

HD Australian Stocks: What Happened Today?

BY By Henry Jennings, Private

WC 1,773 words

PD 4 June 2014

SN FN Arena

SC FNAREN

LA English

CY Copyright 2014. FN Arena Ltd.

LP

Another day in the doldrums as a mildly positive start gave way to some selling pressure. The better than expected GDP number didn't help the rate cut junkies and the dollar firmed after GDP came in a 1.1% for the first quarter, 3.5% for the year. I suspect that the second quarter won't be quite as good. In the final wash up the ASX200 closed down 35 points at 5445 with a high of 5483

TD

Talking to a few market players today, there are 8 IPOs live at the moment. The current weakness could be attributed to the sound of money leaving the market to buy a slice of these. Most sectors were easier today with property trusts the exception after more corporate activity. Banks were the major drag with the big four losing 0.5-1%. Even conservative Telstra Corporation Limited (A\$5.32, -0.7%) copped it today as stories of price cutting to compete with Optus abound. Let's face it the pack always catches up eventually with the pink jersey and then they sprint to the line. In the green were Westfield Group (A\$10.77, +0.4%), Westfield Retail Trust (A\$3.22, +0.3%), Dexus Property Group (A\$1.15, +1.3%), Australand Property Group (A\$4.55, +5.6%) and Stockland (A\$4.01, +1.8%).

Resources struggled led by BHP Billiton Limited (A\$36.16, -0.7%) and RIO Tinto Limited (A\$59.44, -0.4%) but surprisingly the golds showed good gains. Looks like the bargain hunters are starting to pick over the carcasses. Newcrest Mining Limited (A\$9.84, +1.1%), Kingsgate Consolidated Limited (A\$0.765, +7.0%), Regis Resources Limited (A\$1.485, +5.3%) and Silver Lake Resources Limited (A\$0.35, +4.5%) all showing Iron Ore stocks how it's done. Nickel gave back some gains...get it, Nickelback...I really am wasted! Western Areas Limited (A\$4.60, -3.0%) and Mincor Resources NL (A\$0.905, -4.2%) falling heavily.

In the industrial space Wesfarmers Limited (A\$42.74, -0.6%), Woolworths Limited (A\$37.01, -1.4%) and Brambles Limited (A\$9.40, -2.9%) were surprisingly weak as were media stocks and retailers. Even bid target David Jones Limited (A\$3.83, -2.8%) failed to excite as Solly creeps up the register. A week ago this was a done deal, now the wheels have fallen off. Gotta love a corporate spoiler to rain on a South African parade.

Winners and Losers today included in the green corner Australand Property Group (A\$4.55, +5.6%), Liquefied Natural Gas Limited (A\$1.435, +6.3%), Oceanagold Corporation (A\$2.57, +3.2%), Regis Resources Limited (A\$1.485, +5.3%), Mayne Pharma Group Limited (A\$0.925, +3.4%), Quickflix, Crowe Horwath Australasia Ltd (A\$0.48, +14.3%) and Papillon Resources Limited (A\$1.57, +10.2%). In the red corner were Karoon Gas Australia Limited (A\$3.42, -5.3%), Sirius Resources NL (A\$3.08, -4.9%), Aquarius Platinum Limited (A\$0.445, -4.3%), Mesoblast Limited (A\$4.53, -4.4%) and Fairfax Media Limited (A\$0.98, -4.4%) in the "biggs" and Iron Road Limited (A\$0.29, -14.7%), Western Desert Resources Limited (A\$0.225, -8.2%) in the smalls.

Volume was once again pretty hopeless around \$3.6bn, as we wait for US jobs numbers and the mega announcement from Super Mario. Aussie dollar remained firm after GDP number at 92.68, Bitcons format \$687 and Gold at \$1245. Asian markets were mixed as Tokyo continues to push higher but HK and Shanghai were both off, 0.6% and 1.3% respectively.

Stocks and Stories Oil Search Limited (A\$9.35, -1.0%) looks to have left it late for a production and cost update but it looks positive on the face of it. Production now 17-20 mmboe and operating costs \$18-22 boe. Looks positive all round. Stock back Thursday.

Australand Property Group (A\$4.55, +5.6%): Singapore **company** Frasers pounced on the long-standing takeover target this morning, offering \$2.6 **billion** or \$4.48 per security for the trust in an all-cash bid. That compares with Stockland's final \$2.5 **billion** share swap proposal struck at \$4.42.

Papillon Resources Limited (A\$1.57, +10.2%) came out of suspension today with news of their impending merger with B2Gold. PIR holders will get 0.861 B2Gold shares listed in Toronto.

Karoon Gas Australia Limited (A\$3.42, -5.3%) heading backwards today as the impetus to cover the shorts fades. I would expect them to find a level soon.

Acrux Limited (A\$0.77, -9.4%) continuing to suffer from fall out over side effects from their testosterone treatment.

More bid activity today with news that Crowe Horwath Australasia Ltd (A\$0.48, +14.3%) has entered exclusive takeover talks with the nation's biggest non-bank affiliated financial planning group, Findex Australia, backed by private **equity** group KKR Asset Management.

Despite signing up the star of Wedding Crashes, Owen Wilson, to be the CFO, REA Group Ltd (A\$42.70, -2.8%) seem to be coming off their highs. Cabcharge Australia Limited (A\$4.09, unch) also made a new signing a month after Reg picked up his last fare. And Uber in the US is now valued at more than Hertz! The world truly is either mad or I am too old to figure that one out!

NBL shrugged off dismal profit outlook as the 40% controlling family, Kindl, look to take the group private.

Billabong International Limited (A\$0.54, -1.8%) took it pretty well today considering their rival Quicksilver issued a massive profit warning and the stock dropped in and traded down 41% last night in the US. Wipeout!

Seems all the focus is on who is bidding for whom. Feels just like the 80s! Good times. Great Classic Hits!

Tomorrow's News Today

On Tuesday, Europe's statistics agency reported that annual euro zone inflation slumped to 0.5 percent in May from 0.7 percent in April, falling further below the 2 percent level that the European Central Bank considers healthy. Even in Germany, which has been the euro zone's stalwart economy, inflation fell to a 0.9 percent rate in May, its lowest level in four years

Doc Neeson dead at 67. Very sad. No Way.

Seems that growth has not come as expected in Singapore, as **company** debts rose to six times the amount of operating cash flow in 2013 for non-financial Singaporean companies, from 5.1 times in 2012, The leverage ratio in **China** rose to 7.5 times from 6.8 times last year, while the measure in India grew to 8.1 times from 7 times, the May 28 report showed.

Mortgage wars are heating up here as the banks battle to cut rates for the best customers at sometimes 1.1% off the normal rate. If you borrow more than a \$1m and have \$200k for a deposit. That's pretty much everyone on the borrowing anyway in Sydney these days. That cannot be good for banking shares but maybe no one is listening. May need brokers even more.

Meanwhile in the UK the RBS has said that they will limit mortgages under its RBS and Natwest brands to four times the applicant's income if more than £500,000 is being borrowed. It will also restrict these loans to a maximum 30-year term, in order to prevent borrowers taking out larger mortgages by spreading out repayment over a longer period. Didn't realise you could borrow over 30 years. Last time that happened was in Japan in the 80's and we all know how that ended up.

Is this just me or is nearly 19m Europeans unemployed a sign that the great Euro experiment is working. There are 3.4m young people out of work! A sustained recovery has yet to take hold in the Eurozone, with growth slowing to 0.2% in the first quarter, down from 0.4% in the previous quarter. So Mario time to act?

And good to see the French government wading into the '\$10bn fine for BNP' row. It's always good to know the French have your back. Anyone remember the Maginot line? US must be quaking!

If you are up early I am on Sky Biz at 0630hrs. And we all know what the 0 stands for right. 'Oh my god its early.'

That is all

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 F94F26C3-B126-6690-D450B093BB32330E
CO tcoma : Telstra Corporation Ltd
IN i7902 : Telecommunications
RE austr : Australia | apacz : Asia Pacific | ausnz : Australia/Oceania
PUB FN Arena Ltd.
AN Document FNAREN0020140619ea64000e9