

**HD MARKET EXPECTED TO CLOSE MILDLY HIGHER**

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MARKET EXPECTED TO CLOSE MILDLY HIGHER

By Jenny Prabhu and Gerald Stanley

!Wishing all our dear Readers a Very Happy, Prosperous and Healthy New Year!

The S&P/ASX200 is likely to close mildly higher in a low volume start to the New Year.

Markets rose in the UK, were mixed in Europe and gained in the US.

On the NYSE where 3210 issues traded there were 2,028 issues higher, 1,089 down and 93 unchanged. On Nasdaq where 2721 issues traded there were 1,510 issues higher, 1,103 down and 108 unchanged.

Metals were down on December 31 vs the previous day, except for **iron ore**, unchanged. The \$A is at 89.14US c.

Gerald Stanley, a Fibonacci Chartist, said he expects the market to hit a high of 5380, a low of 5345 and close up 15 points to 5367 "in a cautious low volume start to the New Year".

\*The S&P/ASX200 closed down 4.6 points to 5352.2 on December 31.

January 2. Good morning.

\*Barron's in its report for the week of December 30 had the housing boom in the US as its cover story, and said the housing cycle still has room to run.

\*Barron's was bullish on Coca-Cola and on Air France-KLM.

\*Barron's International Trader - Europe said bank shares and German equities look promising, **energy** companies and utilities don't.

\*Barron's International Trader - Asia said stocks in Korea, Taiwan, **China** and **Hong Kong** should fare well, along with those from Japan and maybe India.

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 on December 31. AWC fell 0.5c on 900,000 shares, RIO rose 8p on 1m shares, BHP rose 26c on 1.57m shares, News rose 10c on 300,000 shares, FOX rose 28c on 1.9m shares, Westpac rose 21c on 153,000 shares, Telstra fell 2c on 325,000 shares. Resmed fell 2c on 4.8m shares.

PSivida fell 9c on 134,000 shares. Prana rose 1.5c on 2.17m shares.

In London volumes were light across the board on December 31 - eg Anglo American, volume of 896,937 vs average volume of 3.1 mln.

Anglo American rose 10.5p to 1,320p on 896,937 shares traded, Aquarius rose 1p to 39.5p on 246,304 shares traded, BskyB fell 0.5p to 844p on 542,973 shares traded, BHP rose 1p to 1,869p on 680,729 shares traded, Henderson rose 1.6p to 228.6p on 510,579 shares traded, RIO rose 30.5p to 3,409.5p on 510,579 shares traded.

Trading points:

\*Winners and losers for Dec 31 have been omitted since the entire volume traded was just \$1.5 **billion**.

Our Darvas system related Special Report is on James Hardie Industries today, posted separately.

\*\*"Catchup" Dec 16 to 31 inc posted separately.

Overseas

The DJIA rose 72.37 points to 16,576.66.

S&P 500 rose 7.29 points to 1848.36.

NASDAQ was up 22.39 points to 4176.59.

US 10yr bond yields rose 6 points to 3.04%.

The US\$ is currently at 105.28 Yen.

The Euro is currently at 1.3743US c.

The Yuan is currently at 6.0541/\$US1.

FTSE 100 rose 17.82 points to 6749.09. European markets closed higher.

The FTSE 100 rose more than 14% over the year, Germany's DAX rose 25% in 2013, the CAC 40 in Paris rose 18%.

The Nikkei Dow last evening closed up 112.37 points to 16,291.13.

Japanese stocks were among the best performers in the world with the benchmark Nikkei up 57% over the year, the biggest annual rise for the Tokyo index in more than 40 years.

Shanghai SE Comp IX rose 18.45 points to 2115.98.

The Shanghai Composite fell nearly 7% in 2013. The Hang Seng rose less than 3%

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** fell \$20 to \$7360. Stockpiles fell 29,650 tonnes to 366,425 tonnes.

Aluminium was down \$10 to \$1,800. Stockpiles rose 45,975 tonnes to 5,458,075 tonnes.

Nickel fell \$333 to \$13,900. Stockpiles rose 6,612 tonnes to 261,636 tonnes.

Zinc fell \$30 to \$2,055. Stockpiles rose 10,350 tonnes to 933,475 tonnes.

**Lead** fell \$36 to \$2219. Stockpiles fell 8,800 tonnes to 214,450 tonnes.

Tin fell \$250 to \$22,350. Stockpiles fell 350 tonnes to 9,995 tonnes.

**Iron Ore** was unchanged at \$134.20.

Steel billet was indicated at \$285/295.

Molybdenum at \$29,500/21,500.

Cobalt at \$28,500/29,500.

WTI crude was at \$99.29.

Brent Crude was at \$110.80.

Spot **gold** was unchanged at \$US1205.89. Spot silver was at \$19.44, spot platinum at \$1,373, Spot palladium at \$714.

Spot **uranium** was last at \$34.50.

#### Overseas eco news

In US eco news, on December 31 the Conference Board said its sentiment index climbed to 78.1 in December from 72 in November, exceeding estimates.

\*The S&P/Case-Shiller index of property prices climbed 13.6% from October 2012 after a 13.3% increase in the year ended in September.

\*An emergency Federal program that expired on Saturday December 28 will see an estimated 1.3 **million** Americans lose their unemployment benefits.

Lawmakers failed to agree on an extension of the scheme before the US Congress began its winter recess.

Former President George W Bush introduced the assistance plan in 2008 at the start of the recession.

Under the program, jobless people received an average monthly stipend of \$1,166 for up to 73 weeks.

President Barack Obama has vowed to push for the renewal of the expired programme when Congress reconvenes in early January.

The US unemployment rate fell to a five-year low of 7% in November, according to the US Labor Department.

But the long-term jobless rate remains a problem for the economy, with some 4.1 **million** Americans currently out of work for six months or longer.

#### Overseas **equity** news

\*In the US of the Dow 30 on December 31 there were 23 stocks higher and 7 down.

American Express led the way higher, gaining \$1.14 or 1.27% to \$90.73 followed by United Technologies and JPMorgan Chase.

Johnson & Johnson led the way down, shedding 71c or 0.77% to \$91.59.

Netflix was the biggest riser on the S&P500 during the year, up nearly 300%.

Newmont **Mining** was the worst performed S&P500 stock, falling 50% over the year.

Cliffs Natural Resources fell 32%.

JC Penney was the biggest loser in the S&P5-00 index over the year (removed from the index in November).

Hewlett-Packard said it would cut 5,000 more jobs than planned.

The **firm** now says it will eliminate 34,000 positions, or 11% of its workforce, by the end of 2014.

Separately, Revlon announced plans to leave **China** and said it would cut 1,100 jobs.

Revlon, which manufactures cosmetics and hair dye under its name as well as the Almay and SinfulColors brands, said the cuts would save the **firm** around \$11m a year amid declining global sales.

Twitter closed up \$3.14 or 5.19% to \$63.65.

\*In Europe on December 31 national benchmark indexes rose in all but one of the nine western European markets that were open (out of 18). Exchanges in Germany, Switzerland, Italy and the Nordic countries were closed on holiday.

SBM Offshore rose 1% to Euro 14.80, **m** its sixth day of gains and highest price in four weeks for the Dutch supplier of floating **oil** production platforms.

Europe's largest publicly traded property owner Unibail-Rodamco rose 1.6% to Euro 186.25. Portuguese bank BCP fell 1.3% to Euro 0.16.6c.

\*In the UK on December 31, Land Securities rose 1.9% to 963.5p. Debenhams fell 12% to 73p, the lowest price since May 20-12 after saying sales during the Christmas week missed its expectations, and predicting pre tax profit will fall about 26% to 85 **million** pounds for the first half of 2014.

Aberdeen Asset Management rose 3.1% to 500p, an all time high.

Persimmon rose 1.7% to 1239p, up 55% this year.

Marks & Spencer fell 2.3% to 432.6p, the biggest weakener on the FTSE. **M&S** also said it will make a determined push into retail in India.

International Consolidated Airlines rose 117% this year to 401.4p. EasyJet doubled to 1,536p for the biggest gainers in the FTSE 100.

Antofagasta, Randgold Resources and Fresnillo lost more than 34% each for the biggest losses in the UK stocks gauge this year.

In other news

\*On January 1 2014 Latvia became the 18th member of the Eurozone states which uses the euro as its currency.

The former Soviet republic on the Baltic Sea recently emerged from the financial crisis to become the EU's fastest-growing economy, BBC News reports.

\*On January 1 India cancelled a \$753m (L455m) helicopter deal with Italian defence giant Finmeccanica after allegations of corruption, officials say, BBC News reported.

The contract was for 12 luxury helicopters to transport VIPs.

Defence officials said they scrapped the deal because an integrity pact had been breached by the **firm's** Anglo-Italian helicopter arm AgustaWestland.

India suspended payments in February after allegations that AgustaWestland paid bribes to win the contract.

The deal for 12 three-engine AW-101 helicopters was signed in February 2010 after the **company** beat off competition from US and Russian rivals.

The aircraft were for an elite squadron of the Indian Air Force which ferries around the president, the prime minister and other VIPs.

Three of the 12 British-made helicopters ordered have already been delivered to India. The remaining nine were due to be delivered by the middle of 2014 - that order has now been stopped.

Italian prosecutors suspect that kickbacks worth almost \$67.6m were paid to Indian officials to secure the contract.

\*On Wednesday Dec 18 the Fed Reserve announced that monthly purchases of U.S. Treasury **bonds** will be reduced from \$45 **billion** to \$40 **billion**, and monthly purchases of mortgage-backed securities will be reduced from \$35 **billion** to \$30 **billion** beginning in January.

Predictions for 2014 for the US

\*Citigroup: year end target 1900

"Enticed by higher returns, investors will move some cash from **bonds** back into stocks".

\*Merrill Lynch: year end target 2000

"With the Federal Reserve likely to end its bond buying program, **bonds** face a tough year. In stocks the focus will be large multinational companies that can benefit from an improving global economy.

\*Goldman Sachs: year end target 1900

"The rally of 2013 cannot continue into 2014. Stocks are no longer cheap. Investors are paying more than \$16 for every \$1 of earnings vs about \$14 at the beginning of 2012. Stocks will keep rising, but more modestly".

\*Barclays Capital: Year end target 1,900

"The Fed pulling out of its stimulus program will lessen the support for US stocks over the next year."

\* \* \*

Point to ponder

"theeconomiccollapseblog.com" by Michael Snyder, posted on December 13 is well worth reading and pondering, although it is too voluminous to publish here.

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