

HD Australian Stocks: What Happened Today?

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It was all looking so positive first thing but news from Goodman Fielder Limited (A\$0.475, -22.1%) on a profit downgrade coupled with BP closing its Brisbane refinery knocked sentiment and the market struggled to gain its composure all day, despite more records tumbling in New York. After hitting highs of 5409 early we backed off to close up 14 points at 5403. We do seem to be a little stuck at the moment. Very mixed kind of day with US Non-farm payrolls looming on Friday. The big engine of the market seems to be stuck in idle, that's the banks with wishy washy performance, Commonwealth Bank of Australia (A\$76.95, -0.2%) easier but National Australia Bank Limited (A\$35.56, +0.4%) better. QBE Insurance **Group** Limited (A\$12.80, +0.5%) shrugged off reports of a class action from disgruntled shareholders with their AGM today. Seems to be all huff and puff. Obviously no one read our research on the **company**.

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ASX Limited (A\$35.54, -0.9%) took a little hit as the HFT traders spat rolls around the financial news in the US. Are the markets rigged? Now there's a question.

Material and resources were better led by Humpty Dumpty BHP Billiton Limited (A\$37.37, +0.9%), Fortescue Metals **Group** Ltd (A\$5.46, +2.8%), RIO Tinto Limited (A\$64.10, +0.4%) and Newcrest **Mining** Limited (A\$9.88, +2.1%). **Energy** stocks were mixed Woodside Petroleum Limited (A\$38.71, +0.3%), Senex **Energy** Limited (A\$0.725, unch), Paladin **Energy** Ltd (A\$0.455, +3.4%) better, **Oil** Search Limited (A\$8.40, -0.1%), Santos Limited (A\$13.33, -0.4%) and Buru **Energy** Limited (A\$1.225, -2.8%) not so fine.

In industrials, GrainCorp Limited (A\$8.50, +2.4%) did well after ADM suggested they had not given up hope of acquiring this **business**. Wesfarmers Limited (A\$41.33, +0.5%) and Treasury **Wine** Estates Limited (A\$3.60, +2.6%) also did ok. Some of the gambling stocks came up 22 today with recent favourite Donaco International Limited (A\$1.35, -3.9%), Echo Entertainment **Group** Limited (A\$2.42, -2.4%) and Ainsworth Game Technology Limited (A\$3.77, -1.6%) but holding all the aces were TABCORP Holdings Limited (A\$3.47, +1.5%) Tatts **Group** Limited (A\$2.93, +1.0%) and Crown Resorts Limited (A\$17.13, +2.8%) with good news from our man in Macau. And Twenty-First Century Fox, Inc. (A\$34.55, +3.4%) did really well today although Ten Network Holdings Limited (A\$0.25, -2.0%) still struggling, Fairfax Media Limited (A\$0.92, +0.5%) positive, and so too was Seven West Media Limited (A\$1.96, +0.8%).

"Looking good Billy Ray" were some of the really badly hit resource stocks like PanAust Limited (A\$1.675, +8.1%), Evolution **Mining** Limited (A\$0.86, +5.5%), Oceanagold Corporation (A\$2.35, +5.9%), Oz Minerals Limited (A\$3.77, +3.9%), Independence **Group** NL (A\$4.00, +3.1%) and Regis Resources Limited (A\$2.21, +1.8%) together with shock horror Newcrest **Mining** Limited (A\$9.88, +2.1%) whilst in the cage with the gorilla were Goodman Fielder Limited (A\$0.475, -22.1%), Steamships Trading **Company** Limited (A\$36.00, -7.7%), #FLN#, Hutchison Telecommunications (Australia) Limited (A\$0.086, -4.4%), Donaco International Limited (A\$1.35, -3.9%), #XRO#, Wotif.com Holdings Limited (A\$2.47, -3.5%) and Billabong International Limited (A\$0.495, -4.8%). For those of you old enough to remember Trading Places that may make sense!

Asian stocks were stronger as the MSCI Asia Pacific Index gained 1% to 139 at lunch time in Tokyo as more than five shares rose for every three that fell. Tokyo was up 1.5%, **Hong Kong** and **China** up around 0.5%. **Gold** was \$1283 whilst the Aussie was around 92.40.

Volume for the day was again pretty anaemic at around \$3.5bn. Even the HFTs were quiet!

Stocks and Stories

Goodman Fielder Limited (A\$0.475, -22.1%). Done their dough! Profit downgrade by around 15% hurt as Coles and Woolies home brands took their toll on margins together with higher farmgate pricing on **milk**.

NBL crashed 10 per cent after the **company** announced it is facing another fall in earnings in the June-half after same-store sales fell 14 per cent in the March quarter.

BHP Billiton Limited (A\$37.37, +0.9%) **coal** president Dean Dalle Valle has revealed that some of his Australian workers cost 50 per cent more than their American equivalents, underlining the high cost nature of the local industry.

Also on the big Aussie, stories that the **company** is trying to break Humpty apart again having put it together, have ignited the share price but this has a long way to go. It's a great game for investment banks to **merge** companies then demerge them. So much **business** and those lovely fees. Not sure that shareholders win out. Not sure why the sum of the parts is greater than the whole. It does remind me of Good bank, Bad bank! We will have Good BHP and Bad BHP.

BP has announced the closure of its Brisbane refinery at Bulwer. The 380 work force will be reduced to 25! It is blaming the Asian refiners as being so much cheaper than the Australian one. It also said its Perth refinery was safe. Yeah right!!!

Job vacancies have risen by 2.6 per cent in the three months to February, as available positions in public and private sectors lifted after weakening in the previous quarter.

Private sector job vacancies grew by 2.7 per cent over the past quarter, while available roles in the public sector edged up by 1 per cent after plunging by 13.8 per cent in the three months to November.

Total building approvals were weaker than expected in February after a strong start to the year in what economists say is a sign the market is stabilising at a high level.

Approvals eased by a seasonally adjusted 5 per cent in February to take the annual rate to 23.2 per cent. Economists had expected a 2 per cent fall for the month.

Tomorrow's News Today Earthquake off Chile with Tsunami warning and some casualties and damage.

The big news at the moment is the stoush in the US about High Frequency Traders and whether the markets are rigged. The FBI is looking into it so all will be right. Trouble is the private small investor has lost faith with the market as they perceive it to be rigged. The fact that US IPO to be Virtu, which is a HFT, has never had a losing day either makes them really good traders, front runners of orders or the next Bernie Madoff. Take your pick! I know which one I reckon. In the rush to compete, the exchanges have given away too much to these guys to the point that integrity has suffered. The only time these guys lose money is when the computer program malfunctions like it did with Knight a few years ago.

This stoush seems to have claimed its first victory as HFT traders Virtu have pulled their IPO.

Looks like currencies though are the new HFT battleground with now 35% of Spot FX trades done by HFT. Was 9% back in 2008.

Greece jumps its hurdles. Eurozone ministers have signed off the next 8.3bn euro (£6.8bn; \$11.4bn) instalment of Greece's bailout. A first tranche of 6.3bn euros will be paid at the end of April.

Seems that the Bank of England is starting to warn of complacency about rising rates. Thinks that investors, used to free money, may need to understand they could lose a lot of money when rates rise.

JPMorgan Chase blocked a payment involving a Russian embassy, a decision described as "illegal and absurd" by the Foreign Ministry in Moscow. Russian are set to take their revenge. Not quite sure what yet though!

GM CEO Mary Barra told lawmakers a 2005 decision by an engineer not to fix a faulty ignition switch was "very disturbing" and "unacceptable," but declined to answer many questions about its past handling of the troubled recall. She did say sorry to the families of the people that were killed in the cars as a result though.

This is a worry. **Chinese** steelmakers, which account for almost half of the world's production, can't afford a funding squeeze as 43 percent of them made losses in January amid an 8.6 percent slump in demand from a year earlier. Also worryingly, about 40 percent of the **iron ore** at **China's** ports are part of commodity finance deals, according to Mysteel Research, as cash-starved companies bring in cargo to secure lines of credit. Stockpiles have reached a record 108.45 **million** metric tons, up 41 percent in the past year, reflecting both increased use in funding and declining demand from mills.

That's all folks!

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bkhlp : BHP Billiton Ltd | bp : BP PLC | newmoh : Newcrest Mining Ltd | bltpc : BHP Billiton PLC

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