

HD MARKET MILDLY LOWER AT MIDDAY IN LINE WITH EXPECTATIONS**BY** Jenny Prabhu**WC** 2,362 words**PD** 17 January 2014**SN** OzEquities News Bites**SC** NBOZEN**LA** English**CY** Copyright 2014 News Bites Pty Ltd. All rights reserved.**LP**AUSTRALIAN **COMPANY** NEWS BITES

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TD

The S&P/ASX200 is down 13.8 points to 5295.3 at midday on lightish volume worth \$1.5 **billion**. There are 392 issues higher and 421 down. The SPI Futures is down 14 points to 5257 on light volume of 7932 contracts. Aussie 10 year bond yields are down 12 points to 4.11%.

*The banks have contributed 12.4 negative points to the index, resources have contributed 13.6 positive points, property trusts have contributed 0.5 negative points, retailers have contributed 2.4 negative points and Telstra has contributed 1.9 negative points.

*The Nikkei Dow futures is down 39 points to 15,680 points, Shanghai CSI physical is down 6.18 points to 2017.52, Hang Seng futures is down 94 points to 22,878. S&P futures is up 0.9 points to 1837.20, Nasdaq futures is down 0.1 points to 3594.75. Dow futures is up 11 points to 16,336 points. **Gold** is up \$1.10 to \$1241.30. Crude is up 11c to \$94.07.

The strong buying in our resources stocks yesterday could also be explained by Citigroup's turning bullish on the sector, particularly BHP, RIO and Xstrata yesterday - by the time the media got it (last night), the report may have been several hours old. Meanwhile, the banks, reckoned earlier to be among the most expensive, p/e wise in the world, continue to face selling, likely to also be some switching into resources.

"High will be 5313. Low will be 5285. Close at 5297, down 12 points"

Daniel Goulding, the author of "The Sextant Market Report" said, "Our market looks set to open slightly lower with our local futures contract down 4 points.

"While my work suggests a run into 5500 by late January or early February, we should be very open to the thesis that it is an intermediate top. Overnight in the US, bellwether Goldman Sachs hit a 3-week low on strong volume. Here in Oz, while yesterdays performance was impressive in terms of price, sector leadership was toppish to bearish with the inflationary and defensive issues outperforming growth. "The banks have largely sat out the rally over the past two days. And index leadership was also bearish. The top in precious metals in 2011, and the top in **bonds** last year serve as a timely reminder that something big is afoot in terms of liquidity. History reveals that equities are always last to receive this ebb.

"But none of this matters for today. The high will be 5313. The low will be 5285. When the dust has settled, the market will have closed at 5297, down 12 points".

The S&P/ASX200 closed up 63.7 points to 5309.1 last evening.

THE WEEK AHEAD

Jan 20: Ex div: MHI ex 2c. Japan 80, **China** ret sales, IP. Euro, German PPI, Flash consum sent. US Martin Luther King Memorial Day holiday.

Jan 21: WBC consum confid. GUD int, OZL, SFR qtr. Ex div: MIR ex 3.5c. ZEW eco sent. UK CBI ind trends.

Jan 22: BCI, BHP qtr. Japan leading ind, o/night rate. US MBA Mort Ind. UK public borrowing, avg earnings.

Jan 23: BDR, NCM, PNA qtr. US Jobless, FHFA Hous Price Ind, Exist home sales, Leading ind, Crude inv. Euro, German Flash PMI, comp PMI. Euro current a/c.

Jan 24: CNU, RMD int. German import prices.

(Jan 26 Aussie national holiday)

TOP STOCKS

*Paladin is up 4.5c to 54c on 15m shares, also report below.

*Super Retail is down \$2.00.5 to \$10.56.5 on 4.14m shares on the report below.

*Orica rose 72c to \$24.69 on 1.48m shares.

*Aussie stocks with NZ earnings/NZ stocks listed here a great opportunity! - \$A at 8 year low vs \$NZ.

Among the financials, AMP is down 2c to \$4.48 on 1.8m shares, ANZ has shed 20c to \$30.89 on 1.39m shares, CBA is down 41c to \$75.39 on 943,224 shares, NAB is down 36c to \$33.73 on 1.4m shares, Westpac is down 30c to \$31.53 on 1.5m shares.

Among the TMT's Telstra is down 3.5c to \$5.24.5 on 6.4m shares, Telecom NZ is up 2c to \$2.31 on 761,275 shares, SingTel is down 2c to \$3.11 on 118,042 shares.

Among the resources BHP is up 89c to \$37.71 on 5,89m shares, RIO is up 81c to \$66.39 on 1.37m shares. Fortescue is up 11.5c to \$5.64.5 on 11.1m shares, Atlas fell 1.3cto 98.7c on 11.1m shares. Iluka has gained 2c to \$8.91 on 1m shares.

Among the oils, Woodside is up 37c to \$39 on 1.16m shares, Santos is up 14c to \$14.51 on 997,575 shares, **Oil** Search is down 5c to \$8.13 on 930,232 shares.

Among the golds, Newcrest rose 5c to \$9.18 on 1.8m shares, Kingsgate was up 3.5cto \$1.07 on 374,873 shares, Alacer rose 4.5c t o \$2.53.5 on 393,323 shares. Saracen rose 1.5c to 21.5c on 394,836 shares. St Barbara was up 1.5c to 31c on 692,483 shares.

Oceana is down 3c to \$1.80.5 on 86,146 shares.

AT THE SMALLER END

*Melbourne IT rose a half cent to \$1.93.5 on 100,000 shares on the report below.

NEWS OF THE DAY

***Iron Ore** price was down \$1.30 to \$128.30/up 11c to \$A145.45.

Caccord Genuity (Australia) analyst Warwick Grigor's "Weekly Charts & Commentary" posted separately.

Our Week's Special, " IRI: Debt Free, Profitable, Dividend Paying, Cash At Bank And Tightly Held By Founder, IRI's Prognosis Software Helps Customers Enhance Performance And Lower Risk - Major Partners Include Avaya, CISCO And ACI" posted separately.

Ex div: KAT ex 1.3c.

LARGE CAP INDUSTRIALS

*AGI: Ainsworth Game Technology Ltd announced its Manufacturer & Distributor License applications were approved by the Mississippi Gaming Commission at a meeting on January 26 in Mississippi. This enables the **company** to manufacture, sell and/or distribute any gaming device or associated equipment for use and play in the state of Mississippi.

The Mississippi market has approximately 36,000 devices spread over 33 locations and a number of corporate customers with whom the **company** has existing and established relations.

Interim guidance

AGI said based on unaudited management accounts it expects to report profit before tax of approximately \$45 **million**, up 50% on the prior corresponding period. Results will be announced on February 25.

*SUL: 1st half NPAT up 0.7% to up 2.3% on pcg/improved 2nd half expected

Super Retail Group announced group sales for the 26 weeks to December 28 are \$1.096 **billion**, up 6% on the prior comparative period (pcg).

Auto sales growth is 3.7% with like for like growth of 2.3%, Leisure growth is 8.1%, like for like growth is 1.6% and Sports growth is 6.2%, with like for like growth of 5.5%.

Gross margin has tracked in line with expectations in both the Auto and Sports division - the Auto division gross margin is slightly ahead, and the Sports division is below the pcg.

Gross margin in the Leisure Division is below expectation, mainly a result of higher than planned promotional discounting across the division's three businesses during the Christmas sales period.

The group expects to report a NPAT of between \$61/62 **million** for the half year, up between 0.7% to 2.3% over the pcg.

CEO and MD Peter Birtles said the overall result was below expectations, reflecting a number of short term internal challenges across all three divisions. A number of initiatives to underpin gross margin performance across all three divisions in the second half have been implemented.

The **company** will report its interim result on February 20.

LARGE CAP RESOURCES

*PDN: Refinances Langer Heinrich and Kayelekera facilities on favorable terms

Paladin **Energy** Ltd announced it has successfully refinanced the Langer Heinrich and Kayelekera facilities. The new facility will provide significant cash flow benefits to both projects and leaves Paladin in a much stronger financial position.

The annual principal repayments across both projects will be reduced from \$US53.8 **million** per annum to \$US18.3 **million** per annum in calendar year 2014, a substantial reduction of \$US35.5 **million**, with the first repayment not due until June 2014.

In calendar year 2015 annual principal repayments under the existing facilities compared to the new facility will be reduced by a further \$US23.7 **million**.

Managing director and CEO John Borshoff said in the report, "The existing Bank Syndicate has continued to demonstrate strong support for Paladin .. I would personally like to thank both Nedbank and Standard Bank for the commitment they have shown to the **company** and their understanding of the **uranium** industry".

*TGZ: Gets \$US135 mln funding from Franco-Bevada/completes acquisitions

Teranga **Gold** Corporation announced completion of funding of \$US135 **million** by Franco-Nevada Corporation under the stream transaction announced on December 12 2013. With the \$US135 **million** received from Franco-Nevada, Teranga has completed the previously announced **acquisition** of the balance of the Oromin j/v group Ltd it did not already own from Bendon International Ltd and has retired \$US30 million of its \$US60 **million** debt facility with Macquarie Bank. Teranga has also acquired the Badr Investment & Finance **Company** under terms previously announced for \$US7.5 **million**.

MID TO SMALL INDUSTRIALS

*MLB: Martin Mercer new CEO - currently MD, Strategy + Fixed at Optus Melbourne IT Ltd announced the appointment of Martin Mercer as CEO and MD, effective early April 2014. Mr Mercer is currently MD, Strategy and Fixed at Optus following four successful years as CEO of vividwireless and ten years in a number of significant leadership positions at Telstra. Chairman Simon Jones said in the report Mr Mercer was selected after an extensive review by Sheldon Harris Consulting. He will be supported in his role by Peter Findlay, the **company's** CFO and current Acting CEO.

*SWL: Awarded \$62 mln road works in Queensland/leadup to C'wealth Games

Seymour Whyte Ltd announced it has been awarded \$62 **million** in additional works within the Queensland market. SeymourWhyte, together with j/v design partner Parsons Brinckerhoff Australia Pty Ltd, have won the design and construct contract for the Smith Street/Olsen Avenue Interchange project awarded by the Department of Transport and Main Roads. Work will begin in February and continue for approximately 18 months. The project acts as a gateway to the **Gold** Coast market in the **lead** up to the 2018 Commonwealth Games.

SWL was also awarded two TNRP Flood Recovery projects, north Coast Pavement and Slope Rehabilitation Project, delivered under a PICR contract and the Warrego Highway (Marburg to Dinmore) highway rectification.

MD and CEO David McAdam said the contracts will contribute to achieving the profit forecast for 2014. "With these wins the 2014 **company** order book requires only \$30 **million** in additional project works to be delivered to underpin our forecast earnings" he said in the report.

MID TO SMALL RESOURCES

*AGS/Other: Further **uranium** intercepts 1.2km n/e of Four Mile east

Alliance Resources Ltd announced further **uranium** intercepts from drilling at the discovery area located 1.2 km to the northeast of the Four Mile east **uranium** deposit.

Best results include 3.7m at 0.39% pU3O8 and GT1.44 **m**%pU3O8 in FMD0017.

PU3O8 is the equivalent grade as estimated from Prompt Fission Neutron (PFN) logging. The drilling was conducted during November 2013 and reported in Quasar's November report provided to Alliance last week.

High grade **uranium** mineralisation has been intersected over a strike length of approximately 1100m and maximum width of 800m, an increase of 300m on the previous report. Mineralisation remains open to the northeast. Full details were tabled.

*EMX: 1 for 2 issue at 2.2c per share, proceeds for Carley Bore **uranium**

Energia Minerals Ltd announced a 1 for 2 pro rata non renounceable rights issue at 2.2c per share to raise up to \$2.2 **million**. Directors will take up their entitlements in full.

Proceeds will be used to progress evaluation and development of its flagship 100% owned Carley Bore ISR **Uranium** Project in Western Australia's Carnarvon Basin.

*GME: Patent application for Ni, Cobalt process at NiWEest project granted

GME Resources Ltd managing director Jamie Sullivan announced the **company's** patent application for acid regeneration and **ore** pelletisation to be utilised in the proposed heap leach flow sheet for its 100% owned NiWest Nickel Laterite Project have been granted. The patent application process has taken close to four years, and provides important legal certainty about the utilisation of the Heap Leaching and Direct Solvent Extraction-Electrowinning process proposed in the NiWest Scoping Study, announced on December 11. The study confirmed the technical and potential economic viability for a development of this type that would produce 14,000 tonnes of Ni cathode and 540 tonnes of cobalt over a minimum 20 year mine life.

The unique acid regeneration process developed by the **company** for the NiWest Project .

The **company** is reviewing alternatives to progress the next stage of detailed metallurgical test work and to restart the Feasibility Study.

*SRZ: Raises \$2.6m at 5.2c in placement to Capetown SA, Luxembourg

Stellar Resources Ltd announced the raising of \$2.6 **million** before costs through the placement of 50 **million** shares at 5.2c per share with Capetown SA, a private family owned **company** based in Luxembourg. The owner of Capetown SA has a long association with the tin industry, having spent the last 40 years developing the Metallum Group, a global non ferrous metal recycling business.

Capetown has the right to appoint one director to the Stellar board. Funds raised will be used to optimise the Heemskirk tin project and for working capital.

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