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HD **China moves out of ore to enter our houses**

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CSR (CSR) $3.25 and others

AS far as investment themes go, this one's a killer: follow the Chinese money away from iron ore and coal and into any stock linked with our bricks and mortar.

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On Credit Suisse's synthesis of some hard-to-obtain stats, Chinese buying is accounting for 12 per cent of new housing supply and as much as 18 per cent in Sydney and 14 per cent in Melbourne.

Put another way, Chinese buyers bought $24 billion of housing over the past seven years.

``There are currently 1.1 million Chinese who can easily afford to buy an apartment in Sydney," the report says.

Yesterday's prediction from China's mandarins of 7.5 per cent GDP growth suggest there'll be no shortage of cashed-up buyers, even though that rate would be the slowest in 14 years.

Conversely, our better-than-expected December-quarter growth of 0.8 per cent suggests there will be no dearth of employed locals at least putting up their hands to create an auction.

According to Credit Suisse, cashed-up Chinese can afford to splash a further $44bn in our previously whitebread 'burbs over the next seven years.

Chinese-induced or otherwise, bureau of stats data shows detached housing approvals grew 28 per cent in January.

The trend suggests that investors pursuing the China story on the iron ore train or coal hopper may be on the wrong, er, boat. The answer lies closer to home: any stock exposed to domestic housing, especially to new starts.

Credit Suisse likes developer Mirvac (MGR, $1.73) building products supplier CSR (CSR, $3.25), lender National Australia Bank (NAB, $35.04) and Fairfax Media (FXJ, 97.5c), which owns Domain).

There's even the prospect of a Chinese entity taking over one of our listed developers.

There's a host of other direct and indirect housing exposures.

Macquarie Equities cites Arrium (ARI, $1.535), which derives 22 per cent of domestic steel sales from non-residential construction. Come to think of it, Arrium also exports magnetite so it's also exposed to China's transition from nation building to using lots of bottle tops.

Of all the housing-exposed stocks, CSR stands out with a 60 per cent skew to residential development, while it also has a $70 million housing land bank.

The March-balancing CSR reports its full-year numbers in May, with management guiding to a net profit at the upper end of $51m- $70m, compared with $32m previously. Given we expect better news from the lagging glass and aluminium divisions, CSR is a **buy**.

Hawkley Oil & Gas (HOG) 2.5c

THE Ukrainian gas producer reports business as usual despite the country's well-aired travails with its nosy northern neighbour. Hawkley's Sorochynska concession is producing per usual and no staff has been sent to the Gulag.

Hawkley expects some upside in that it was receiving a lower price for its output, the result of Russia's state-owned Gazprom offering Ukraine a 30 per cent discount on Russian gas. The deal, struck with deposed Ukrainian prez Viktor Yanukovych, is now off the table.

The Perth-based outfit reported December quarter revenues of $3.39m for a loss of $674,000. New compression equipment should boost the production rate and -- true to its taste for frontier locations -- the **company** has applied for offshore licences in Myanmar.

In late 2012 one unnamed analyst -- actually, he's got a name but we won't disclose it -- dubbed Hawkley as the ``best value stock on the ASX''.

The stock was then trading at 24c and it was hoped that extension drilling would find new stuff under the productive zone. In short, it didn't.

Hawkley may appeal to adventurers, but we'll avoid in favour of more predictable geographies.

Prana Biotechnologies (PBT) $1.225

THIS one's also the preserve of Harrison Ford types, with its share movements reminiscent of Himalayas topography.

Still, there's plenty punting on positive results from Prana's phase two Alzheimer's disease trials, due out this month.

The trial involved 42 patients with mild AD, half on Prana's drug and half on a placebo.

Prana shares started their February fun-**park** ride at $1.30 and got as low as 90c, before its well-received Huntington disease trial results propelled the stock back up to $1.11.

Just to confound things, the stock then fell to 86c, only to rebound again.

According to Morgans biowatcher Scott Power, success with the ``extremely important'' trial will see the stock rally further. Sadly, they can't market the placebo should it prove superior.

Criterion suggests a modest spec **buy** punt. Don't sell your house to the **Chinese** (or anyone else for that matter) to fund the funny-money play.

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