstk : Livestock/Meat Markets | ncat : Content Types | nfact : Factiva Filters | nfce : FC&E Exclusion Filter

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