

**HD MARKET MAY CLOSE A TOUCH HIGHER**

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

Europe closed mixed in a narrow range, the UK closed slightly higher. The US was closed for the Martin Luther King Memorial Day.

Metals were down, crude was mixed, **gold** was steady. The \$A is at 88US c, up about 20 points from last evening.

"Bit soft early and finish up about five/next reasonable leg has to be a down leg"

"Bernborough" said, "We are being led more by Asia at present - I expect us to be a bit soft early and finish up about five, but a lot will depend on Asia."

"People currently don't know what to do - they are not even doing rotations (from one sector to another) because there's not enough movement."

"I am all cashed up and want to go short, because I believe the next reasonable leg has to be a down leg, but I've not enough confidence to do anything right now".

The S&P/ASX200 closed down 10.9 points to 5295 last evening.

January 21. Good morning.

Aussie stocks

All dollars in this section are Aussie dollars - the rises and falls are against the previous close.

In London Anglo American rose 2p to 1,393p on 4.4m shares, Aquarius was up 0.75p to 39.75p on 576,105 shares, BskyB gained 14p to 854p on 2.8m shares\*, BHP fell 3.5p to 1,886.5p on 4.2m shares, Henderson rose 0.4p to 226.6p on 615,774 shares. RIO fell 47p to 3,336p on 4.4m shares.

\*BskyB rose on a weekend report that it has looked at a tie up with mobile phone giant Vodafone.

Trading points:

\*BHP: Selling Bayside aluminium smelter in South Africa to Hulammin

"ZA News" in Johannesburg reported yesterday "The National Union of Metalworkers of South Africa said BHP Billiton Ltd may sell its Bayside aluminium smelter, which the world's biggest miner has earmarked for closure, to Hulammin Ltd."

"We do hear that they have an interest in buying that smelter," Mbuso Ngubane, Numsa's regional secretary for the KwaZulu-Natal province, said today by phone, referring to Hulammin, a manufacturer of finished aluminium products.

"The union has members at both **operations**.

"BHP plans to cease smelting at the Bayside operation in the northeastern port of Richards Bay, it said in a January 17 statement, citing "significant and ongoing financial pressure." Lulu Letlape, a spokeswoman for BHP Billiton, and Johannes van Niekerk, a spokesman for Hulammin at CapitalVoice, declined to comment when contacted by phone today".

Shell sells its Wheatstone gas and 6.4% LNG to Kuwait Co for \$US1.14 bln cash

Dalje.com (English version) and various Aussie newspapers report Royal Dutch Shell said it would sell its interest in an Australian gas field to the Kuwait Foreign Petroleum Exploration Co. for \$1.14 **billion** in cash.

"Shell will remain a major player in Australia's **energy** industry. However, we are refocusing our investment to where we can add the most value with Shell's capital and technology, said Shell Chief Executive Officer Ben van Beurden, Dalje reported.

This follows Shell's warning last week that earnings in the fourth quarter would be about \$2.2 **billion** lower compared to the fourth quarter of 2012, a drop of about 70 percent.

The **company** blamed slim refining margins and increased spending for the profit warning.

In Australia, margins are lower due to high labor costs, the Journal said.

In the \$1.14 **billion** deal, Shell is selling its 8 percent share of the Wheatstone-lago gas field and its 6.4 percent interest in the Wheatstone liquefied-natural-gas project in Western Australia.

Shell will publish its 4th quarter results on January 30.

\*South Africa's platinum producers have been served with a strike notice by the Union.

\*Codelco is said to be seeking funds from the new government, with its spending plans at risk, Reuters reports.

\*GUD: GUD reports for the half year.

Analysts expectations: \$20.4 mln, no div.

**Company** guidance: On January 15 GUD Holdings Ltd announced plans to relocate the production capacity of its Kings Park (Sydney) Dexion Industrial pallet racking factory to newer and lower cost Dexion factories in Malaysia and **China**. The **board** has determined this to be necessary to improve Dexion's competitiveness in Australia. Dexion will retain sales, design and installation and customer support teams in Australia.

The decision to cease manufacturing in Australia will involve a staged closure of the Kings Park factory during 2014 with redundancy of up to 75 positions. The total costs associated with the project to relocate manufacturing are \$15.9 **million** and includes the writedown of obsolete and surplus plant and equipment for \$3.2 **million**, \$4.2 **million** in new capital expenditure and \$8.5 **million** in closure costs of the Kings Park factory. The writedown and costs will be brought to account in first half results, to be announced on January 21 2014.

It is expected the project will be completed by December 2014 and is expected to realise an annualised cost reduction of \$67.5 **million** after that.

\*FBU: Chairman welcomes Sir Ralph Norris to the **board**

Fletcher Building Ltd announced the chairman Mr Ralph Waters (who is retiring at the end of 2014) announced the appointment of Sir Ralph Norris to the **board** as an independent director, with the appointment effective from April 2014.

Sir Ralph retired as MD and CEO of the Commonwealth Bank of Australia in November 2011 following a 40 year career in the banking sector in Australia and New Zealand, including as CEO of ASB Bank. He is a former CEO of Air NZ.

Sir Ralph is a director of Fonterra Cooperative **Group** and Origin **Energy** and a former director or chairman of the **Business** Council of Australia, the International Monetary Conference, Sovereign Insurance, the NZ Bankers Association, NZ **Business** Roundtable and the Australian Bankers Association. He is a member of the NZ Olympic Advisory Committee and the Juvenile Diabetes Research Foundation Advisory **Board**.

Ex div: MIR ex 3.5c

## YESTERDAY's WINNERS AND LOSERS - WHOLE OF MARKET

Courtesy Heinz Nonveiller

Best Risers/greatest weakeners by percentage in Stocks on volume over 190,000 with 2.5 cent min.

### 15 Best Risers

Code **Company** % Increase Value Last Price Volume

Increase Cents **M**

BLK Blackham 44 7.5 24.5 1.0

KGL KGL 24 2.5 13 0.6

AVA Aviva 22 4 22 19.2

VXL Valence 22 5 28 0.3

SLR Silver Lake 19 11 69 18.4

SBM St Barbara 18 5 35.5 5.5

AXE Archer 16 2.5 18 0.4

TZL TZL 16 2.5 18 0.9

PRU Perseus 14 5 42 8.4

QRX QRXPharma 13 11 94 0.5

TRY Troy 13 11 98.5 1.4

OMH OM Holdings 12 5 47.5 0.3

UNS Unilife 12 10.5 101 2.1

KCN Kingsgate 10 11 117 2.7

RSG Resolute 10 5.5 59.5 4.7

AVERAGE 17.7

### 15 Worst Falls

Code **Company** % Fall Value Fall Last Price Volume

ZGL Zicom 14 4 24 1.2

CPL Coalspur 6.8 2.5 34 0.4

TFC TFS Corp 5.7 7 115.5 0.5

FGE Forge 3.8 4 101.5 2.1

DNA Donaco 3.6 3.5 94 1.8

SXL Sth Cross Media 3.4 5.5 1.58 1.0

JBH JB Hi-Fi 3.1 62 1963 1.1

CRZ Car Sales 3.0 29 953 1.2

ORA Orora 2.9 4 134 6.9

CVO Covermore 2.6 5 185 1.7

CNU Chorus 2.4 3.5 141 0.2

RMD Resmed 2.3 12 502 8.8

SRV Servcorp 2.3 10 422 0.5

TWE Treasury **Wine** 2.2 10 455 6.0

EGP Echo 2.1 5 238 1.1

AVERAGE 4.0

Overseas

US 10yr bond yields were down 0.2 points to 2.82%

The US\$ fell 28 points to 88US c.

The Yen was up 7 points to 104.21 US c.

The Euro rose 39 points to 1.3565US c.

The Yuan fell 25 points to 6.0530/\$US1.

FTSE 100 rose 7.43 points to 6836.73. European markets closed mixed.

The Nikkei Dow last evening closed down 92.78 points to 15,641.68.

Shanghai SE Comp IX closed down 13.7 points to 1991.25.

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 \$23 to \$7,318/fell \$53 to \$A8316. Stockpiles fell 1,225 tonnes to 334,550 tonnes.

Aluminium fell \$14 to \$1,806/fell \$23 to \$A2052. Stockpiles fell 8,200 tonnes to 5,476,175 tonnes.

Nickel was down \$145 to \$14m550/fell \$218 to \$A16,534. Stockpiles rose 846 tonnes to 261,294 tonnes.

Zinc fell \$3 to \$2,086/fell \$11 to \$A2359. Stockpiles fell 4,200 tonnes to 879,750 tonnes.

**Lead** fell \$3 to \$2,205/fell \$11 to \$A2506. Stockpiles fell 500 tonnes to 209,250 tonnes.

Tin fell \$55 to \$22,300/shed \$144 to \$A25,341. Stockpiles were steady at 9,470 tonnes.

**Iron Ore** N/a

Steel billet was steady at \$335/365. Stockpiles were unchanged at 16,445 tonnes, the lowest since November 2008.

Cobalt was indicated at \$27,500/28,300. Stockpiles held at 567 tonnes, the highest since the contract was introduced in February 2010, FastMarkets reported.

Molybdenum was indicated at \$21,250/22,250.

WTI crude was steady at \$94.37/fell 34c to 4A107.24.

Brent Crude fell 23c to \$106.25/fell 65c to \$A120.74.

Spot **gold** rose \$1 to \$1,254/fell \$3.41 to \$A1425. Spot silver rose 4c to \$20.31/fell 3c to \$A23.08. Spot platinum was up \$15 to \$1,466/rose \$12 to \$A1666. Spot palladium rose \$2 to \$748/were steady at \$A850.

\*Platinum rose after South African Unions served the miners with a strike notice.

Overseas eco news

\*Japan Industrial Production fell 0.1% in November from October vs the 0.1% increase estimated previously, final data from the Ministry of economy, Trade and Industry revealed yesterday. Shipments remained flat in November.

\*In addition to **China's** GDP, PPI and retail sales numbers, **China's** Fixed Asset Investment at 19.6% came in below forecasts.

\*The German PPI rose 0.1% in December vs up 0.2% expected.

Overseas **equity** news

\*In Europe, national benchmark indexes fell in 11 of the 18 western European markets. Deutsche Bank fell 5.4% to Euro 37.21 after posting its pre tax loss of Euro 1.15 **billion** for the 4th quarter yesterday, due to one offs. Analysts had expected a Euro 628.5 **million** pre tax profit. The bank announced results 10 days ahead of schedule.

Commerzbank fell 4.5% to Euro 12.94, Credit Suisse **Group** fell 2.5% to SFr29.

Peugeot fell 11% to Euro 10.21 ahead of a rights offering estimated at Euro 1.4 **billion**. Specialty chemicals **company** Lanxess fell 3% to Euro 48.25 on a broker downgrade.

Air France-KLM fell 5% to Euro 8.84.

Luxury goods companies Luxottica rose 4% to Euro 38.90, Hermes International rose 1.3% to Euro 247.15.

Anheuser-Busch InBev NV gained 1.3% to Euro 76.12.

In the UK, **oil** rig engineering **company** Weir **Group** rose 4.2% to 2,227p, its biggest increase in 9 months, Bloomberg reported.

Anheuser-Busch InBev rose 1.3% to Euro 76.12 after agreeing to pay \$5/9 **billion** to **buy** back Oriental Brewery Co Ltd from KKR.

\*In the UK Royal Bank of Scotland fell 7.1p to 356.6p with Barclays down 4.1p to 284.5p, Lloyds down 0.34p to 83.18p and HSBC down 2.6p to 675.1p after the surprise loss reported by Deutsche Bank.

Interbank broker iCap fell 9.6p to 442.7p, Tullett fell 3p to 385.3p.

Royal Dutch Shell fell 19.5p to 21.55 pounds after Friday's profit warning. Royal Dutch also announced the \$1.14 **billion sale** of stakes in a gas project in Western Australia.

**Gold** stocks were higher, with Randgold up 230p to 41.85 pounds after announcing its Kibail **gold** mine has more than met the objectives set at the time of **acquisition** in September 2009. Fresnillo was up 44.5p to 776.5p and Polymetal International up 31p to 570p.

Mothercare rose 17p to 289p on a report that Tesco may be eyeing a takeover of the **group**. Burberry fell 1% after Credit Suisse cut it to "neutral" from "outperform" saying Richemont and Swatch would have more earnings growth over the next two years.

In other news

FastMarkets reports Robert Voss, who founded Voss International, a trader in metals, alloys and scrap in 1987 and is its managing director, was awarded the CBE in the UK honours list for services to British industry and for voluntary service in the UK.

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