

HD MARKET EXPECTED TO CLOSE MILDLY HIGHER

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

Markets rose in Europe, the UK and US last night.

On the NYSE where 3222 issues traded there were 2,466 issues higher ,650 down and 106 unchanged. On Nasdaq where 2717 issues traded there were 1,878 issues higher, 760 down and 79 unchanged.

Metals were higher, crude was up a touch, **gold** was steady. The \$A is at 93.76US c, about in line with last evening.

"Support is now at 5390, next level of resistance 5435 .. I'll call us up 15"

Ben Faulkner, a senior adviser with Morgans said, "Nasdaq closed right on its highs last night which is very encouraging. It has broken through the resistance level at 4055. It is still in downtrend from its high back on the 7th of March, but if it can break back and close above 4135 over the coming week it's potentially going to be short term neutral. Its good to see the 4000 level hold after being tested for the last 3 days.

"**Copper** looks like it was potentially a false break yesterday but we need to see it above \$3.05/lb and finish there for the week. Support is at \$3, resistance is at \$3.05.

***Gold** entered a short term uptrend this week but yesterday's move and last night's move confirmed a break down. It has broken through the 20 day moving average and is technically heading back towards the previous support of \$1280, then \$1250.

*The S&P 500 closed on its highs, breaking back above the 1860 level which was resistance, and also where the 20 day moving average was sitting with a strong close. It is back in the range where it was all through late February and March. The picture there is neutral at the moment. Any break out through 1875 and we will see 1890 tested again.

*Our market had a very strong day yesterday, closing pretty much on its highs.

We also broke back above the 20 day moving average and are not far from resistance at 5424. The next strong test is 5450. We are also back in the uptrend channel.

"If the US can hold we look to test the next level of 5435, then 5450 and can head back to 5500 if 5450 is broken. Support is now at 5390.

"For the day given we had a strong day yesterday, some of last night's overseas move has been factored in. I'll call us up 15 points'. .

The S&P/ASX200 closed up 32.1 points to 5420.3 last evening.

April 17. Good morning.

*Fed Reserve chief Janet Yellen in an address following the European markets close said the Fed Reserve will keep its benchmark interest rates at exceptionally low levels for a considerable time. She said economic growth had slowed over the winter, but that a significant part of the weakness was due to unusually cold winter weather.

*In the Ukraine, the attempt to take back eastern towns from pro-Russian militants appeared to stall on Wednesday.

In Donetsk, six armored vehicles sent into the nearby city of Kramatorsk in the morning later showed up carrying Russian flags in Slaviansk, peacefully surrendering to pro-Russian forces.

Ukraine, the EU, US and Russia are meeting to discuss a political solution today (European time).

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. AWC fell 2c on 200,000 shares, RIO rose 1p on 3.9m shares, BHP fell 6c on 3.6m shares, News was steady on 267,000 shares, FOX rose 50c on 3.3m shares, Westpac rose 9c on 70,000 shares, Telstra fell 1c on 320,000 shares.

Resmed fell 6c on 7.7m shares.

PSivida fell 19c on 43,000 shares. Prana fell a half cent on 11.3m shares.

In London Anglo American rose 24.5p to 1,538.5p on 3.8m shares, Aquarius fell 2p to 40.5p on 5.6m shares, Bsky **B** gained 18.5p to 888.5p on 2.7m shares, BHP rose 10.5p to 1,909.5p on 4.4m shares, Henderson gained 1.78p to 238.08 p on 1.39m shares. RIO rose 3p to 3,305.5p on 3.4m shares.

Trading points:

*ASL: Moody's lowers Ausdrill ratings, outlook stable

Ausdrill Ltd advised Moody's Investors Services has revised its credit rating downwards, the corporate family rating has been lowered to Ba3 from Ba2. \$US300 **million** of senior unsecured notes rating of Ausdrill Finance Pty Ltd was lowered to B1 from Ba3. The outlook on both these ratings is stable. (Apr 16)

*Eurozone ban on plastic bags passes into law

The Eurozone last night agreed to pass into law an 80% ban on the use of plastic bags by 2019. It also removed blocks on outright bans of plastic bags for the first time (more 'in other news' below).

Our note: Huge opportunity for Cardia Technologies (CNN) (our Week's Special on April 4)

*The UK will introduce a charge for plastic bags in supermarkets from 2015.

Japara Healthcare Ltd (JHC) lists following an issue of 225.2 **million** shares at \$2 each. Chairman Linda Bardo Nicholls AO in the covering letter to the prospectus said Japara is an Australian **residential** aged care operator, commencing business in 2005 with 3,131 places across 35 facilities, located principally in Victoria and also in New South Wales, South Australia and Tasmania with 35 facilities, 32 owned by Japara and 3 leased.

Japara has a reputation for and a strong history of providing high quality healthcare to residents, a strong operating performance, sustainable cash flows supported by a high proportion of Government funded revenue and a 100% accreditation history over the past 5 years. The **company** has above average industry occupancy levels of approximately 95%, a well diversified portfolio of aged care assets, predominantly owned by Japara, an accommodation bond management policy and a quality management team.

Total full year 2013 government care funding revenue was \$1657.219 **million** with total 2013 pro forma revenue of \$229.89 **million**.

The **company**'s dividend policy is to pay out up to 100% of NPAT, with an indicative dividend yield of 5.4% supported by Japara's strong cash flow profile.

The **company** forecasts NPAT of \$23.3 **million** in 2014 and \$27.7 **million** in 2015, eps of 8.9c in 2014 and 10.5c in 2015.

Directors:

Linda Bardo Nicholls AO, Non-Executive Chairman

Linda is a senior executive and **company** director with more than 30 years' experience across Australia, New Zealand and the United States. Presently, Linda is the chairman of Yarra Trams and has directorships with Fairfax Media, Medibank Private, Pacific Brands **Group** and Sigma Pharmaceutical **Group**.

Previously, she has held the position of chairman at some of Australia's most well regarded companies, including Healthscope and Australia Post, and was a director of St. George Bank.

she also holds directorships with low carbon australia and the walter and eliza hall institute of medical research.

Linda holds a Masters of Business Administration from Harvard Business School and a Bachelor of Arts in Economics from Cornell University.

Andrew Sudholz, CEO

Andrew is a founding shareholder and executive director of Japara Holdings.

Andrew has more than 30 years' experience in the real **estate**, healthcare and professional services industries.

Prior to the establishment of Japara Holdings, Andrew was a global partner of the Arthur Andersen **Group**, a national partner of Ernst & Young's Real **Estate** Advisory Services **Group** and the state general manager of the Triden Corporation.

He is also a fellow of the Australian **Property** Institute, a responsible executive under the Australian Financial Services Licensing regime, a former president of the Victorian division and national **board** member of the **Property** Council of Australia and is currently a member of the Australian Institute of **Company** Directors.

Andrew holds an Associate Diploma of Valuations from the Royal Melbourne Institution of Technology.

Richard England, non exec director

Richard has more than 18 years' experience as a non-executive director and Chairman of multiple ASX listed and unlisted companies across the financial services, banking, healthcare and insurance industries.

Richard is currently the chairman of Chandler Macleod **Group** and of Ruralco Holdings and is a non-executive director of Nanosonics and Macquarie Atlas Roads.

Prior to embarking on his career as a director, Richard was a Chartered Accountant in Public Practice and a partner at Ernst & Young, where he was the national director of Corporate Recovery and Insolvency.

He is a councillor of the Royal Sydney Botanic Gardens Foundation and is deputy chairman of Indigenous Art Code, the **company** administering the Indigenous Australian Art **Commercial** Code of Conduct.

Richard is a fellow of the Institute of Chartered Accountants in Australia, is a qualified Chartered Accountant and a member of the Australian Institute of **Company** Directors.

Tim Poole, Non-Executive Director

Tim has more than 15 years' experience as a director and chairman of ASX listed and unlisted companies across the financial services, infrastructure and natural resources industries.

He is currently a non-executive director of Newcrest **Mining**, McMillan Shakespeare and AustralianSuper, chairman of Lifestyle Communities and a director of several private unlisted companies. He was formerly managing director of Hastings Funds Management and chairman of Asciano.

Tim holds a Bachelor of Commerce from the University of Melbourne and is a Chartered Accountant.

David Blight, Non-Executive Director

David has more than 30 years' experience in the real **estate** industry, across all major global markets and **property** sectors.

Most recently, he was the **group** managing director of APN **Property Group** and has formerly held various positions concurrently with ING, including global chairman and chief executive officer of ING Real **Estate** Investment Management and vice chairman of ING Real **Estate** (based in The Netherlands).

Prior to that, David held senior executive positions with Armstrong Jones and Mirvac across Australia and New Zealand.

David holds a Bachelor of Applied Science in **Property** Resource Management (Valuation) from the University of South Australia and is a **Board** member of APREA (Australian Chapter).

CFO: John McKenna is the Chief Financial Officer of Japara and has more than

30 years' experience in financial services and related sectors. He has held numerous senior finance roles in banking and finance, including **lead** roles in various change management programs. Prior to joining Japara, John was an executive director and chief operating officer of Burdett Buckeridge Young, a stockbroking and corporate advisory **company**, where he headed their finance and compliance divisions. He formerly held senior finance roles with the National Australia Bank **Group** including head of finance (of the global business segment) and financial controller of the UK branch.

John has a Bachelor of Commerce degree from the University of Melbourne, is a qualified Chartered Accountant and has a Post Graduate Diploma in Applied Finance with the Securities Institute of Australia.

(No Darvas Box special again today (we look everyday - today's best was BlueScope Steel but did not meet some of the criteria). Yesterday Goodman Fielder and Imdex were equal opportunities. Neither rose yesterday, but remain attractive).

Overseas

The DJIA closed up 162.29 points to 167,424.85.

S&P 500 rose 19.33 points to 1,862.31.

NASDAQ was up 52.07 points to 4,086.23.

US 10yr bond yields were steady at 2.63%.

The US\$ rose 41 points to 102.27 Yen.

The Euro rose 3 points to 1.3816US c.

The Yuan rose 8 points to 6.2207/\$US1.

FTSE 100 rose 42.56 points to 6,584.17 points.

The Nikkei Dow last evening rose 420.87 points to 14,417.68 points.

Shanghai SE Comp IX rose 3.52 points to 2,105.12 points.

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 rose \$79 to \$6,619/gained \$72 to \$A7060. Stockpiles fell 475 tonnes to 242,300 tonnes.

Aluminium gained \$22 to \$1,875/rose \$20 to \$A2000. Stockpiles fell 10,450 tonnes to 5,323,725 tonnes.

Nickel rose \$210 to \$17,860/gained \$192 to \$A19,049. Stockpiles fell 1,266 tonnes to 277,248 tonnes.

Zinc was up \$21 to \$2,066/rose \$19 to \$A2203. Stockpiles fell 3,325 tonne to 894,650 tonnes.

Lead gained \$33 to \$2,142/rose \$31 to \$A2285. Stockpiles fell 225 tonnes to 202,075 tonnes.

Tin rose \$50 to \$23,450/gained \$11 to \$A25,011. Stockpiles rose 55 tonnes to 9,530 tonnes.

Iron Ore fell 90c to \$116.20/fell \$1.17 to \$A123.93.

Steel billet traded at \$400, unchanged with eight lots traded, bringing open interest down to just five lots.

Two lots of cobalt traded, the last at 30,000 after stockpiles rose 5 tonnes to 548 tonnes.

Molybdenum was indicated at \$27,500/28,500.

was unchanged

WTI crude rose 1c to \$103.76/fell 18c to \$A110.67.

Brent Crude rose 24c to \$109.60/gained 5c to \$A116.89.

*The US **Energy** Information Administration reported crude stockpiles rose 10 **million** barrels in the week ended April 11 vs a climb of 2.4 **million** barrels expected.

Spot **gold** rose \$1 to \$1,303/fell \$1.31 to \$A1390. Spot silver rose 9c to \$19.67/gained 6c to \$A20.98. Spot platinum fell \$2 to \$1,437/fell \$5 to \$A1533. Spot palladium rose \$9 to \$801/gained \$8 to \$A854.

Overseas eco news

In US eco news, Industrial Production rose 0.7% in March vs a 0.5% increase forecast. February's gain was revised to up 1.2% vs up 0.7% initially reported with production overall in the first quarter growing at an annualised 4.4% just slower than the 4.8% in the fourth quarter.

*Manufacturing output rose 0.5% in March while **mining** output rose 1.5% and utilities output rose 1%. For the quarter as a whole manufacturing output rose an annualised .5% while **mining** output rose 9.6% and utilities output rose 17.9% on need for heating in the unusually freezing weather.

*Capacity utilisation rate was 79.2% in March with February's number revised up to 78.8, and vs 78.7% expected, better than expected.

*The Commerce Department reported new building permits for single family homes in March fell 1.2% below the year earlier level. New single family home starts rose 1.9% from a year earlier.

*The Fed Beige Book reported a modest to moderate expansion in eight regions, a general improvement in Chicago and a rebound from bad weather in New York. However, Cleveland and St Louis districts saw a decline in economic activity. Conditions in the manufacturing sector improved, port volumes were higher, trucking traffic had improved and steel production is picking up.

The view of the housing market was mixed, with demand for properties tepid in parts of the country.

*US MBA Mortgage Applications rose to 4.3% in April from up 1.6% in March.

*Housing starts rose 2.8% to a seasonally adjusted annual rate of 946,000 led by single family homes, the US Commerce Department reported vs a 6.4% rise to 973,000 expected. Housing starts are down 5.9% from a year earlier, the largest annual contraction since April 2011.

*Building permits fell 2.4% in March to an annual rate of 990,000 led by a drop for apartments and vs expectations for a 0.6% increase.

*In the Euro zone the EU28 seasonally adjusted external current account recorded a surplus of 39.4 **billion** euro (1.2% of GDP) in the fourth quarter of 2013, up from a surplus of 34.4 bn (1.1% of GDP) in the third quarter of 2013 and from a surplus of 24.1 bn (0.7% of GDP) in the fourth quarter of 2012, according to a second estimate released by Eurostat, the statistical office of the European Union.

In the fourth quarter of 2013, based on non-seasonally adjusted data, the EU28 recorded external current account surpluses with the USA (+30.9 bn euro), Switzerland (+16.2 bn), Brazil (+7.4 bn), **Hong Kong** (+5.2 bn) and Canada (+4.0 bn), and deficits with **China** (-24.5 bn), Russia (-14.2 bn) and Japan (-1.5 bn), while it was in balance with India.

The highest surpluses were observed in Germany (+62.9 bn euro), the Netherlands (+14.0 bn), Italy (+10.7 bn), Sweden (+5.6 bn), and Denmark (+5.4 bn) and the largest deficits in the United Kingdom (-25.5 bn), France (-2.4 bn), Greece (-1.2 bn) and Poland (-1.1 bn).

*The UK's unemployment rate fell to 6.9%, the best number for the last 5 years and below the 7% threshold. The rate dropped from 7.2% the Office for National Statistics said in a statement, while the fall was bigger than expected with analysts forecasting a drop to 7.1%. Average earnings moved above inflation, reducing the squeeze on household finances, the Office for National Statistics reported.

Overseas **equity** news

*In the US of the Dow 30 there were 26 stocks higher, 1 steady and 3 down.

Visa led the way higher, gaining \$5.31 or 2.6% to \$209.36 followed by 3M and United Technologies. McDonald's was steady, price unchanged at \$100.83.

United Health fell \$1.32 or 1.66% to \$78.19 followed by Johnson & Johnson and IBM.

Yahoo rose a further 5.6% intra day after its first quarter earnings showed the **company** had returned to growth. it also reported stronger than expected revenue growth in Alibaba, the **Chinese company** in which it has a 24% **stake**, soon to be an IPO. SodaStream International rose 8.2% on a newspaper report it may sell a portion of its business to a large maker of soft drinks.

Delta Air Lines rose 4.9% ahead of its quarterly report.

Offshore driller Transocean fell 2.5% partly as rigs face a rise in idle time, a broker report said.

Agnico Eagle Mines fell 8.3% intra day and Yamana **Gold** fell 3.7% on a joint deal to **buy** Osisko **Mining** Corp for roughly \$3.6 **billion**, MarketWatch reported.

*In Europe national benchmark indexes rose in all regions except Iceland. Syngenta rose 2.3% to Swiss Fr 344.20, the highest price since January 3 after the world's largest maker of crop chemicals said quarterly sales rose 5% to \$4.68 **billion** in line with analysts estimates and confirmed its full year target.

GEA rose 6.2% to Euro 32.31 after the German maker of food processing equipment agreed to sell its heat exchangers unit to private **equity firm** Triton for an enterprise value of Euro 1.3 **billion**.

Suez Environnement rose 7.1% to Euro 14.72 on suggestions by a brokerage of a merger with Veolia Environnement. Veolia rose 4.3% to Euro 4.38.

ASML fell 5.3% to Euro 58.50 after the semiconductor equipment supplier forecast revenue for the quarter of about Euro 1.6 **billion**, below Euro 1.7 billion expected.

Credit Suisse fell 1.5% to SFr 27.42 after the second biggest Swiss bank reported a 34% drop in first quarter net income to SFr 859 **million**, below expectations.

*In the UK **Chinese** growth data and upbeat **company** news gave the market a lift.

The FTSE 100 closed up 42.56 points or 0.65% at 6,584.17, after figures showed **China**'s economy grew by a better-than-expected 7.4% in the first quarter of the year.

Top riser was Sports Direct, which jumped 5.6% to 787.4p following upbeat comments from Bank of America Merrill Lynch.

Shares in Tesco rose 2.6% to 293.8p after reporting profit of 3.32 **billion** pounds for the year through to February 22 vs 3.23 **billion** pounds expected.

International Consolidated Airlines rose 5.1% to 395.2p on a broker's upgrade.

Burberry rose 3.1% to 1,466 p after second half revenue was in line with analysts expectations.

BAE Systems and Barratt Developments were the biggest fallers, dropping 4.1% and 2.1% respectively after going ex-dividend.

In other news

EU sets 80% reduction target for use of plastic bags by 2019

Last night Euro MPs voted in favour of strict new targets to reduce plastic bag use.

In the UK a supermarket plastic bag charge will be introduced in 2015.

Every nation in Europe will have to bring in tough new measures to slash the use of plastic bags, after a key EU vote yesterday.

The decision is a huge boost for conservationists, who have been fighting for years to reduce the huge volumes of devastating plastic litter harming the environment.

The EU directive, which will pass into law in the coming weeks, also removes blocks to outright bans on plastic bags for the first time.

Sue Kinsey of the Marine Conservation Society said: 'This is a fantastic result and will **lead** to the drastic reduction of single use carrier bags given out throughout Europe.' An estimated 100 **billion** carrier bags are used every year in Europe - with 8 **billion** ending up as litter.

Many of those end up in seas and rivers, killing **millions** of marine animals.

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