

HD Australian Stocks: What Happened Today?

BY By Henry Jennings, Private

WC 1,730 words

PD 15 January 2014

SN FN Arena

SC FNAREN

LA English

CY Copyright 2014. FN Arena Ltd.

LP

Disappointed! Really not sure why I should be after all these years in the Aussie market. Down 80 yesterday and up a measly 33 points today to close around 5245. Not as good as the overseas bounce but then again maybe we are more cynical or more realistic about global growth. Whatever it is Financials failed to fire as Fitch talked about risks to our banks and **China** slowing with 7 provinces downgrading their growth forecasts. Financials were mixed with the Commonwealth Bank of Australia (A\$76.19, +0.5%) leading the pack followed by Australia and New Zealand Banking Group Limited (A\$30.97, +0.6%) but QBE Insurance Group Limited (A\$11.55, -2.0%) got whacked whereas Macquarie Group Limited (A\$53.11, +1.3%) found some love on the back of the increased **M&A** activity. So far this year \$130bn of deals have been announced!

TD

Big resource stocks were also mixed with BHP Billiton Limited (A\$35.93, -0.6%) falling whilst RIO Tinto Limited (A\$64.24, +1.4%) increased ahead of their 4th quarter **operations** review tomorrow and Fortescue Metals Group Ltd (A\$5.33, +3.5%) put in a solid effort after paying down another slab of debt. Golds of course were weaker as Newcrest **Mining** Limited (A\$8.53, -3.1%) slumped again and Regis Resources Limited (A\$2.69, -7.2%), once a darling, became a villain on December **Gold** production numbers. Other golds were also stuffed with Beadell Resources Limited (A\$0.795, -2.5%), Kingsgate Consolidated Limited (A\$1.025, -2.8%), Silver Lake Resources Limited (A\$0.59, -3.3%), Evolution **Mining** Limited (A\$0.60, -4.0%), Ramelius Resources Limited (A\$0.12, -7.7%), St Barbara Limited (A\$0.295, -6.3%) all hit hard. In other commodity stocks Panaust Limited (A\$1.85, +3.1%), Independence Group NL (A\$3.22, +0.6%), Sandfire Resources NL (A\$6.28, +2.3%), Sirius Resources NL (A\$2.28, +4.1%), Arrium Limited (A\$1.60, +3.6%) and Mount Gibson **Iron** Limited (A\$0.93, +2.8%) all showed a clean pair of heels as Nickel darling Western Areas Limited (A\$2.70, +1.1%) consolidated its recent gains. In industrials we saw good gains for the usual suspects, Wesfarmers Limited (A\$43.43, +1.4%), Telstra Corporation Limited (A\$5.22, +0.4%), Csl Limited (A\$67.69, +0.9%), Crown Resorts Limited (A\$17.66, +3.3%), Westfield Group (A\$10.11, +1.6%), TABCORP Holdings Limited (A\$3.60, +2.0%), Aristocrat Leisure Limited (A\$4.34, +2.8%) along with tech and telcos, TPG, Telecom Corporation of New Zealand Limited (A\$2.21, +1.4%), Chorus Limited (A\$1.425, +2.9%), Amcom Telecommunications Limited (A\$2.05, +2.0%), iiNet Limited (A\$6.66, +2.0%) and BigAir Group Limited (A\$0.80, +1.3%). Retailers were generally better Super Retail Group Limited (A\$12.53, +1.5%), David Jones Limited (A\$3.06, +0.7%), JB Hi-Fi Limited (A\$21.00, +0.8%) and Dick Smith Holdings Limited (A\$2.37, unch) all in green. Property trusts also had a good day out in the sunshine led by GPT Group (A\$3.68, +2.5%), #MRV#, Stockland (A\$3.74, +0.8%), Lend Lease Group (A\$11.02, +1.8%) and Goodman Group (A\$4.72, +1.3%). Grinning like a Cheshire Cat today were shareholders in Oz Minerals Limited (A\$3.50, +14.0%) (finally!!), FLN, XRO, NPX, Lynas Corporation Limited (A\$0.33, +8.2%), REA Group Ltd (A\$41.21, +4.2%), G8 Education Limited (A\$3.16, +3.9%) and James Hardie Industries PLC (A\$13.05, +4.4%) whilst travelling with Michelle Bridges roadshow were Regis Resources Limited (A\$2.69, -7.2%), Wotif.com Holdings Limited (A\$2.54, -2.7%), Monadelphous Group Limited (A\$16.57, -2.4%), QBE Insurance Group Limited (A\$11.55, -2.0%), Beadell Resources Limited (A\$0.795, -2.5%), Newcrest **Mining** Limited (A\$8.53, -3.1%) (say it ain't so!) ARB Corporation Limited (A\$11.67, -2.9%) and Beadell Resources Limited (A\$0.795, -2.5%). Volume was still on the low side around \$3.2bn whilst Asian markets pushed ahead slightly up 0.3% on the MSCI Asian index with Japan the standout following a big hit of nearly 3% yesterday. The Aussie dollar remained well below the 90 cent level and Bitcon ahead at \$1050. Stocks and Stories Oz Minerals Limited (A\$3.50, +14.0%) surprised the shorters big time today with better production numbers, lower costs and a brighter outlook for 2014. Maybe this is the start of a sustained recovery but at least we saw the bears pay today being one of the most shorted stocks in Australia. Paladin **Energy** Ltd (A\$0.49, +8.9%) also announced better

production numbers and ongoing interest in their Langer Heinrich project in Africa. Sales Revenue of nearly \$102m with record combined production helped stop the rot in its tracks. Expect to see more short covering in this one too. XRO had a good run today now a \$5bn **company**! Today they announced the appointment of a MD for NZ. Now they have this key hire they can really get stuff done! Macquarie Group Limited (A\$53.11, +1.3%) is reported to be among three shortlisted bidders for JPMorgan's physical commodities business, a **sale** that may fetch as much as \$US2 **billion**. Fortescue Metals Group Ltd (A\$5.33, +3.5%) will make another early move on its debt pile, after announcing plans to pay back another \$1.6 **billion** in March. The debt, which is owed in two separate parcels, was not due to be retired until 2015 and 2016 respectively. Fortescue has vowed to use its current liquidity to move early on its debt pile, which topped \$US12 **billion** with the past year. That tally is falling quickly, and will soon stand at \$US9 **billion** once the March payments are made. Fortescue will then have net debt under \$US8 **billion**, and will be free of any debt repayments until early 2017. Fitch Ratings has warned that a weakening economy and increased competition will create a more challenging environment for Australian bank profits. The World bank has stated today it expected global growth to rise from 2.4 per cent last year to 3.2 per cent this year. Growth is then projected to stabilise at 3.4 per cent in 2015 and 3.5 per cent in 2016, "with much of the initial acceleration reflecting stronger growth in high-income economies". Tomorrow's News Today Newcrest **Mining** Limited (A\$8.53, -3.1%) has announced a production update after the market which looks like a positive for a change. In line with forecasts, so we may see some short covering tomorrow. From tomorrow's FT, **Chinese** banks grew their official loan books at a much slower rate than analysts had forecast last month, signalling the end-of-year cash crunch was more severe than economists realised. The U.S. Senate failed to move forward a Democratic plan to restore emergency jobless benefits that expired Dec. 28 for 1.3 **million** Americans. French president Francois Hollande has vowed an "electro-shock" to lift the French economy out of deep slump, promising to shrink the elephantine state and push through a raft of pro-business reforms. The embattled French leader stunned the left-wing of his own Socialist Party by calling for a new economic strategy based on "supply-side" policies, accompanied by €30bn of fresh spending cuts by 2017 to pave the way for lower taxes and charges on companies. Of course what everyone really wanted to ask him about was his affair with a French actress but no one had the courage. La Elephant dans la salle, n'est pas! Baltic Dry Index has fallen 40% this year with the worst start in over 30 years. Not a good sign of a Global economy growing. And quote of the day must go to Richard Fisher from Dallas Fed for this gem, "QE puts beer goggles on investors." Doesn't it just!

Henry Jennings Private Client Advisor BBY Limited Participant of the Australian Securities Exchange
 Authorised and Regulated by the Financial Services Authority

Level 17, 60 Margaret St Sydney NSW 2000 D +61 2 9226 0067 **M** +61 414 345 137 E
 hcj@bby.com.au W www.bby.com.au

Reprinted with permission of the publisher. Content included in this article is not by association the view of FNArena (see our disclaimer). Who is BBY? Australia and New Zealand's largest non-bank owned stockbroker Ranked Top 10 Dealing Desk at the 2013 Stockbrokers Awards Australia's largest range of financial trading products Visit us for more information bby.com.au

fb.com/BBYLtd

twitter.com/BBYLtd Disclaimer: If you are not an intended recipient of this communication, please notify the sender. You should not read, act upon, print, disclose, copy, retain or redistribute this communication or any attachment without the authority of BBY Limited (ABN 80 006 707 777/AFSL 238095/FSA Reg No. 146367). Click here for important additional terms relating to this communication, or alternatively click on the Disclaimer link on our website.

Find out why FNArena subscribers like the service so much: "Your Feedback (Thank You)" - Warning this story contains unashamedly positive feedback on the service provided.

FN Arena is building the future of financial news reporting at www.fnarena.com. Our daily news reports can be trialed at no cost and with no obligations. Simply sign up and get a feel for what we are trying to achieve.

Subscribers and trialists should read our terms and conditions, available on the website.

All material published by FN Arena is the copyright of the publisher, unless otherwise stated. Reproduction in whole or in part is not permitted without written permission of the publisher.

RF CE2AB41A-99BE-2D88-B4FF67902BF0040D

CO aanzb : Australia and New Zealand Banking Group Limited | bkhlp : BHP Billiton Ltd | craaus : Rio Tinto Ltd | mcqbnk : Macquarie Group Limited | qbeibp : QBE Insurance Group Ltd | newmoh : Newcrest Mining Ltd | bltpcl : BHP Billiton PLC | rtz : Rio Tinto PLC

IN i211 : Metal Ore Mining | i2112 : Gold Ore/Silver Ore Mining | i814 : Banking | i81402 : Commercial Banking | i82 : Insurance | i82001 : Full-line Insurance | i831 : Financial Investments | i83101 : Investment Banking | ibasicm : Basic Materials/Resources | ibnk : Banking/Credit | ifinal : Financial Services | iinv : Investing/Securities | imet : Mining/Quarrying

RE usa : United States | austr : Australia | apacz : Asia Pacific | ausnz : Australia/Oceania | namz : North America

PUB FN Arena Ltd.

AN Document FNAREN0020140115ea1f0008d