

HD MARKET EXPECTED TO CLOSE SLIGHTLY HIGHER

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

Markets rose in Europe, the UK and US last night.

On the NYSE where 3203 issues traded there were 2,387 issues higher, 741 down and 75 unchanged. On Nasdaq where 2735 issues traded there were 1,998 issues higher, 638 down and 99 unchanged.

Metals were mildly higher, crude rose, **gold** fell. The \$A is at 91.26US c, up about 45 points from last evening.

"For the day I will call us up 10 points'

Ben Faulkner, a senior adviser at Morgans said, "The interesting move that has caught everyone by surprise is the \$A which with all the talk of **China**'s economy slowing was expected to weaken. Instead it is in a short term uptrend, coming into resistance at 91.40US c which was tested last night. If we see 91.40US c broken it will be a bullish break out for the \$A with 92.60US c potentially the next target.

"**Gold**, which was being bought up as a safe haven has topped out now at \$1390 intra day on clear evidence of profit taking. It is still within the short term uptrend, and still sitting above the 20 day moving average of around \$1343 which should be support for now. So long as \$1343 holds for the week, the uptrend remains in tact.

If it falls below that next week that could potentially bring a break of the uptrend.

"**Copper** is still stuck in its holding pattern and is consolidating. The \$2.90/2.95 per pound level seems to be holding.

"The S&P500 daily chart is again looking quite bullish short term and looks a lot more bullish than our market. The S&P500 now looks set to run back and test previous highs. The next level of resistance looks like 1883.

It has broken back above the 20 day moving average. 1860 needs to hold, with a close above there needed to confirm positive momentum after the sell off.

"For the XJO, the intra day chart yesterday showed a downtrend. There was a good spike early on then a shallow sell off for the rest of the day. There is some doubt whether our market will push forward from here. It is good to see it close yesterday back above 5335, but we need to test 5350 - which failed to break yesterday - and close above there.

"Resistance is still at 5350. For the bulls to get up steam it would need to close above 5375.

"5350 and 5375 are the big tests - a close above 5375 on Friday would be reasonably bullish for us short term.

"For the day I will call us up 10 points'.

The S&P/ASX200 closed up 27 points to 5344.6 last evening.

March 19. Good morning.

Russia's President Vladimir Putin addressed a joint session of Russian parliament on the Crimea, dismissing sanctions and other threats by Western powers and also saying he has no desire to split Ukraine. He told lawmakers in Moscow that he wants friendship with a sovereign Ukraine. He also said the Crimea was an inalienable part of Russia.

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 fell 1c on 250,000 shares, RIO fell 3p on 1.68m shares, BHP shed 13c on 3.1m shares, News rose 13c on 800,000 shares, Fox rose 38c on 3.6m shares, Westpac gained 17c on 88,000 shares, Telstra was steady on 250,000 shares, Resmed was steady on 6.1m shares.

PSivida rose 14c on 115,000 shares. Prana fell 0.5c on 1.6m shares.

In London Anglo American rose 6p to 1,467.5p on 3.6m shares, Aquarius rose 0.25p to 39.25p on 1m shares, BskyB rose 3.73p to 939.73p on 4.48m shares, BHP gained 7.5p to 1,816p on 4.5m shares, Henderson rose 11.5p to 250.2p on 2.8m shares, RIO rose 10.5p to 3,180p on 2.8m shares.

Trading points:

*RIO: Rio writes down Oyu Tolgoi by \$4.7 bln - Bloomberg

Bloomberg reports Rio Tinto wrote down the value of a "cash generating" unit developing Mongolia's Oyu Tolgoi **copper** and **gold** mine by \$4.7 **billion** as an impasse with the government persisted over starting underground **operations**.

Changes in substantials reported March 17 and 18 inc posted separately.

Ex div: ALU ex 4c; AWN ex 2.4c; SFW ex 1.4c.

Overseas

The DJIA closed up 88.97 points to 16,336.19.

S&P 500 rose 13.42 points to 1,872.25.

NASDAQ rose 53.36 points to 4,333.31.

US 10yr bond yields fell 2 points to 2.67%.

The US\$ fell 31 points to 101.40 Yen.

The Euro rose 6 points to 1.3930/\$US1.

The Yuan fell 116 points to 6.1922/\$US1.

FTSE 100 closed up 36.93 points to 6,605.28. European markets closed higher.

The Nikkei Dow last evening closed up 133.60 points to 14,411.27.

Shanghai SE Comp IX closed up 1.53 points to 2,025.20.

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 rose \$4 to \$6,483/fell \$24 to \$A7104. Stockpiles rose 18,375 tonnes to 271,750 tonnes.

Aluminium was up \$12 to \$1,736/rose \$6 to \$A1902. Stockpiles fell 9,275 tonnes to 5,227,200 tonnes.

FastMarkets reported primary aluminium smelting capacity in **China**'s northwest Xinjiang province will continue to grow for the next five years leaving the domestic market in surplus and prices depressed, however a shortfall of bauxite could emerge.

Nickel gained \$310 to \$16,190/rose \$271 to \$A17,741. Stockpiles rose 120 tonne to 270,930 tonnes.

FastMarkets quoted metal trading guru, Soc Generale analyst Robin Bhar as suggesting a correction could be seen, with nickel overbought.

Zinc rose \$13 to \$1,979/gained \$6 to \$A2169. Stockpiles fell 3,475 tonnes to 790,925 tonnes.

Lead was up \$10 to \$2,069/rose \$2 to \$A2267. Stockpiles fell 400 tonnes to 201,675 tonnes.

Tin rose \$195 to \$23,170/rose \$114 to \$A25,389. Stockpiles fell 5 tonnes to 9,100 tonnes.

Iron Ore n/a

Steel was indicated at \$400/410.

Cobalt was indicated at \$30000/31,000.

Molybdenum was indicated at \$22,000/23,000.

WTI crude rose \$1.62 to \$99.70/gained \$1.35 to \$A109.25.

Brent Crude rose 55c to \$106.79/gained 14c to \$A117.02.

Spot **gold** fell \$11 to \$1,356/fell \$17.99 to \$A1486. Spot silver fell 35c to \$20.82/fell 48c to \$A22.81. Spot platinum fell \$5 to \$1,460/fell \$12 to \$A1600. Spot palladium fell \$5 to \$767/fell \$9 to \$A840.

Overseas eco news

In US eco news, the CPI rose 0.1% seasonally adjusted in February from January, the Labor Department reported. Core prices excluding food and **energy** also rose 0.1%. The numbers were in line with expectations. The CPI was up 1.1% from a year earlier, the weakest 12 month gain since October and well below the Fed Reserve's 2% target for annual inflation.

Core prices were up 1.6% from a year earlier.

*The Labor Department reported weekly earnings adjusted for inflation were unchanged in February from January because an increase in real hourly earnings offset a decline in the average work week.

*Housing starts fell 0.2% in February to a seasonally adjusted annual rate of 907,000 the Commerce Department reported, following an 11.2% fall in January but was above expectations.

Building permits rose 7.7% to a seasonally adjusted annual rate of 1.02 **million** in February, the strongest pace since last October, also better than expected.

*In Europe the ZEW Center for European Economic Research reported German investor confidence fell to 46.6 in March from 55.7 in February and was down for the third consecutive month, and vs a decline to 52 forecast by analysts polled by Bloomberg. A gauge of the current situation rose to 51.3 in March.

*The 18 countries using the euro had an external trade surplus, unadjusted for seasonal swings, of Euro 900 **million** in January, well below economists' expectations for a surplus of Euro 12 **billion**.

January's reading was still above the Euro 5.4 **billion** deficit in the same month of last year, but was less impressive when compared with the Euro 13.8 **billion** euro surplus in December.

Overseas **equity** news

*In the US of the Dow 30 there were 27 stocks higher and 3 down.

Microsoft led the way higher, gaining \$1.50 or 3.94% to \$39.55 on expectations it may soon announce a version of its Office software for Apple's iPad. It was followed by United Health and Pfizer.

Boeing, down \$1.38 or 1.10% to \$124.04 fell furthest followed by McDonald's and Procter & Gamble.

Hewlett-Packard rose 3.7%. The stock's rating was raised to overweight from equal weight and the price target hiked to \$38 from \$33 by Barclays.

SanDisk rose 4.4%, being added to the NASDAQ Technology Dividend index on March 24.

US Steel rose 5.3% with the stock rated a "buy" by Nomura.

Tesla rose 2.3% on a broker upgrade to \$200, but below its current trading level of \$239.

Chipotle Mexican Grill rose on a broker's upgrade. Biofuels maker FutureFuel rose after reporting better than expected earnings.

*In Europe Switzerland's biggest travel **company** Kuoni Reisen rose 8.2% to SFr 409 after posting a higher than expected profit. SBM Offshore rose 6.3% to Euro 11.35, Banc Monte dei Paschi di Siena rose 2.7% to Euro 0.24.6c on a broker upgrade. Voestalpine rose 5.5% to Euro 32.06 after the Austrian steelmaker said it would educe costs by Euro 900 **million** over the next three years but without cutting jobs. Scania fell 2.1% to SKr 191.80 after the board voted to reject Vokswagen's takeover offer as too low.

*In the UK, stocks rose after the Russian president said Russia is not seeking to partition Ukraine. BAE rose 2.9% to 407.8p on a broker's upgrade. RBC pointed out BAE trades at a discount to its peers. BAE trades at about 9.9x estimated annual earnings vs 13.7x for Northrop Grumman and 15.5x for Lockheed Martin, Bloomberg added, according to numbers compiled by it.

ITE rose 2.3% to 24.9p - it earned 63% of its revenue from Russia last year.

Barclays rose 2.2% to 236.1p with banking stocks the biggest gainers in Europe.

Fresnillo fell 4.8% to 880.5p and Randgold fell 1.7% to 4,884p on the fall in **gold** and silver prices.

Cairn **Energy** fell to its lowest price in more than ten years after suspending a buyback program.

In other news

"Cracking down on fundamentally unfair potentially illegal HFT arrangements"

New York's attorney general Eric Schneiderman has called for curbs on services provided to high-frequency traders.

In particular Eric Schneiderman highlighted services that allow traders to get faster access to information.

He said traders can make "rapid and often risk-free trades before the rest of the market can react".

"Rather than curbing the worst threats posed by high-frequency traders, our markets are becoming too focused on catering to them," said Mr Schneiderman.

"I am committed to cracking down on fundamentally unfair - and potentially illegal - arrangements"

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