HD (FE) Around the Traps ... with THE FERRET

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Mining entrepreneur Owen Hegarty has disputed the view that the commodities outlook is slowing.

He believes the decades ahead will see a cycle of Asia-Australian economic growth in which growing Asian mineral demand will increasingly be met from the region's largely under-exploited prospectivity, funded with Asian capital and resourced with Australian technology and management skills.

Mr Hegarty is chairman of resource investment house EMR Capital, vice chairman of Indonesian copper-gold group G-Resources, a principal of the Tigers Realm diversified copper/gold/coal/uranium group of companies and a non-executive director of FMG.

He is also a director of The AusIMM.

Addressing the Sydney Mining Club yesterday, he said one of the biggest factors underpinning commodity demand, the urbanisation of China, still had years to run.

One measure of China's progress along the path to a developed consumerist economy is the per capita use of base metals.

China's consumption is currently around half the peak reached by Japan and South Korea as they made the same journey).

On that score, as on many other indicators, China’s appetite for metals is likely to continue to grow for decades yet.

It may need to double current demand before it peaks.

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Meanwhile, demand from the rest of developing Asia including Indonesia and India, both embarking on a similar journey, will gather pace well before China's demand peaks.

Mr Hegarty sees Indonesia as the next "tiger" economy.

With its large (and young) population it is on track for 6pc-a-year growth from now until 2020, by which time it will have a middle class of 140 million.

It is tipped to be one of the world's 10 largest economies by 2022.

Then there is India - the pace of development there is uneven, but some of its states are already forging ahead at a China-like pace.

Four states with a combined population of 300m-plus have been growing at rates between 8.4pc and 12.6pc over the past five years.

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PROMESA (ASX:PRA), which plumbed an equal all-time low of 1.8c a couple of weeks ago, received a shot in the arm on Tuesday through an announcement titled "DRILL CORE INTERPRETATION INDICATES DISCOVERY OF LARGE COPPER ORE BODY".

The price jumped 1.1c to 3.3c as 15m shares changed hands.

Trading volumes remained well above average with 3m shares traded on Wednesday as the price fell 0.7c.

Another 3m shares went through yesterday as buyers came back for another bite, lifting the price 0.4c to 3c.

It will be interesting to see today's trading after the company re-released its April 29 announcement with the modified headline "DRILL CORE INTERPRETATION INDICATES DISCOVERY OF A POTENTIALLY LARGE COPPER PORPHYRY SYSTEM".

Anyway, drillhole ALDD14004 at the Alumbre Project in northern Peru was completed at 401m and intersected chalcopyrite mineralisation over a 340m interval in a Potassic alteration zone.

Classic porphyry "A" and "B" type veining was in evidence hosting chalcopyrite, molybdenite and bornite, with significant secondary biotite occurring throughout extensive mineralised intervals.

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At the microscopic end of the biotech sector, BIOXYNE (ASX:BXN) made a big noise with a rise of 1.2c or 200 per cent to 1.8c yesterday and touching 2.6c for the first time in more than a year.

It was a sad rise for some hapless punters who decided to sell the previous day at 0.6c, down 0.3c.

Yesterday's buying rush followed Wednesday night's after-hours release of Bioxyne's March quarterly update and Appendix 4C.

The quarter saw the continuation of strong sales from the probiotics business (PCC) with a record quarter of cash revenue receipts of $933,000.

The company also received its first royalty revenue from its distributor on sales in relevant overseas territories.

These cash inflows have greatly improved Bioxyne's working capital with a net cash flow increase on the prior quarter of $506,000.

This took into account $157,500 in the cash component of the proceeds from the sale of wholly-owned subsidiary Hunter Immunology.

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TRANSURBAN (ASX:TCL) came back onto the trading lists yesterday after a three-day break and the security holders must have felt relieved.

The trading halt was for a bookbuild for the $2.4 billion issue at $6.75, a big discount to the previous sale.

Trading fell as low as $6.99, but then bounced to close at the day's best of $7.13, down only 14c.

Turnover of 17.8 million securities was the highest for at least a year (if you don't count the 81.3m on July 30 last, when a couple of the Canadian pension funds quit their stakes).

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The market's reaction to BT INVESTMENT MANAGEMENT's (ASX:BTT) stellar first-half result did seem a bit lacklustre on Wednesday.

The shares rose a restrained 20c to $6.70.

However, the buyers came back for more yesterday and the price rose a further 20c to $6.90, which still leaves it well short of the record $7.45 on March 26.

Just to recap, net profit jumped 143 per cent and interim dividend was doubled to 16c.

CO aimgly : Australasian Institute of Mining and Metallurgy

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