



HD HOT SPOTS OF THE DAY

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TD

S&P/ASX 200 closed at 5312.4 down 12

SPI Futures last at 5283 down 10

Aussie 10 year **bonds** were at 4.32%, steady.

The \$A is at 0.8903us

TOP TWENTY

AMP steady at \$4.43 on 3m shares.

ANZ -3c to \$31.56 on 2.7m shares.

BHP -53c to \$36.44 on 4.8m shares.

BXB -5c to \$9.10 on 1.48m shares

CBA -38c to \$72.60 on 1.44m shares.

CSL -34c to \$67.88 on 537,264 shares

FMG -16c to \$5.20 on 19.98m shares

MQG +33c to \$54.81 on 783,709 shares.

NAB +12c to \$34.57 on 2.17m shares.

ORG -8c to \$13.99 on 716,763 shares

QBE -1c to \$12.06 on 2.7m shares.

RIO -\$1.65 to \$63.65 on 2.2m shares.

STO -13c to \$14.37 on 1.58m shares

SUN +6c to \$13.22 on 1.8m shares.

TLS steady at \$5.26 on 12.2m shares.

WBC +28c to \$32.22 on 3.4m shares.

WDC -14c to \$10.08 on 3.9m shares.

WES -1c to \$44.05 on 1m shares.

WOW +15c to \$34.36 on 1.7m shares.

WPL -10c to \$37.90 on 1.1m shares

MARKET SAGS, ALTHOUGH ON REFLECTION, **CHINA** NEWS IS POSITIVE

Our market closed down 12 points to 5312.4, led down by the miners, on very light volume.

Over the week our market fell 37.7 points or 0.7% to 5312.4, rising only one day - yesterday - in the New Year, but very light volume means not too much can be read into its performance.

***China**'s exports rose 4.3% in December from a year earlier, the General Administration of Customs reported vs 5% growth expected.

Imports rose 8.3%, leaving a narrower than projected trade surplus of \$25.64 **billion** - the rise in imports should be an encouragement for Australia.

(More detail in Reuters report below).

*Miners continued to **lead** the fall on our market today.

Over the week among the Top 20 QBE led the gainers, up 38c or 3.3% to \$12.06 followed by Suncorp, up 15c or 1.1% to \$13.22 and Woolworths, up 36c or 1.1% to \$34.36.

Fortescue weakened furthest, shedding 62c or 10.7% to \$5.20 followed by RIO, down 471c or 6.9% to \$63.65 and BHP, down 133c or 3.5% to \$36.44.

The \$A is at 89.03US c, up over 20 points from last evening.

*At 4pm AEST the Nikkei Dow futures was down 60 points to 15,850 points, Shanghai CSI physical was down 10.01 points to 2017.61, Hang Seng futures was up 82 points to 22,869 points, S&P future was up 1.7 points to 1835, Nasdaq futures was up 5 points to 3553 and Dow futures was up 16 points to 16,407.

Gold futures were up \$3.10 to \$1232.50. Crude futures were up 68c to \$92.34.

CHINA'S IMPORT/EXPORT COMMENTARY:

Reuters reports **China**'s export growth slowed more than expected in December due to a higher comparison base a year earlier and a clamp-down on speculative activities disguised as export deals, missing the official target on foreign trade.

But the outlook for 2014 is expected to be brighter as global demand picks up, giving more wiggle room for **Chinese** leaders to push through reforms to balance the world's second-largest economy.

"Exports weakened dramatically, but were close to the consensus. The data is positive for **China** and Asia sentiment as it alleviates concerns that **China** is slowing too sharply," said Dariusz Kowalczyk, a senior economist and strategist for Credit Agricole CIB in **Hong Kong**.

Exports rose 4.3 percent in December from a year earlier, the Customs Administration said on Friday, slowing from 12.7 percent in November and compared to market expectations of 4.9 percent.

Imports rose 8.3 percent, quickening from 5.3 percent in November and overshooting the same rate expected by the market, raising optimism that domestic demand may remain **firm** despite signs that the world's second-largest economy is losing steam.

The December trade surplus fell 24.3 percent from a year earlier to \$25.6 **billion**, missing the forecast of \$31.2 **billion**.

Exports to the United States rose 3 percent in December from a year earlier, while sales to the European Union rose 3.9 percent and those to Japan climbed 5.5 percent, according to official figures.

For 2013, exports rose 7.9 percent and imports rose 7.3 percent, producing a trade surplus of \$259.8 **billion**, up 12.4 percent from 2012.

China's combined exports and imports rose 7.6 percent in 2013, below the official target of 8 percent. In 2012, **China** missed a 10 percent annual growth target. The government does not set any target on exports.

Uncertain global demand, a stronger yuan currency and rising labour costs have taken their toll on **Chinese** exporters, but analysts believe sales could pick up modestly in 2014 due to improved demand from the United States and Europe.

"**China**'s exporters are facing pressures from rising costs, including increasing labour costs and yuan currency appreciation," customs spokesman Zheng Yuesheng told a news conference, adding that trade is entering a "stabilisation and development stage" in 2014.

"The strengthening recovering of developed economies will likely gradually **lead** the global economy out of the financial crisis, which will improve the external environment of **China**'s exports," said Zheng.

China's Commerce Ministry has pledged to maintain steady trade growth this year and further balance its trade structure by increasing imports of raw materials and **energy** products.

"The biggest surprise is December imports. This suggests **China**'s domestic demand is continuing to improve," said Sun Junwei, **China** economist at HSBC in Beijing.

"We expect exports to show further recovery in 2014, but the magnitude would be small and at around 10 percent. Imports could be supported by steady domestic demand and are likely to grow around 8 percent this year."

Li Jian, head of foreign trade research of the **Chinese** Academy of International Trade and Economic Cooperation - the Commerce Ministry's think tank, has also predicted 2014 export growth of around 10 percent.

The government is due to issue fourth-quarter gross domestic product data on January 20. A Reuters poll showed annual GDP growth could slow to 7.6 percent in the fourth quarter, putting 2013 growth on track for the weakest showing in 14 years.

Chinese leaders have pledged reasonable growth in 2014, and sources at top government think tanks told Reuters they expect a growth target of 7.5 percent, the same as for 2013.

China's leaders want to wean the economy off its heavy reliance on investment and exports in favour of a more sustainable expansion in consumption and have unveiled the boldest economic and social reforms in nearly three decades to pursue that goal.

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