

HD MARKET LIKELY TO RANGE TRADE, CLOSE UP OR DOWN A FEW

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The S&P/ASX200 is likely to close marginally changed.

Europe rose, the UK closed higher, the US markets gained.

On the NYSE where 3243 issues traded there were 2,150 issues higher, 987 down and 106 unchanged. On Nasdaq where 2758 issues traded there were 1,994 issues higher, 687 down and 77 unchanged.

Metals were mixed, crude was down a touch, **gold** plunged. The \$A is at 92.60US c about in line with last evening.

"Close up or down a few. Next major move will be down, but don't know when"

"Bernborough" said, "We are really just chipping away at the moment. People are unsure. The financials look over stretched, the market looks fully priced with 'sell' signals on Commonwealth Bank.

"We might be up slightly early then close down about 5 points, but I really don't know. I am busting to go short, but am not brave enough. I think the next major move will be a down one, but am not sure when".

The S&P/ASX200 closed down 1.1 points to 5511.7 last evening.

May 28. Good morning.

*Various countries in the ECB are considering lessening their austerity programs, led by France, after right wing populists although not achieving a majority, won far more votes than expected.

*In the Ukraine, government forces killed about 50 pro-separatist fighters, recapturing the Donetsk airport.

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 mostly higher. AWC fell 2c on 210,000 shares, Amcor rose 5c on 19,000 shares, RIO rose 12p on 1.4m shares, BHP fell 4c on 1.4m shares. News rose 7c on 300,000 shares, Westpac fell 2c on 66,000 shares. Telstra rose 2c on 307,000 shares. Resmed fell 11c on 8.5m shares.

PSivida rose 12c on 50,000 shares. Prana rose 4c on 58.5m shares.

In London Anglo American fell 16.58p to 1,556.92 p on 3.5m shares, Aquarius fell 0.5p to 25p on 1.11m shares, BHP fell 0.10 p to 1,947.4p on 4.79m shares, Henderson rose 6.21p to 241.51p on 1.182 **m** shares. RIO fell 21.66p to 3,235.84p on 4.56m shares.

Trading points:

*MMS: Changes to the board and management

McMillan Shakespeare Group Ltd announced the retirement of Michael Kay as CEO and Managing Director of the **company**. The board paid tribute.

MMS also announced Mike Salisbury will replace Michael Kay as CEO, effective October 1. Following an extensive external search, the board concluded that internal candidate Mike Salisbury was the best candidate to **lead the company**. Mike Salisbury joined MMS in April 2008 and has been managing director of RemServ based in Brisbane. He has been a key member of the executive team, and has over 20 years experience in the financial service sector, including a long career at AAMI.

MMS also announced the appointment of Ian Elliot as a non exec director. He was formerly Chairman and CEO of George Patterson Bates, and is currently a non exec director of Salmat Ltd and Hills Industries Ltd and a Commissioner of the Australian Rugby League. (May 26)

Reporting today:

*ALL: Aristocrat reports for the half year.

Analysts expectations: \$50.7 mln, div 8c/\$57.7 mln, div 7c.

* A leading broker retained an "accumulate" on Aristocrat with a \$6.85 price target ahead of its first half result tomorrow.

At the full year 2013 result Aristocrat had guided for strong NPAT growth in full year 2014 driven by momentum in the US and share gains in Australia, partly offset by a significant uplift in R&D spend.

The broker said the market will increasingly focus on the second half outlook, with the broker expecting growth to accelerate 39% in the second half.

There is the possibility of capital management at the full year 2014 result.

*PRG: Programmed reports for the full year.

Analysts expectations: \$33 mln, div 9.2c/\$33.1 mln, div 10c.

*A leading broker retained a "lighten" on Programmed with a \$2.90 price target ahead of its full year profit report tomorrow. The broker expects PRG to report a net profit of \$32.7 **million** up 1.7% on the year ago and underlying net profit of \$33.1 **million** down 2.5% on the previous year with a fully franked final dividend of 10c.

The broker said the recent Spotless IPO valuation supports the underlying business valuation. Spotless competes with much of PRG's property and infrastructure business and is trading at an EBIT margin of 3.6% in full year 2014 vs PG trading on a 2015 EBIT multiple of 5x.

*WES: Wesfarmers strategy briefing.

Analysts comment: A leading broker yesterday retained an "equal weight" on Wesfarmers with a price target of \$43.

The broker lowered its EBIT estimates for WES Chemicals, **Energy** and Fertilisers business by 1% and 11% for full year 2015 and 2016 saying there was a looming oversupply to ammonium nitrate, where WES is investing \$550 **million** to construct a third AN plant to expand production by 260,000 tpa to 780,000 tpa, expected to become operational in the 4th quarter 2014.

However the broker added, this equates to less than a 1% cut in WES' group EPS.

The broker forecast NPAT this year of \$2.359 **billion**, rising to \$2.706 **billion** next year.

Changes in substantials reported May 26 and 27 inc posted separately.

Ex div: DLX ex 10c.

Overseas

The DJIA closed up 69.23 points to 16,675.50.

S&P 500 closed up 11.38 points to 1,911.91.

NASDAQ rose 51.26 points to 4,237.07.

US 10yr bond yields fell 2 points to 2.51%

The US\$ rose 4 points to 101.98 Yen.

The Euro fell 12 points to 1.3634US c.

The Yuan fell 78 points to 6.2475/\$US1.

FTSE 100 rose 29.19 points to 6,844.94. European markets closed higher on low volume.

The Nikkei Dow last evening closed up 34 points to 14,636.52 points.

Shanghai SE Comp IX closed down 6.91 points to 2,034.57.

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 \$6 to \$6,934/fell \$8 to \$A7488. Stockpiles rose 700 tonnes to 176,550 tonnes.

Aluminium was up \$14 to \$1,828/rose \$11 to \$A1974. Stockpiles fell 8,650 tonnes to 5,221,950 tonnes.

Nickel fell \$50 to \$19,550/fell \$95 to \$A21,112. Stockpiles fell 96 tonnes to 280,308 tonnes.

Zinc rose \$3 to \$2,098/fell \$1 to \$A2254. Stockpiles fell 3,500 tonnes to 724,925 tonnes.

Lead shed \$4 to \$2,142/fell \$9 to \$A2313. Stockpiles rose 225 tonnes to 192,500 tonnes.

Tin rose \$51 to \$23,351/gained \$6 to \$A25,217. Stockpiles were steady at 10,760 tonnes.

Iron Ore fell 50c to \$98.10/fell 75c to \$A105.94.

Steel was unchanged at \$400/410.

Cobalt was indicated at \$30,000/31,000. Stockpiles rose 3 tonnes to 539 tonnes.

Molybdenum was indicated at \$31,200/33,000.

WTI crude fell 7c to \$104.11/fell 29c to \$A112.43.

Brent Crude fell 30c to \$110.02/fell 56c to \$A118.81.

Spot **gold** fell \$27 to \$1,265/fell \$31.88 to \$A1366 its lowest price in more than three months. Spot silver fell 33c to \$19.08/fell 40c to \$A20.60. Spot platinum fell \$13 to \$1,463/fell \$17 to \$A1580. Spot palladium rose \$1 to \$833/fell \$1 to \$A900.

***China** imported only 67 tonnes of **gold** from **Hong Kong** in April, down 21% month on month, Commerzbank reported, although the number was as expected.

Spot **uranium** rose 25c to \$28.25/gained 21c to \$A30.51.

Overseas eco news

In US eco news, the Commerce Department reported orders for durable goods rose to a seasonally adjusted 0.8% in April from March, including a 39.3% surge in orders for defense related capital goods vs up 0.7% expected. Excluding aircraft, the index fell 1.2% after rising 4.7% surge in March that had been the strongest since last November. The March number was also revised to up 3.6%.

*The Conference Board reported its measure of consumer confidence rose to 83 in May from 81.7 a month earlier.

*The Case-Schiller 20 cities home price index rose 10.3% from the previous corresponding period.

*In the UK the number of new loans being approved fell to 42,173 in April, from 45,045 in March, according to the British Bankers' Association (BBA).

The figures peaked in January, when more than 48,000 loans were approved.

However gross mortgage lending - the total amount of money lent out to home-owners - rose to £12.2bn in April, the highest since August 2008.

"Our figures show that the housing market is mixed," said Richard Woolhouse, the BBA's chief economist.

"The value of mortgages taken out in April was the highest for six years. However, looking ahead, mortgage approvals have fallen three months in a row," he said.

Overseas **equity** news

*In the US of the Dow 30 there were 21 stocks higher and 9 down.

American Express led the way higher, gaining \$2.61 or 2.94% to \$91.39 followed by Intel and Boeing.

IBM fell furthest shedding \$1.16 or 0.62% to \$184.78 followed by Procter & Gamble, Chevron and Caterpillar.

Bank of America rose after resubmitting a capital plan to the Federal Reserve, admitting a calculation mistake that made its prior plan unusable, with the new request smaller than the previous one.

Hillshire Brands rose 22% intra day after Pilgrim's Pride offered to acquire the food maker for about \$6.4 **billion**, complicating Hillshire's \$4.3 **billion** propose buyout of Pinnacle Foods.

Tyson Foods rose 4.5% intra day in tandem.

Newmont shares fell 3% intra day on the fall in the **gold** price.

Whirlpool fell 2.6% after rising for 3 sessions. Apple rose 1.8% to \$625.10 intra day.

*In Europe national benchmark indexes rose in 13 of the 18 western European markets. Accor rose 1.3% to Euro 38 after saying it will buy hotels in Germany, the Netherlands and Switzerland for about Euro 900 **million**.

Lufthansa was up 1.2% to Euro 19.35, Infineon rose 3.10% to Euro 9.06, RWE fell 0.75% to Euro 20.20 and ThyssenKrupp was down 0.31% to Euro 22.50.

*In the UK shares in Intercontinental Hotels Group jumped after a report said it had rejected a takeover offer. Sky News said the hotels group turned down a 6bn pound bid from a US **company**. IHG shares rose nearly 4% to 23.02 pounds.

The benchmark FTSE 100 index closed up 29.19 points at 6,844.94

Shares in AstraZeneca fell 1.8% to \$42.52 after US rival Pfizer confirmed on Monday that it was abandoning its 55 pound a share, 69bn pound takeover bid for the UK drugs **firm**.

AstraZeneca was also hit by Societe Generale downgrading its shares to 'sell' from 'hold'.

Lloyds Banking Group rose 1.6% to 77.2p after it confirmed plans to float a 25% **stake** in TSB on the London market next month.

TSB has 631 branches and 4.5 **million** retail customers, making it the seventh largest retail bank in the UK.

The bank will give ordinary investors one free share for every 20 shares they buy (up to the value of \$2,000) and hold for a period of one year after the float.

Ophir **Energy** fell 3.9% to 250p after finding poor characteristics at one of its wells offshore Gabon.

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