

**HD MARKET HIGHER AT MIDDAY AS EXPECTED LED BY METALS**

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The S&P/ASX200 is up 13.9 points to 5403.1 at midday on lightish volume worth \$1.5 **billion**. There are 476 issues higher and 351 down. The SPI futures is up 19 points to 5402 on light volume of 9177 contracts. Aussie 10 year bond yields are steady at 4.13%. The \$A is at 92.32 US c, down about 15 points from early levels.

\*The banks have contributed 1.9 positive points to the index, resources have contributed 7.1 positive points, **property** trusts have contributed 0.5 negative points, retailers have contributed 0.1 positive points and Telstra has contributed a half point in the negative.

\*The Nikkei Dow futures is up 210 points to 14,970 points, Shanghai CSI physical is up 1.96 points to 2049.42, Hang Seng futures is up 98 points to 22,511 points, S&P futures is up 3.10 points to 1880.90, Nasdaq futures is up 7.5 points to 3657.75, Dow futures is up 29 points to 16,478 points.

**Gold** futures are up \$1.30 to \$1281.30. Crude futures are up 10c to \$99.64.

A lack of macro news or market moving **company** news in the markets today saw it focus on last night's mildly positive eco news in the US and Europe and on the **Chinese** Premier's "jawboning" markets higher last week on reassurances of support for infrastructure.

"Ceiling 5433. Floor 5384. Close at 5406, up 16.8 points"

Daniel Goulding, the author of "The Sextant Market Report" says, "Our market looks set to open higher with the local futures contract up 27 points.

"Yesterday index leadership was quite bearish with micro and small caps down 1% while the top 20 did all the heavy lifting again, managing to finish just in front for the session.

"But the top 20 can only do so much. Unless the rest of the market joins in shortly, this last pillar will eventually be removed too.

"The ceiling will be 5433. The floor will be 5384. When the dust has settled, the market will have closed at 5406, up 16.8 points".

The S&P/ASX200 closed down just 5.6 points to 5389.2 last evening.

**ECO NEWS**

Job Vacancies, Australia, Feb 2014- trend estimates

Total job vacancies in February 2014 were 140,800, an increase of 0.3% from November 2013.

The number of job vacancies in the private sector was 130,900 in February 2014, an increase of 0.8% from November 2013.

The number of job vacancies in the public sector was 9,900 in February 2014, a decrease of 5.4% from November 2013.

Building Approvals, Australia, Feb 2014 up 0.7% in trend terms, down 5% seas adj

The trend estimate for total dwellings approved rose 0.7% in February and has risen for 26 months.

The seasonally adjusted estimate for total dwellings approved fell 5.0% in February following a rise of 6.9% in the previous month.

The trend estimate for private sector houses approved rose 1.9% in February and has risen for 14 months.

The seasonally adjusted estimate for private sector houses fell 2.1% in February following a rise of 8.4% in the previous month.

The trend estimate for private sector dwellings excluding houses fell 0.7% in February and has fallen for two months.

The seasonally adjusted estimate for private sector dwellings excluding houses fell 8.7% in February after rising for two months.

The trend estimate of the value of total building approved rose 0.2% in February and has risen for eight months. The value of **residential** building rose 0.2% and has risen for 12 months. The value of non-**residential** building rose 0.3% and has risen for seven months.

The seasonally adjusted estimate of the value of total building approved fell 0.3% in February and has fallen for two months. The value of **residential** building fell 0.2% and has fallen for two months. The value of non-**residential** building fell 0.5% and has fallen for two months.

Engineering Construction Activity, Australia, Dec 2013

The trend estimate for the value of total engineering construction work done rose 1.4% in the December 2013 quarter.

The seasonally adjusted estimate for the value of total engineering construction work done fell 0.9% in the December quarter to \$32,451.7m.

The trend estimate for the value of work done for the private sector rose 2.4% in the December quarter.

The seasonally adjusted estimate for the value of work done for the private sector fell 1.6% in the December quarter to \$24,958.1m.

The trend estimate for the value of work done for the public sector fell 1.6% in the December quarter.

The seasonally adjusted estimate for the value of work done for the public sector rose 1.7% in the December quarter to \$7,493.6m.

The value of work commenced in the December quarter was \$16,629.1m in original terms, a decrease of 19.9% from the September quarter.

#### TOP STOCKS

\*Goodman Fielder is down 11.5c to 49.5c on 14.3m shares after lowering full year profit forecasts (below).

\*Nufarm is down 7c to \$3.86 on 699,161 shares.

\*Graincorp is up 16c to \$8.46 on 789,163 shares.

\*CSR is up 3c to \$3.60 on 2m shares.

Among the financials, AMP is down 1.5c to \$4.98.5 on 4.4m shares, ANZ is up 9c to \$33.16 on 1.2m shares, CBA is down 13c to \$77 on 2m shares, NAB is up 6c to \$35.48 on 1.26m shares, Westpac has gained 7c to \$34.66 on 1.44m shares.

Among the TMT's Telstra is down 1c to \$5.04 on 7.7m shares, Telecom NZ is up 2c to \$2.28 on 340,634 shares, SingTel is up 2c to \$3.14 on 164,333 shares.

Among the resources BHP is up 39c to \$37.44 on 3.4m shares after its virtual announcement that its less favored commodities including aluminium, nickel and thermal **coal** will be spun off. RIO is up 49c to

\$64.34 on 164,333 shares. Fortescue is up 8c to \$5.39 on 10.3m shares. **Alumina** is up 2.7c to \$1.25.7 on 6m shares. Panoramic is up 3c to 43c on 21.1m shares. PanAust is up 7c to \$1.62 on 3.8m shares. OZL is up 7c to \$3.70 on 1.9m shares.

Among the oils, Woodside is up 9.5c to \$38.69.5 on 432,796 shares. Santos is down 2c to \$13.37 on 1.19m shares, **Oil** Search is down 2.5c to \$8.38.5 on 4.2m shares.

Among the golds, Newcrest is up 22.5c to \$9.90.5 on 1.3m shares, OceanaGold is up 12.5c to \$2.34.5 on 370,172 shares. Regis is up 7c to \$2.24 on 1m shares. Alacer is up 3c to \$2.76 on 127,096 shares.

#### AT THE SMALLER END

\*Flexigroup is down 9c to \$3.47 on 673,365 shares.

\*Hills Industries is up 1.5c to \$1.67 on 143,000 shares on the report below.

#### NEWS OF THE DAY

BP to cease production at Bulwer **Island** refinery in Brisbane mid 2015

Reuters reports BP said on Wednesday it will cease production at its Bulwer **Island** refinery in Brisbane by mid 2015, blaming competition from large, more cost-effective, refineries in Asia that has piled pressure on smaller plants in Australia.

Australia's refineries, owned by BP, Royal Dutch Shell, ExxonMobil and Caltex, have mostly booked losses over several years as a higher Australian dollar, tighter fuel quality standards and mega-refineries in Asia have made them uncompetitive.

Rather than spend money on upgrading plants, the majors have been looking to sell them or turn them into fuel import terminals.

BP said it was considering converting the Bulwer **Island** refinery, which dates back to the 1960s and has a capacity to produce 102,000 barrels of fuel per day, into a multi-product import terminal.

Philip Morris to cease cigarette production at Moorabbin, Vic by year end

Reuters reports Philip Morris International Inc (PM.N) said it will cease cigarette production in Australia this year as a result of plain-packaging laws and the growth of illicit trade in the country.

About 180 jobs will be cut from its Australian center in Moorabbin, Victoria by the year's end, with production transferred to Korea, the **company** said in a statement.

Changes in substantials reported March 31 and April 1 inc posted separately.

Ex div: NCC ex 2.8c

#### LARGE CAP INDUSTRIALS

\*CSR: Acquires AFS Products **Group** for \$40 mln plus

CSR Ltd announced it has reached agreement to **acquire** the businesses of AFS Products **Group** Ltd, a leader in load bearing permanent formwork walling solutions for the construction industry.

The **acquisition** provides a strong platform for CSR to enter the structural walling systems market. CSR will pay an initial consideration of \$40 **million** following completion of the **transaction**, to be funded via existing cash and debt facilities and is expected to be earnings accretive in the first year. Additional payments over the next three years depend on achieving growth targets.

AFS is the leading provider of fibre cement based permanent formwork systems through the Logicwall products, manufactured at its facility in Goulburn, NSW. Over 30,000 multi **residential** units have been completed to date. CSR has a long standing relationship with AFS as the supplier of its Cemintel fibre cement products into the Logicwall system. AFS also supplies Rediwall, a polymer based permanent formwork system for concrete walls which is water resistant and is used predominantly in basement and retaining walls in multi **residential** buildings.

\*GFF: Full year EBIT to be down 10/15% on consensus expectations

Goodman Fielder Ltd announced in an update on market conditions across its businesses and its financial performance for the year ended June 30 said while at the half year result announced on February 12 the

**company** had expected normalised earnings before interest and tax for full year 2014 to be broadly in line with the prior year, subject to market conditions remaining substantially as they were at that time.

Since then trading conditions in Australia and New Zealand have deteriorated and manufacturing and supply chain cost savings under Project Renaissance have been delayed.

This has required the **company** to revise earnings expectations for the fourth quarter.

Baking volumes increased in the third quarter but net average selling price was lower than expected.

Third quarter earnings in the grocery division were lower than expected due to increased competition.

In the New Zealand **dairy business** a further increase in the farmgate **milk** price from \$NZ8.30 to \$NZ8.65kg/S is expected to impact earnings in the short term.

Earnings expectations in the Asia Pacific **business** remains largely unchanged.

Full year 2014 revised outlook

Given the deterioration in market conditions since February and a revision to 4th quarter forecasts GFF now expects normalised EBIT for 2014 to be approximately 10/15% below the current analysts' consensus of approximately \$180 **million**.

The **company** is also expected to record non cash impairments, given the deterioration in the trading outlook across its portfolio.

As a result of lower forecast earnings, the **company's** net debt position at June 30 is not expected to reduce as previously anticipated. However GFF's financial position remains strong and the **company** continues to operate comfortably within its debt covenants.

The **company** has also accelerated its cost saving initiatives, primarily through headcount reduction in the 4th quarter of 2014 and expects to achieve an additional \$25 **million** in cost savings by full year 2015. Cash restructuring costs related to redundancies are expected to be recorded as significant items in the 2014 accounts.

## LARGE CAP RESOURCES

\*AWE/TTE: AWE applies to drill Drover-1 well on EP455

Titan **Energy** Ltd advised in an update on EP455 in the North Perth Basin, WA totalling 110,000 acre of petroleum tenure (AWE 81.5% and operator, TTE 18.5%), AWE has applied to drill the Drover -1 exploration well to a total depth of 2,350m. The well will test the Kockatea Shale, the Carynginia Shale, the Irwin River **Coal** Measures and the High Cliff Sandstone in an unconventional gas play. Proof of concept has been effectively demonstrated by successful production testing of the WoodadaDeep-1 and Arrowsmith-2 wells in AWE's northern permits.

## MID TO SMALL INDUSTRIALS

\*CWE: Awarded wave **energy** demo berth at purpose built demo facility in UK

Carnegie Wave **Energy** Ltd announced the award of a wave **energy** berth by the **Board** of Wave Hub at its purpose built wave **energy** demonstration facility in Hayle, Cornwall in south west England.

CETO Wave **Energy** UK signed a Commitment Agreement for the final berth at Wave Hub in south west England to support a 3MW grid connected demonstration of its CETO 6 **commercial** generation technology with an option to expand to a 10MW+ project.

The agreement was awarded following the successful completion of due diligence carried out by DNV GL on Carnegie and the CETO technology.

\*DVI: To offer Hollard Insurance's branded travel insurance products

Disruptive Investment **Group** Ltd announced it has signed an agreement directly with Hollard Insurance to offer branded Travel Insurance products to its large customer base including "Check-in.com.au Travel Insurance" including provision of relevant licensing, training and product components.

The agreement was negotiated over several months and was signed directly with Hollard, a global **company** with over 7.2 **million** policy holders and \$2.2 billion in Gross Written Premium. In Australia

Hollard powers some of Australia's largest insurance brands and also owns Real Insurance and Guardian Insurance.

\*GID: Adds 2 centres, one each in Adelaide and Perth

GI Dynamics Inc announced it has added two centres where its EndoBarrier Therapy is available in Australia - the Adelaide Obesity Surgery in Adelaide and the Upper GI West in Perth.

GI Dynamics president and CEO Stuart A Randle said in the report with expert centres now in place in Melbourne, Sydney, Perth and Adelaide and additional centres being trained, GID is well on track to creating broader access to EndoBarrier Therapy in Australia.

\*HIL: Sells UHS Systems to Intelogix/becomes Intelogix' Aus preferred dealer

Hills Ltd announced it has entered into a strategic relationship with Interlogix a part of UTC Building & Industrial Systems, a unit of United Technologies Corp to sell its 100% owned UHS Systems Pty Ltd subsidiary to Interlogix.

Interlogix provides leading security and life safety solutions for both **residential** and **commercial** applications covering intrusion, video, transmission and access.

As part of the relationship Interlogix has agreed to appoint Hills its preferred distributor in Australia.

Hills MD and CEO Ted Pretty said in the report the **transaction** ensures Hills has access to a global best in class portfolio of security products.

UHS has been part of the Hills **business** since 2009 when a 51% interest was acquired. Hills moved to 100% of UHS late last year. Hills does not expect a material gain on the **sale**.

\*IBY: Buys SE Asia Flash Sales Businesses of Living Social/also issue at 45c

iBuy **group** Ltd announced the **acquisition** of the South East Asian Flash Sales Businesses of Living Social Inc, providing it entry into leading positions in the Thailand, Philippines and Indonesian markets. iBuy will also be undertaking a fully underwritten 5 for 27 pro rata accelerated renounceable entitlement offer with retail entitlements trading of new iBuy ordinary shares to raise gross proceeds of approximately \$30 **million** at a price of 45c per new share. The **purchase** price for the **acquisition** will be \$US18.5million, payable in cash.

Entitlement offer

The entitlement offer comprises a pro rata accelerated institutional entitlement offer and a retail entitlement offer.

\*A fully underwritten 5 for 27 pro rata renounceable entitlement offer at 45c per share is to raise \$30 **million**. Retail entitlements may be traded on market from April 7 to April 23. The offer will open on April 14 and close on May 1.

The entitlement offer is fully underwritten by Canaccord Genuity (Australia) Ltd.

The institutional entitlement offer will be conducted today and tomorrow. Shares not taken up in the Institutional Entitlement Offer will be **sold** through an institutional shortfall bookbuild on Friday.

\*IDZ: Draws down \$1mln under CN facility from director for cost overrun IndoorSkydive Australia **Group** announced it has estimated the total project costs of the construction of the Penrith Indoor Skydiving Facility which commenced **operations** on March 24 as \$8.7 **million** including retentions. The SkyVenture equipment costs were \$3.3 **million** with other project costs totalling \$1.1 **million**, giving total project costs of \$13.1 **million**.

The **group** has financed the additional construction costs and costs incurred for future sites by drawing down \$1 **million** under the convertible note facility provided by Birkdale Holdings (Qld) Pty Ltd, a **company** associated with IDZ **group** director Steve Baxter. The **company** intends to seek alternative financing to replace the convertible note facility, as previously announced.

The marketing program continues to progress as planned with "word of mouth" **brand** recognition growing following the early use of the tunnel outside of construction hours by professional users, including skydivers and military training.

\*NXT: 2 new data halls in Melb and Sydney, lift total capacity to 19.65MW

NEXTDC Ltd announced it has completed two new data halls in its M1 Melbourne and S1 Sydney data centres, delivering an extra 4.8MW of technical space for the **company**'s customers.

The development brings the current installed data hall capacity across all five NEXTDC facilities to 19.65MW of the data centres' combined potential for 35.35 MW when all are fully fitted out.

#### MID TO SMALL RESOURCES

\***ORE**: Upgrades Porvenir borate deposit in Jujuy Province, Argentina

Orocobre Ltd announced the upgrade of a historical estimate to a Measured and Indicated Resource for the Porvenir borate deposit in Jujuy Province, Argentina. The resource is located in the Cauchari salar, within 39 **mining** leases owned by its 100% subsidiary Borax Argentina.

Within the Cauchari salar, the **company**'s 85% subsidiary, South American Salars also owns **mining** properties which host a lithium resource announced by the **company** on October 22 2012.

\*XAM: To sell Ulaanbaatar office bldg to related party for about \$A700,000

Xanadu Mines Ltd announced advanced discussions are underway regarding the **sale** and lease back of its 64% interest in its Ulaanbaatar office building to Lkhagvasuren Ganbayar. The proposed **transaction** values XAM's interest in the **property** at approximately \$A700,000. The Xanadu **Board** believes the capital employed in the office building is better allocated to the advancement of its Kharmagtai and Oyut Ulaan exploration activities and working capital.

As it is a related party **transaction**, the independent directors of Xanadu have procured independent valuation that confirms the **transaction** is on arms length terms.

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