

HD MARKET EXPECTED TO CLOSE HIGHER TODAY

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

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

On the NYSE where 3188 issues traded there were 2,173 issues higher, 918 down and 97 unchanged. On Nasdaq where 2697 issues traded there were 1,969 issues higher, 652 down and 76 unchanged.

Metals were mostly higher, crude was mixed, **gold** fell. The \$A is at 89.60US c, down about 75 points from last evening.

"High will be 5257. Low 5220. Close at 5242, up 30 points"

Daniel Goulding, the author of The Sextant Report said, "Our market looks set to open higher with our local futures contract up 30 points.

"Global equities were given some breathing room overnight with a moderate pull back in the Japanese yen.

"Over in the US the Semiconductor index hit a new rally high and with the Trannies on the verge of doing the same, there is a green light for US equities to hit new rally highs.

"Volume yesterday in our market, while higher than what we have witnessed recently, was not that significant, suggesting it is just a pullback on the way to a new, perhaps final, rally high.

"The high today will be 5257. The low will be 5220. When the dust has settled the market will have closed at 5242, up 30 points".

The S&P/ASX200 fell 80.1 points to 5212 last evening.

January 15. Good morning.

Byron Wein bullish for year, but may be a 10% correction early

Byron Wein, a market guru who was Chief Economist at Morgan Stanley for over 20 years and is now with Blackstone Advisory Partners told CNBC last night he is bullish for 2014 but expects a serious breather, up to 10%, early in the year.

He said everyone is currently on the same side of the boat. Almost everybody's made good money last year and people are generally feeling pretty positive.

"When investor sentiment is as positive as this, it is usually vulnerable to any kind of a disappointment" he said.

He added, "I don't know that I'd be short the market because I'm so bullish for the overall year".

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 higher. AWC was steady on 1.5m shares, RIO rose 7p on 1.95m shares, BHP rose 10c on 4.2m shares, News rose 43c on 600,000 shares, FOX gained 32c on 4.4m shares, Westpac rose 23c on 180,000 shares, Telstra gained 3c on 570,000 shares, Resmed fell 3c on 19.1m shares.

PSivida rose 4c on 160,000 shares. Prana gained 2c on 3.16m shares.

In London Anglo American fell 10.5p to 1,262.5p on 3.37m shares, Aquarius fell 0.5p to 38.25p on 559,314 shares, BskyB rose 31.5p to 871p* on 7.3m shares, BHP fell 15.5p to 1,781.5p on 3.9m shares, Henderson fell 6p to 3,168p on 2.9m shares. RIO fell 9p to 3,168p on 2.9m shares.

*BskyB rose strongly after UBS suggested 21st Century Fox may unite its European **operations** under the BskyB listing, creating a 23 **billion** pound broadcaster. .

Trading points:

*DML: Restructuring of Boseto **copper** will mean 85 redundancies

Discovery Metals Ltd announced it is undertaking a restructuring program at its 100% owned Boseto Operation to improve cost competitiveness and further enhance production efficiencies.

The restructuring follows extensive detailed discussions with key stakeholders, including employees, the relevant Botswana Government Departments and the Botswana Mine Workers Union.

The retrenchment at Boseto will affect 85 of the 516 employees based at the **site**. It does not expect the restructuring will have a material effect on production at the **company's** Boseto Operation. Ongoing improvements in efficiencies and cost competitiveness will help to enable the Boseto Operation to maintain long term sustainability in the world **copper** market. (Jan 14)

Ex div: EZL ex 1.8c.

Changes in substantials reported January 13 and 14 inc posted sepa

Overseas

The DJIA closed up 115.92 points to 16,373.86.

S&P 500 rose 19.68 points to 1838.88.

NASDAQ was down 679.72 points to 4183.02.

US 10yr bond yields rose 5 points to 2.88%.

The US\$ rose 1.22 Yen to 104.17 Yen.

The Euro rose 8 points to 1.3680US c.

The Yuan rose 30 points to 6.0409/\$US1.

FTSE 100 rose 9.71 points to 6766.86. European markets closed mixed.

The Nikkei Dow last evening closed down 489.66 points to 15,422.40.

Shanghai SE Comp IX closed up 17.28 points to 2026.84.

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 \$49 to \$7,280/rose \$36 to \$A8125. Stockpiles fell 3,000 tonnes to 337,775 tonnes.

Aluminium was down \$20 to \$1,759/was steady at \$A1963. Stockpiles rose 30,575 tonnes to 5,461,325 tonnes. FastMarkets reported the LME rule changes announced in November to reduce warehouse

queues and control physical premiums have had the opposite effect. Queues have increased as stockholders move tonnage into private storage in deals paid for by historically low interest rates and a wide contango.

Nickel rose \$130 to \$14,340/gained \$320 to \$A16,004. Stockpiles fell 276 tonnes to 261,372 tonnes. FastMarkets reported the Indonesian government has made a key concession, allowing companies to continue exporting if they have pledged to build downstream smelting and refining facilities.

Zinc was up \$6 to \$2,066/rose \$32 to \$A2306. Stockpiles fell 4,575 tonnes to 896,725 tonnes.

Lead added \$22 to \$2,188/rose \$51 to \$A2442. Stockpiles fell 500 tonnes to 212,000 tonnes.

Tin rose \$50 to \$22,200/rose \$329 to \$A24,777. Stockpiles fell 20 tonnes to 9,600 tonnes.

Iron Ore closed down \$1.40 to \$129.50/rose 5c to \$A144.53.

Steel billet was indicated at \$355/365.

Cobalt was indicated at \$27,300/27,700.

Molybdenum was indicated at \$21,250/21,750.

WTI crude rose 79c to \$92.59/rose \$2.01 to \$A103.34.

Brent Crude fell 36c to \$106.39/rose 91c to \$A118.74.

Spot **gold** fell \$11 to \$1,244/rose \$3.18 to \$A1388. Spot silver fell 25c to \$20.19/fell 3c to \$A22.53/spot platinum fell \$15 to \$1,428/rose \$1 to \$A1594. Spot palladium fell \$4 to \$736/rose \$5 to \$A821.

Spot **uranium** rose 35c to \$35/gained 82c to \$A39.06.

Overseas eco news

In US eco news, the Labor Department reported import prices were unchanged in December after falling 0.9% in November and 0.6% in October. Export prices rose 0.4% in December following a 0.1% advance in November. Despite rising in 3 of the past 4 months, the price index for US exports fell 1% over the past year after rising 1.1% in 2012. Agricultural export prices rose 0.4%, non agricultural export prices rose 0.3% in December following a 0.1% advance in November.

*The Commerce Department reported US core retail sales rose 0.7% vs up 0.4% expected, total retail sales were up 0.2% in line with expectations.

*The Commerce Department reported US business inventories rose 0.4% in November after rising 0.8% in October, vs up 0.3% expected.

*Eurostat reported Eurozone Industrial Production expanded faster than expected in November, growing 1.8% month on month, the largest increase since May 2010 and vs a rise of 1.4% expected. For the whole of the EU IP grew at 1.5% in November after falling 0.5% in October.

*In the UK the CPI fell to 2% in December down from 2.1% in November and the first time inflation has been at or below the government's target of 2% since November 2009.

The Office for National Statistics said the fall was caused by slower increases in the price of food. 5 in inflation rate, as measured by the Consumer Prices Index, fell to 2% in December, down from 2.1% the month before.

It is the first time inflation has been at or below the government-set target of 2% since November 2009.

The Office for National Statistics said the fall was caused by slower increases in the prices of food.

Discounts in the run up to Christmas also helped lower the inflation rate, economists said, with the prices of toys and computer games falling at a faster rate last month than a year ago.

Overseas **equity** news

*In the US of the Dow 30 there were 26 stocks higher and four down. Intel led the way up, gaining 99c or 3.9% to \$26.50 on a broker upgrade. Intel was followed by Microsoft and 3M Co. Boeing fell 78c or 0.55% to \$139.92 followed by Merck, United Technologies and Nike.

Newmont fell 2.2% after the price of **gold** retreated. Best **Buy** fell 2.1% as sales at electronics and appliance stores fell 2.5% in December from November.

Intuitive surgical rose 6.9%, recovering from losses the day before.

Regeneron Pharmaceuticals rose 12% after saying yesterday it will work with Bayer HealthCare to develop a treatment for age related eye disease. Bayer will pay Regeneron \$25.5 **million** and share global development costs.

Google rose 2.3% after announcing late Monday it was buying Nest Labs Inc, a home automation **company** for \$3.2 **billion**. the **firm** was founded by former Apple engineers, one of whom was responsible for designing early generations of the iPod and iPhone, MarketWatch reported.

*In Europe, national benchmarks fell in 12 of the 18 western European markets. German utility RWE rose 5% after a German federal court ruled that the forced shut down by government of its Biblis nuclear plant in the aftermath of the 2011 Fukushima disaster was unlawful. RWE rose 5% to Euro 26.81. Eon rose 2.89% to Euro 13.51 in tandem.

K+S rose 4.89% to Euro 24.36.

Celesio fell 4.4% to Euro 23.10 after rejecting the McKesson takeover offer for the drug distributor.

Jerónimo Martins, with supermarkets in Portugal and Poland fell 2.8% to Euro 13.62 after like for like sales rose 2.5% in Poland vs up 4% expected.

Volkswagen fell 2.4% to Euro 197.80 on a broker downgrade. Aeroports de Paris fell 1.4% to Euro 81.64, Fraport fell 0.8% to Euro 54.66.

Commerzbank fell 2.2% to Euro 13.38.

*In the UK, Henderson **Group** fell 2.6% to 229.4p. Schroders fell 1.7% to 2,547p. Aberdeen Asset Management was down 1.5% to 453.1p ahead of an update expected on Thursday.

Oil stocks retreated with BP down 1%, Royal Dutch Shell down 0.7% and BG **Group** down 0.3%.

Drug companies rose, with AstraZeneca up 2.5% to 37.56 pounds after saying 2017 revenues will be broadly in line with last year vs analysts forecasts for a 13% decline. Shire rose 2.6% to 360.5p in tandem.

J Sainsbury rose 2.6% to 360.5p after Kantar supermarket industry data for Christmas showed it was the only one of the big four grocers to gain market share over the December quarter, the Financial Times reported.

Intertek fell 2.5% to 29.93 pounds, William Hill was down 2.3% to 372p. QinetiQ rose 4% to 236.7p on a Merrill Lynch upgrade. o Pv

In other news

*World's biggest glacier in "irreversible retreat" - BBC News

The world's biggest glacier, Pine **Island** Glacier (PIG) that covers more than 160,000 sq km and drains something like 20% of all the ice flowing off the west of Antarctica, is now seen as in irreversible retreat, even if the region were to experience much colder conditions, according to British Antarctic Survey head Dr Hilmar Gudmundsson

Satellite and airborne measurements have recorded a marked thinning and a surge in velocity in recent decades.

Its grounding line - the zone where the glacier enters the sea and lifts up and floats - has reversed tens of km over the same period.

Much of this behaviour is driven not by higher air temperatures in the cold south but by warm ocean bottom-waters getting under and eroding the floating ice shelf at the head of the glacier.

Key to PIG's observed behaviour is that a large section of it sits below sea level, with the rock bed sloping back towards the continent.

Thinning rate The very latest satellite data details the thinning occurring in this region of West Antarctica

Dr Gudmundsson's **group**, together with colleagues in the UK, France and **China**, have used numerical models to describe PIG's current and future behaviour, and they argue that it has now entered just such a mode.

"Even if you were to reduce melt rates, you would not stop the retreat," Dr Gudmundsson told BBC News.

"We did a number of model runs where we allowed PIG to retreat some distance back, and then we lowered the melt rates in our models. And despite doing that, the grounding line continued to retreat.

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