

HD MARKET EXPECTED TO CLOSE HIGHER TODAY

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

Markets rose in Europe, the UK and US.

On the NYSE where 3224 issues traded there were 2,346 issues higher, 778 down and 100 unchanged. On Nasdaq where 2701 issues traded there were 1,694 issues higher, 900 down and 107 unchanged.

Metals were higher, crude rose, **gold** was down a touch. The \$A is at 89.60US c, down a touch on last evening.

"Ceiling will be 5195. Floor will be 5130. Close at 5162, up 30.6 points"

Daniel Goulding, the author of "The Sextant Market Report" said, "Our market looks set to open higher with the local futures contract up 37 points. While yesterday's rally was impressive in terms of price, a number of key tells stand out.

"Index leadership was bearish with the mid to large cap stocks leading the charge higher.

"Micro caps were actually down on the day, albeit ever so slightly.

"Sector leadership was also bearish with the inflationary and defensive issues outperforming growth issues. And volume was not great.

"Unless the market is able to correct on the fly (that is, heal itself in terms of time rather than price), we can expect this rally to completely give back all of its gains in due course. The only question is how high can it run first.

"The evidence still points to the likelihood of our market challenging its 28-October-2013 high of 5457 points so I am optimistic the market can sling shot higher before a larger downturn takes hold.

"Regardless of the outcome here, the writing is on the wall for a break of the December low in due course.

"But none of this matters for today. The ceiling will be 5195. The floor will be 5130. When the dust has settled, the market will have closed at 5162, up 30.6 points".

The S&P/ASX200 closed up 61.1 points to 5131.4 last evening.

February 7. Good morning.

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 rose 1c on 540,000 shares, RIO rose 27p on 3.45m shares, BHP rose 63c on 4.5m shares, News rose 28c on 1.46m shares* FOX rose 56c on 5.8m shares**, Westpac gained 55c on 299,000 shares. Telstra was up 2c on 400,000 shares.

Resmed fell 3c on 12.8m shares.

PSivida shed 3c on 118,000 shares, Prana fell 8.5c on 10.9m shares.

**21st Century Fox second quarter sales rose 15% to \$8.16 billion vs \$7.87 billion expected. Excluding one offs earnings were 33c a share, in line with expectations.

The shares rose 2.8% to \$32.62.

In London Anglo American rose 7.5p to 1,459.5p on 4.7m shares, Aquarius rose 0.25p to 39p on 392,636 shares*. BskyB was steady at 893.5p on 4.6m shares, BHP rose 23.5p to 1,782.5p on 8.59m shares. Henderson rose 1.6p to 225.7p on 1.4m shares. RIO rose 65p to 3,338.5p on 3.8m shares.

*Trading points:

*AQP: Aquarius Platinum reports for the half year today.

*Analysts expectations: AQP's "buy" rating was reaffirmed by analysts at Deutsche Bank. They now have a 50p 82c) price target on the stock.

*As of Feb 01, 2014, the consensus forecast amongst 29 polled investment analysts covering Aquarius Platinum Limited (UK) advises investors to hold their position in the company. This has been the consensus forecast since the sentiment of investment analysts deteriorated on Sep 26, 2013.

*NWS: Adjusted 2nd qtr earnings beat analyst expectations

News Corp reported second-quarter net income was \$150 million, or 26 cents a share, compared with \$1.4 billion, or \$2.42 a share, for the same period a year ago. Last year's earnings had included a \$1.3 billion gain from an acquisition. Adjusted earnings were 31 cents a share, well ahead of the 21-cent forecast from analysts polled by FactSet, MarketWatch reported..

Sales were \$2.24 billion, slightly below last year's \$2.32 billion and in line with the FactSet estimate.

Shares ended the regular session up 2.6% to \$16.02 and jumped another 4.5% to \$16.74 in after-hours trades.

*LMW: LMW interim NPAT up 256.4%, 2.25c ff div/outlook positive

Property surveyor Landmark White Ltd for the half year ended December 31 2013 announced a net profit up 256.4% to \$613,000 on revenue down \$1,448 million to \$8.958 million.

A 2.25c fully franked interim dividend was announced, record date March 24.

NTA backing per security is 05.69c vs 04.97c for the previous corresponding period (pcp).

Basic and diluted eps is 2.222c vs 06.2c for the pcp.

The company said in explanation of the lower revenue, it reflects the franchising of the Sydney and Sunshine Coast Commercial operations. Under franchising, the company's traditional valuation revenues are replaced by significantly lower franchise and service fees.

The company said the significant improvement in profit is consistent with chairman Stuart Gregory's expectations at the AGM in November - LMW has diversified into both the residential and commercial markets, and while the residential business is doing very well, there are signs that the commercial markets are improving.

While usually the second half has been considerably better than the first half, this year there is not expected to be much difference the company said in the report.

On the corporate front, as advised on December 20 Brad Piltz has given notice of his intention to resign as CEO for personal reasons. He will stay until a suitable replacement is found and will remain on the board as a non exec director. (Feb 6)

Overseas

The DJIA closed up 188.30 points to 15,628.53 points.

S&P 500 rose 45.57 points to 4,057.12 points.

NASDAQ rose 45.57 points to 4,057.12 points.

US 10yr bond yields rose 3 points to 2.71%

The US Treasury will sell a record \$42 **billion** in 3 month bills and \$42 **billion** in 6 month bills on February 10. It will also auction \$50 **billion** of 72 day cash management bills on the same day.

The US\$ rose 74 points to 102.12 Yen.

The Euro rose 54 points to 1.3590US c.

The Yuan is steady at 6.0605/\$US1.

FTSE 100 closed up 100.39 points to 6,558.28. European markets closed higher.

The Nikkei Dow last evening closed down 25.26 points to 14,155.12.

Shanghai SE Comp IX closed steady t 2,033.08 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 \$92 to \$7,130/gained \$60 to \$A7958. Stockpiles fell 1,975 tonnes to 309,250 tonnes.

Aluminium was up \$12 to \$1,713/rose \$3 to \$A1912. Stockpiles fell 8,000 tonnes to 5,392,800 tonnes.

Nickel gained \$195 to \$13,970/rose \$135 to \$A15,592. Stockpiles rose 282 tonnes to 265,992 tonnes.

Zinc was up \$30 to \$1,998/rose \$22 to \$A2230. Stockpiles fell 5,450 tonnes to 833,725 tonnes.

Lead rose \$21 to \$2,118/gained \$11 to \$A2364. Stockpiles fell 500 tonnes to 206,925 tonnes.

Tin gained \$35 to \$22,110/fell \$94 to \$A24,676. Stockpiles rose 50 tonnes to 8,940 tonnes.

Iron Ore N/a.

Steel billet was indicated at \$360/370. Stockpiles fell 65 tonnes.

Molybdenum was neglected.

Cobalt was indicated at \$30,750/31,750. Stockpiles fell 65 tonnes.

WTI crude rose 46c to \$97.84/fell 7c to \$A109.20.

Brent Crude gained 94c to \$107.19/rose 41c to \$A119.63.

Spot **gold** fell \$1 to \$1,257/fell \$8.68 to \$A1403. Spot silver rose 9c to \$19.93/fell 2c to \$A22.24. Spot platinum fell 43 to \$1,376/fell \$12 to \$A1536. Spot palladium rose \$2 to \$711/fell 42 to \$A794.

Overseas eco news

In US eco news, the trade deficit came in at \$38.7 **billion** vs a deficit of \$35.8 **billion** expected and following a revised 434.6 **billion** in November.

*US jobless claims for the week ended February 1 came in at 331,000 vs 348,000 expected, down 20,000 from the previous week. The four week average of claims rose to 334,000 from 333,750. The number of people continuing to receive jobless benefits rose by 15,000 to 2.96 **million** in the week ended January 25.

The unemployment rate among people eligible for benefits held at 2.3% in the week ended January 25.

*Worker productivity increased at a 3.2% annualised rate after a revised 3.6% gain in the third quarter that was stronger than initially reported, the Labor Department reported, vs a 2.8% advance expected. Labor costs fell at a 1.6% pace, more than estimated.

*In the Eurozone Mario Draghi, president of the ECB, said that although inflation was "subdued, and expected to remain subdued" for about two years, he was confident that it would return to target. But he added that the ECB was ready to act if necessary. He left interest rates unchanged at a record low of 0.25%.

The European Union's statistics agency, Eurostat, said that although there was a 1.7% rise in the cost of food, alcohol and tobacco in January, **energy** costs fell 1.2%. the Eurozone inflation rate fell to 0.7% in January down from 0.8% in December. It was last at 0.7% in October last year. The ECB's target is 2% inflation.

Concerns about possible deflation - where the price of goods and assets are locked in long-term decline, hitting corporate profits, wage growth, and tempting consumers to delay **purchases** in the hope of further falls - have grown in recent months.

*Eurostat on Friday reported there were about 19.1 **million** jobless in the eurozone in December, down 129,000 from November 2013, but up 130,000 from December 2012 when the debt crisis was at its peak. Eurostat also said the unemployment rate for November had been revised down from 12.1% to 12%.

*Eurozone December's sales fell by 1% compared to the same time a year ago, and by 1.6% compared to November. Both numbers were much worse than analysts expected.

According to the European Union statistics agency, Eurostat, the largest annual decrease in sales came in Germany, where trade fell by 2.4% in December compared to the same month in 2012.

Overall, sales of food, drink and tobacco fell by 1.6% on an annual basis, while trade in non-food items dropped by 0.4%.

*UK interest rates have been kept unchanged at their record low of 0.5% by the Bank of England.

The Bank's Monetary Policy Committee (MPC) also left the 375bn Pound quantitative easing stimulus program unchanged.

Overseas **equity** news

*In the US of the Dow 30 there were 27 stocks higher and 3 down. Walt Disney led the way higher, up \$3.83 or 5.34% to \$75.59 after its quarterly result beat earning estimates. It was followed by Cisco, American Express and JPMorgan Chase.

AT&T fell 8c or 0.25% to \$32 with Verizon and Wal-Mart losing 3c each.

Twitter closed down \$15.27 or 23.14% to \$50.70 last night after reporting a bigger than expected loss after market yesterday, with shares hitting a low of \$50 intra day but is still up 99% from its IPO price of 26 a share.

Green Mountain Coffee Roasters rose 26% after announcing it is entering a partnership with Coca-Cola on its soon to be launched cold beverage brewing system, the Keurig Cold system expected to be released in late 2014 or 2015, CNN reported. Rival SodaStream rose on analyst speculation that PepsiCo had no option but to make a similar move to Coca-Cola's.

Yelp rose \$13.68 or 18.18% to \$88.91 after reporting lower losses for the 4th quarter. O'Reilly Automotive rose 9.2% after 4th quarter earnings rose above expectations.

Cliffs Natural Resources rose 6.95, up for the second day.

Lennar rose 5.4% after Freddie Mac said earlier yesterday the average rate for a 30 year fixed rate mortgage fell to 4.23% in the week ended February 6, the lowest level since November.

*In Europe all of the National Benchmark indexes rose. All of the 19 industry groups in the Stoxx 600 also rose.

Daimler rose 2.6% to Euro 62.48 after earnings beat expectations, rising to Euro 2.53 billion from Euro 1.74 **billion** a year earlier and above the Euro 2.37 **billion** expected.

Volvo rose 4.6% to SKr 89.40 after the world's second biggest truckmaker reported 4th quarter operating profit of SKr 3.08 **billion** vs SKr 2.04 **billion** expected. It also announced it will lay off 4,400 employees, vs a loss of 2,000 jobs forecast earlier, with most of the cuts to take place this year.

Alcatel-Lucent rose 9.2% to Euro 3.31 after net income came in at Euro 134 **million** vs a loss of Euro 1.56 **billion** last year. **China's** Huaxin also made a binding offer for its business that sells telecom equipment

and services, with Alcatel to retain 5%. Pohjola Bank rose 18% to Euro 16.80 after Finland's OP-Pohjola Group made a mop up bid at Euro 16.80, 18% above yesterday's closing price.

K+S led the Dax, up 5.5% to Euro 23.61. Sanofi fell 2.7% to Euro 69.40 after France's largest drugmaker cut its full year profit estimate to 7% vs an 8% rise expected.

*In the UK stocks rose to the highest level since last July. Vodafone led the way, rising 3.7% to 223.9 p after reporting a smaller drop in service revenue than expected.

Smith & Nephew rose 2.5% to 896p after profits beat estimates. Michael Page International and Reckitt Benckiser rose on broker upgrades.

Hargreaves Lansdown recovered 1.9% to 1,371p after yesterday's biggest loss since August 2011, down after the UK's largest retail broker said its operating margin had fallen.

AstraZeneca fell 1.6% to 3,815.5p after saying generic competition would reduce profits from its best selling medicines. Randgold gave back 70p or 1.59% to 6730.5p after rising 87p yesterday on a bullish production report.

In other news

*Recycled EAF dust feeds new zinc plant in US

FastMarkets reports Horsehead Holding Corp has begun to supply feedstock for the Mooresboro North Carolina new zinc plant from Horsehead's EAF (electric arc furnace dust, a residue from the steel recycling industry that contains around 27% zinc) dust recycling plant. Horsehead has also created a new j/v with Imperial Zinc Corp called ThirtyOx that will recover secondary zinc oxides from the residues generated by galvanizers, die casters and other users of zinc metal.

(Aussie recyclers, including Ausmelt and Intel formerly had long strived for commercial success in recycling EAF dust for Australia's steel manufacturers, particularly in trials with OneSteel (now Arrium)).

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