

HD MARKET MILDLY LOWER AT MIDDAY

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The S&P/ASX200 is down 12.8 points to 54.00.9 at midday after an early low of 53.92 on light volume worth \$1.2 **billion**. There are 259 issues higher and 537 down. The SPI Futures is down 13 points to 5395 on very light volume of 5432 contracts. Aussie 10 year bond yields are steady at 4.08%. The \$A is at 92.76US c, about in line with early levels.

*The banks have contributed 3.4 negative points to the index, resources have contributed 2.3 positive points, **property** trusts have contributed 0.4 negative points, retailers have contributed 0.7 negative points and Telstra has contributed 0.2 negative points.

*The Nikkei Dow futures is down 160 points to 14,650 points, Shanghai CSI physical is up 13.4 points to 2072.23 points, Hang Seng futures is up 12 points to 22,412 points. S&P futures is up 3.3 points to 1841.40. Nasdaq futures is up 5 points to 3504.25 points, Dow futures is up 23 points to 165,201 points.

Spot **gold** is up \$3 to \$1300. Crude is up 44c to \$100.88.

"Gut feeling is we are going up, but I am not going to defy sentiment .. down 10"

"Maree" said, "While there was a sharp fall in Northern Hemisphere stocks last night I cannot see we are in the same over valuation mode here. Fair enough, some of what is going on in the north will filter through to us. But there is something to gain from the FTA, even if only minimal. My gut feeling is still that we are going up, but I am not going to defy sentiment, so I'll call the market down 10".

Maree added, "The slow down in **China** from 8+ to +7% or a little below is still fantastic growth, if in fact it is happening, compared to the northern hemisphere. Our market has factored in a lot of negatives but we did not rally as much as the north, we are not in the same boat even if we take the **lead** from what is happening in the northern hemisphere. Our falls will be muted compared to their falls. We have \$1.6/1.7 trillion in super money. Although a lot of it is held in cash or goes into **property**, a lot of it also goes into stocks."

The S&P/ASX200 closed down 9.1 points to 5413.7 last evening.

ECO NEWS

Business confidence falls to 4 points in March from 7 in February

The National Australia Bank's **business** survey revealed **business** confidence fell from 7 points in February to 4 points in March while sales fell and employment improved slightly.

Business sentiment was also weakened by the recent elevated levels of the Australian dollar, uncertainty over the global economy and fears of a "belt tightening" federal government budget in May, the National Australia Bank's **business** survey showed.

Despite the soft readings, most industries recorded a lift in conditions, particularly in the **mining** sector. But the transport industry, as well as the "bellwether" wholesale sector, weakened significantly, NAB said.

"Conditions facing wholesalers deteriorated heavily in March and are by far the weakest of all the industries covered in the survey - a concern given its characteristics as a bellwether industry," NAB said.

At the same time, indicators suggest there would be little improvement over the next few months, as forward orders remained soft and firms continued to de-stock, the bank said, adding that capacity utilisation suggested there was still significant slack in the economy.

More on FTA with Japan immediate win for **dairy**. Beef tariff cut to be phased in

"The Age" said the average Japanese car will cost about \$1000 less for Australian consumers.

Japan will cut the tariff on Australian frozen beef to 19.5% from 38.5% and Australian fresh beef to 23.5%, to be phased in over 15 years or more.

***Cheese** exports for Australian producers become immediately duty free. They will also benefit from a preferential duty free Australia only quota.

Quotas will also grow for ice cream and frozen yoghurt exports.

Australian **milk** products such as protein concentrates and casei nwill be immediately duty free to Japanese markets.

Tariffs on canned products such as tomatoes, peaches and pears, and fruit and vegetable juices will be eliminated.

TOP STOCKS

*Cabcharge is down 26c to \$3.83 on 696,747 shares on the report below.

*Mesoblast is up 29c to \$4.90 on 619,069 shares recovering from a fall of 49c yesterday, also in response to the ASX price query pointing to the fall in US biotechs that affected its share price, and also referring to its R&D projects in late stage clinical trials and its strong cash position.

*CSL is down another 71c to \$69.65 on 360,864 shares and Cochlear is down 28c to \$57.32 on 57,481 shares on the US effect.

*Treasury **Wine** Estates is up 21c to \$3.82 on 4.1m shares on the new CEO's address.

Among the financials, AMP is down 1c to \$5.03 on 2m shares, ANZ is down 1c to \$33.47 on 1.2m shares, CBA is down 16c to \$76.70 on 605,962 shares, NAB is down 14c to \$35.04 on 1.5m shares, Westpac is down 4.5c to \$34.43.5 on 988,949 shares.

Among the TMT's Telstra is steady at \$5.04 on 4.7m shares, Telecom NZ is down 2c to \$2.33 on 609,942 shares, SingTel is up 3c to \$3.11 on 439,765 shares.

Among the resources BHP is up 9c to \$37.83 on 2.2m shares, RIO has gained 30c to \$64.25 on 488,819 shares. Fortescue is up 6.5c to \$5.52.5 on 7.4m shares. BCI has gained 3.5c to \$5.83. on 374,854 shares. OZL is down 6.5c to \$3.80.5 on 878,976 shares, PanAust is up 5.5c to \$1.67.5 on 2m shares, **Alumina** is up .2c to \$1.23.7 on 2.9m shares.

Among the oils, Woodside is up 11c to \$38.95 on 372,720 shares. Santos is down 6c to \$13.41 on 967,899 shares. **Oil** Search is up 1.5cto \$8.47.5 on 727,586 shares.

Among the golds, Newcrest is up 13c to \$10.43 on 1.3m shares, Oceana is up 13ct o \$2.63 on 393,434 shares, Alacer is down .5c to \$2.84.5 on 159,085 shares. Regis has gained 1.8c to \$2.34.5 on 629,691 shares, Perseus fell .8c to 41.7c on 1m shares.

AT THE SMALLER END

*Australian Agriculture is up 5.5c to \$1.29 on 950,468 shares on the FTA agreement.

*Bega is steady at \$5 on 260,000 shares despite **dairy** products being immediate full beneficiaries..

NEWS OF THE DAY

Our Darvas system related Special Report is on Horizon **Oil** Ltd today, posted separately.

LARGE CAP INDUSTRIALS

*CAB: Looks at impact from NSW Govt intention to set service fee at 5%

Cabcharge Ltd advised that the NSW Government intention to set the service fee at 5% will result in Cabcharge's current taxi service fee income of \$28 million halving to \$14 million. While this may be mitigated by an increase in electronic payments generally and/or a decrease in the level of competition in the transaction processing market in NSW, or a reassessment of the merchant fee arrangements with taxi networks and incentive payments to drivers that together total approximately \$10 million annually in NSW.

Cabcharge added that while the NSW government expects savings from a lower service fee will be available to all passengers, it will in fact only be available to those who choose to use credit/debit cards and who can sometimes claim it as a tax deduction.

Cabcharge added it has been operating mobile phone taxi booking apps in NSW since 2009, that meet the full range of customer service, privacy and safety standards that apply to other modes of booking services.

However, many clients including people with disabilities, many aged people and disadvantaged people prefer to use the telephone or web based booking services which CAB continues to fully service.

*SPN: Full court of Fed Court rules in ATO's favor, SPN considering appeal

SP AusNet advised with regard to its dispute with the Australian Taxation Office, the Full Court of the Federal Court of Australia has delivered judgement against SPN in relation to disputed tax amended assessments relating to the 2001 to 2006 income years. The current after tax disputed amount is \$86.7 million representing \$54 million of primary tax plus an interest component of \$32.7 million. SPN paid \$30.6 million to the ATO in October 2011 in relation to the dispute as part of a 50/50 payment arrangement. Following the Federal Court's first instance decision, a Profit & Loss charge of \$86.7 million was recorded by SP AusNet in its accounts for the financial period ended September 30.

SPN is seeking legal advice and will make a decision on whether to apply for special leave to appeal. (Apr 7)

LARGE CAP RESOURCES

*AQP: Offers to purchase convertible bonds/ followed by rights issue

Aquarius Platinum Ltd announced it is launching a tender offer today that will expire on April 11 unless extended, to purchase a minimum of \$US15 million and a maximum of \$US225 million in principal amount of the outstanding \$US300 million convertible bonds with a maturity date of December 18 2015.

Following expiry of the tender offer the company proposes to make a partly underwritten rights issue to raise not less than the minimum Tender Offer acceptance level of \$US150 million, details to be announced after expiry of the tender offer.

However Aquarius believes, given the existing convertible bonds convert at \$US6.578 per common share, subject to adjustment on the occurrence of certain events, it is thought highly unlikely that existing convertible bond holders will choose to exercise their conversion rights prior to the maturity of the Existing Convertible bonds, that the company will be required to redeem at their principal amount on their final maturity date of December 18 2015.

The board believes investor uncertainty on whether Aquarius Group will be able to repay any portion of the Existing Convertible Bonds that remain outstanding weighs on the common shares.

With the operations having returned to more sustainable levels, and with about \$US64 million before tax to be received from the sale of its 50% share and loan in the Blue Ridge mine and its 50% effective interest in the Kruidfontein prospecting right, the company intends to use the proceeds to strengthen the balance sheet.

MID TO SMALL INDUSTRIALS

*AVH: New version of ReCell does not need refrigeration, already being sold

Regenerative medicine company Avita Medical Ltd advised it has developed and released to market a new version of ReCell "Spray-on Skin" that no longer requires refrigeration. This greatly improves the commercial and practical benefits to clinicians. The new version has been cleared for use and is starting to be sold in the UK and Europe.

Avita is also in the process of submitting an application for review to the Therapeutic Goods Administration in Australia, where the product must currently be refrigerated. Avita plans to phase out

existing ReCell product containing the refrigerated or temperature controlled enzyme and expects when approved only the product without refrigeration requirements will be manufactured and **sold**.

*IMF: \$100 face value **bonds** to raise \$60 mln ay 3 month Bank Bill +margin

Bentham IMF Ltd announced it has lodged a prospectus with the Australian Securities and Investment Commission for an offer of new five year secured notes each having a face value of \$100 to raise \$60 **million**. The **company** will apply for the Bentham IMF **Bonds** to be listed on the ASX.

The **bonds** will receive an interest rate of Bank Bill Rate plus margin. The actual margin will be determined through a bookbuild, expected to be announced today, April 15.

Proceeds raised from the offer will be used to increase financial flexibility and working capital including in relation to its growth objectives in Australia, the US, the UK and the Netherlands. First payment will be made on July 8 2014.(Apr 7)

*RGS: Ethics approval to collect stem cells from human donors for OA trial

Regeneus Ltd announced it has received ethics approval to collect stem cells from human donors for use in the production of its new allogeneic (off the shelf) stem cell product for osteoarthritis. This allows Regeneus to begin manufacturing the cells for its first in man clinical trial to assess initial safety and preliminary efficacy in human volunteers with knee osteoarthritis.

Regeneus is a pioneer in the development and use of adipose derived stem cell products. It has used its autologous (donated by patient) stem cells to treat over 1,000 human arthritic joint in clinical trials and **commercial** settings and has treated hundreds of cases of canine and equine osteoarthritis.

The **company** will target the Japanese market for its allogeneic stem cell product to take advantage of laws passed in November 2013 providing an accelerated approval process for allogeneic human cell therapies without the need for expensive Phase III clinical trials.

*WDS: Notes Fin Review report that Pala Investments is seeking to sell out

WDS Ltd advised with regard to the article in the Australian Financial Review that its major shareholder Pala Investments is conducting a **sale** process via Lazard for its 24.8% **stake** in the **company**, WDS advised Lazard was appointed a strategic adviser to WDS in 2012 and from time to time the **company** considers a range of strategic alternatives that may potentially improve value for all shareholders. At this point there are no such proposals.

MID TO SMALL RESOURCES

*KBL: DFS at Sorby Hills Ag-Pb-Zn Project to begin, production in 2015

KBL **Mining** Ltd announced following approval of the development of the Sorby Hills Project by the WA Environmental Protection Authority, the Bankable Feasibility Study will now commence.

It is the largest undeveloped near surface Ag-Pb-Zn resource in Australia with Global Resource of 16.7Mt at 4.5% Pb, 0.7% Zn and 52gpt Ag at a 2.5% Pb cut off.

Stage 1 development is envisaged as a 400,000 tpa open cut operation producing approximately 20,000 tonnes Pb and 710,000 ozs of Ag in concentrate.

Stage 1 is envisaged to have a 10 year mine life based on the C and DE Deposits which account for only 27% of the global resource base. Subsequent development should extend the mine life to more than 25 years, subject to necessary government approvals.

With substantial infrastructure already available, the project can be fast tracked to production, commencing in 2015.

*RXL: Positive results from testwork on Camelwood Ni sulphide deposit

Rox Resources Ltd announced from preliminary metallurgical testwork on samples from the Camelwood nickel sulphide deposit at Fisher East project in Western Australia, high concentrate grades of 14/17%Ni and low MgO content have been produced with 91/95% nickel recovery for primary massive sulphide. High grade concentrate was also produced for transitional semi massive (head grade 2.4% Ni) sample. The preliminary disseminated sulphide sample contained a significant amount of talc, which contains high amounts of MgO, requiring an additional talc pre-float which removed about 34% of the MgO before the sulphide flotation stage. A concentrate grade of 8.1% Ni was achieved with Ni recovery of 60%. MgO content was low at 2.5% MgO and the Fe/Mg ratio was 16, indicating a suitable smelter project.

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