

HD Australian Stocks: What Happened Today?

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The breaking news this afternoon is the RAAF may have found the missing Malaysian plane. Wow! Is it just me or two hours after the FBI is asked for help, a plane is found. Coincidence? We have Pine Gap and the JORN radar system that can monitor 37,000 Kmsq over the horizon! Anyway some good news would make up for a few other issues out there at the moment. Yellen's debut last night was not a good start, as a possible 'Minsky Moment' (google it) may be in the offing. Bring back Uncle Ben! Selling continued to wash over us today with broad losses across most sectors. In fact those losses accelerated as the day went on with the futures market getting whacked in the late afternoon [March SPI contract expired today]. In the end we closed down 62 points at 5294 (more coincidence) with a range of 5350 to 5288. Suspect that if US rates are now going to rise in 2015, then all the fast money will return from (sub)emerging markets and find its way back to Treasuries!

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Gold stocks were especially hard hit with a scythe through their share prices again. 1.5% fall in the **gold** price equates to a 6% off the **equity** prices. Seems a pretty simple formula. There was nowhere to hide in other resource stocks either with the **Iron Ore** producers also in the spotlight as BHP Billiton Limited (A\$35.20, -1.8%), RIO Tinto Limited (A\$60.80, -0.9%) and Fortescue Metals Group Ltd (A\$4.90, -1.8%) all suffered. Banks were a big red blob in the corner with falls in Westpac Banking Corporation (A\$33.24, -1.5%), Australia and New Zealand Banking Group Limited (A\$32.12, -1.0%) and Commonwealth Bank of Australia (A\$74.97, -0.6%) outpacing a steady day in National Australia Bank Limited (A\$34.41, -0.3%). Changes to the UK budget last night would seem to favour the financial institutions over there which may explain their relatively good performance.

Consumer stocks suffered with similar falls in Woolworths Limited (A\$35.46, -1.3%) and Wesfarmers Limited (A\$41.43, -1.3%) and the discretionary space was rocked by Myer Holdings Limited (A\$2.52, -5.3%) which showed to all the world why they need to **merge** with David Jones Limited (A\$3.20, -3.6%). Bernie Brookes looks like the far more desperate partner in any negotiation and suspect the 'Czahra' holds the whip hand. Others in the sector also showed signs of retail stress with Harvey Norman Holdings Limited (A\$3.25, -1.2%), JB Hi-Fi Limited (A\$18.40, -1.6%), Flight Centre Travel Group Limited (A\$52.83, -1.3%) and Coca-Cola Amatil Limited (A\$10.97, -1.8%) in the bargain basement. Telstra Corporation Limited (A\$4.99, -0.8%) under 5 bucks too. One of the few bright spots was QBE Insurance Group Limited (A\$12.66, -0.2%)!

Big winners today were few and far between but Aristocrat Leisure Limited (A\$5.40, +4.0%), BT Investment Management Limited (A\$7.11, +2.7%), Cabcharge Australia Limited (A\$4.31, +2.6%), G8 Education Limited (A\$4.54, +1.3%) still, Henderson Group PLC. (A\$4.60, +0.9%) and still the one #NEC#. Whilst Wotif.com Holdings Limited (A\$2.66, -11.3%) gave back a fair part of yesterday's short covering rally and then a string of golds buried today including Kingsgate Consolidated Limited (A\$0.975, -20.6%) (following the rights issue), Beadell Resources Limited (A\$0.655, -5.8%), Evolution **Mining** Limited (A\$0.875, -9.3%), Independence Group NL (A\$3.81, -7.7%), Newcrest **Mining** Limited (A\$10.61, -7.9%), Sirius Resources NL (A\$2.74, -2.5%), Karoon Gas Australia Limited (A\$2.56, -4.5%) and Carsales.Com Limited (A\$11.30, -2.8%).

Volume was huge today but no one was getting carried away as it was futures expiry today which pushed it to close to \$7bn. **Gold** perked up a little after savage falls overnight to \$133 whilst the Aussie battler was trading around 90.2. In Asian markets, the MSCI Asia Pacific Index fell 1.7 percent to 132.42 as of lunch in Tokyo, heading for the lowest close since Feb. 6. Japan down 1.5% and HK down 1.2%.

Stocks and Stories

Myer Holdings Limited (A\$2.52, -5.3%) Shocker today. Sorry Bernie but you should leave the Big Brother house. EBITDA was 7.1 per cent lower than the same half last year at \$172 **million**, however. Earnings before interest and tax were down 10.5 per cent to \$127 **million**, and net profit after tax was down 8.1 per cent to \$81 **million**. Interim dividend was cut, from 10 cents to 9 cents a share, payable on May 8.

Kingsgate Consolidated Limited (A\$0.975, -20.6%) seem to plunge the depths continually. Seems to be a race to the bottom between them and Newcrest **Mining** Limited (A\$10.61, -7.9%) as their deeply discounted rights issue at \$1.00 sank the stock. Small print about possible investigation in Thailand in the prospectus probably didn't help either. At one stage they were trading at 92.5cents before some buyers stepped in! Thankfully.

Brambles Limited (A\$9.36, -2.0%) today confirmed that it had been in discussions with Singaporean **company** Goodpack on a possible takeover transaction. All over now and the stock fell on disappointment.

The Hang Seng **China** Enterprises Index (HSCEI) of mainland stocks traded in **Hong Kong** dropped 1.2 %, bringing losses from a Dec. 2 high to near the 20 % threshold that some investors consider a bear market. The city's benchmark Hang Seng Index declined 1.2 %.

Danger! Danger! Will Robinson. The **Chinese** Yuan has extended its fall, plunging to its lowest in more than a year, as a slightly more hawkish stance by the Fed overnight strengthened the greenback, and after the People's Bank of **China** on Monday doubled the trading range of the yuan to 2 per cent.

Carpe Diem. Not sure what that is in **Chinese** but authorities apparently are going to seize the day to speed up construction and boost economic growth. Really? Speed it up even more. Thought it was warp speed as it is! Must be worried!

Tomorrow's News Today

The great white hope of the Japanese IPO market has crashed and burnt! Japan Display Inc., a merger of three struggling screen-makers that's supported by a government-backed fund, posted the worst debut of any Asia-Pacific initial public offering worth at least \$1 **billion** since 2008. Down 15% on opening. They have joined the throng of sellers of businesses that are raising money at the moment as we nudge all-time highs across the globe. Must be very tempting and will take the euphoria out of the market!

There is a new kid on the block in the UK as the Royal Mint has crafted a new 12 sided 1 Pound coin. 3% chance of forgery apparently, the most secure ever minted.

Still in the UK Chancellor George has tried to woo the grey vote from voting for the new UKIP with changes to the pension and savings tax break breaks, he called it a budget for "makers, doers and savers". Looking forward then to how Uncle Joe can plagiarise this slogan for our own budget.

Marathon walker and Ex Rogue trader Jérôme Kerviel had his prison conviction upheld in a French court but they threw out the €4.9bn (£4.1bn) in civil damages he'd been ordered to pay back. About as much chance of paying that money back as Greece or the US. At the moment Jerome is walking from Rome back to France having had a n audience with the Pope. It's a long walk NOT to freedom!

Alibaba has invested \$215m into chat app Tango, valuing it at \$1bn and marking the **Chinese** ecommerce group's largest known investment into a US start-up! Still struggling to understand the silly valuations in this pace! Alibaba is shaping up as the largest listing in history. Tango has 200m users across Europe and the Middle East. Five bucks a user. Cheap as!

Looks like the Aussie banks are about to be drawn into the global probe of price fixing in the FX markets. This inquiry is likely to go on for a year or so.

Later this week the EU Spring offensive begins as they try to bring RasPutin into line. Trouble is that the Germans who run the EU after all do so much business with Russia, about 70bn Euros worth that it's pretty hard. So far a slap on the wrist has been the response. After all where do they get 30% of their **energy** from, why Mother Russia of course! Should be an interesting summit!

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