

HD MARKET SPIKES UP IN LAST 20 MINUTES ON HUGE VOLUME

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The S&P/ASX200 closed up 44.1 points to 5338.1 on strong volume worth \$5.6 **billion**. There were 541 issues higher and 439 down. The SPI Futures closed up 31 points to 5328 on lightish volume of 20,948 contracts. Aussie 10 year bond yields were steady at 4.12%. The \$A is at 90.62US c, up about 35 points from last evening.

The banks contributed 13.2 positive points on the index, insurers contributed 2.9 points, resources contributed 7.1 positive points, retailers contributed 2.7 positive points and Telstra contributed 0.5 positive points.

*Over the week the S&PASX200 points was up 8.7 points or 0.2% to 5338.1.

*At 4pm AEST the Nikkei Dow futures rose 170 points to 14,300 points, Shanghai CSI physical rose 15.81 point to 2009.29, Hang Seng futures gained 34 points to 21,184 points. S&P future was down 0.3 points to 1865.8, Nasdaq futures rose 0.75 points to 3692.25. Dow futures fell 1 point to 16,264 points.

Spot **gold** rose \$5 to \$1332. Crude was down 42c to \$98.48.

*The S&P/ASX200 in a late rise climbed to 5338.1 points, up 44.1 points on last evening, doubling its early rise with gains across the **board**, but the main feature was volume.

Just \$1.2 **billion** worth of shares had traded at 12.30 pm today and 20 minutes before the close the volume was a miserable \$2.6 **billion** - swelling to \$5.6 **billion** on matchout!

The buying, likely to have including one or more "**buy**" portfolios seems to have had a major focussed on the financials (more detail in the 4.30 pm "hot").

ADD: Ben Faulkner added after the close, "If Shanghai holds here then the break yesterday is potentially a false breakdown".

"For the day I'll call us up 10 points'.

Ben Faulkner, a senior adviser at Morgans said, "I'll start with the S&P500. Again there was good support around the 1855 level last night, which held. The S&P also tested the 20 day moving average which held. It has closed above that level for 3 days in a row in a similar range with quite big volatility. This has often been a catalyst for a pullback, worth keeping an eye on. Meanwhile the S&P tested 1874 for the last three nights as a resistance point. The break and close above there on the week is short term bullish. A failure to close above it tonight could see some short term bearish pressure - keep an eye on the close for the week.

***Copper** was down 5% last night, very close to the \$2.90/lb support level. We really need to see \$2.90 hold for the week. If not it is very bearish for **copper**. On the 5 year weekly chart **copper** has been in downtrend since back in 2011. Keep an eye on the \$2.90/lb price on Comex. A break would look quite ugly.

*Shanghai had quite a volatile day. It broke and closed below the key 2000 level we have talked about, that it has tested several times in the last couple of weeks. The break and close below 2000 was pretty bearish. A break and close below 2000 today would confirm the bearish trend after being short term bearish yesterday.

*The XJO had a lot of selling pressure yesterday, probably indicating some overseas selling, and pretty much closed on its lows. Given we broke levels of support yesterday, on the daily chart there is probably no real support now until 5260. A break of 5260 would threaten a head back towards 5190.

"For the week, the bulls will want to see the close at or above 5315 today. Resistance is at 5300 and then 5315. Anywhere above 5315 and we're looking for 5330 for the next resistance.

"For the day I'll call us up about 10 points'.

The S&P/ASX200 closed down 61.6 points to 5294 last evening.

THE WEEK AHEAD

Mar 24: KMD int. Ex div: ALF ex 6c; APN ex 1.3c; BBL ex .5c; CAB ex 15c; CAJ ex .4c; CMG ex 1.4c; CWN ex 18c; FBU ex div; FLT ex 55c; GEM ex 3.5c; LBL ex .2c; MXI ex 3.8c; SKE ex 7.5c; SLK ex 3.7c; SVW ex 20c.

China HSBC flash **M**/fr ind. US flash PMI, EURO Comp PMI. German flash PMI, IP. UK CPI, input prices.

Mar 25: NHC int. Ex div: ALQ ex div; CGO ex 3c; MEZCA ex div; MYR ex 9c; SBB ex .1c US bldg app, CPI, Hous starts, new hom sales, consum confid. German IFO Biz climate, UK CPI, ONS hous prices, BBA mort appln.

Mar 26: RBA Fin stability review, Glenn Stevens speech. CLV, NUF int. Ex div: CLX ex 4c; FNP ex 1.c; WSA ex 1c. US dur gds, crude inv, MBA Mort Ind. German GfK Consum sent, UK current a/c.

Mar 27: BDR, SIP fin. Options close off. Ex div: APE ex 15c; LYL ex 5c; ORL ex 8c; SNL ex 4c. Japan jobs, CPI, retail sales, real household spend. US jobless, core PCE, GDP price ind, Pend home sales. German ret sales, UK ret sales.

Mar 28: Ex div: ARP ex 13c; CWP ex 12c; MEQ ex div. Japan CPI, jobs. US Core PCE, Income, spend, Mich Sent. Euro IP, Consum Sent, Eco Sent, Biz Climate ind. German CPI. UK GDP.

TOP STOCKS

*Trade Me rose 13c to \$3.85 on 4.5m shares, unusual volume for the stock.

*Fairfax was up 1c to 92.5c on 18.7m shares.

*Metcash closed down 30c to \$2.85 on 29.2 **million** shares after its strategic update.

*Cardno rose 18c to \$7 on 1.2m shares.

*Mermaid Marine rose 6c to \$2.37 on 3.5m shares.

Among the financials, AMP closed up 7c to \$4.92 on 8.5m shares, ANZ rose 13c to \$32.25 on 4.1m shares, CBA gained 69c to \$75.66 on 2.57m shares, NAB rose 26c to \$34.67 on 4.3m shares, Westpac rose 36c to \$33.60 on 4.5m shares.

Among the TMT's Telstra rose 1c to \$5 on 20.4m shares, TelecomNZ was steady at \$2.25 on 1.5m shares, SingTel closed down 3c to \$3.03 on 909,000 shares.

Among the resources BHP closed up 38c to \$35.58 on 5.2m shares, RIO rose 57c to \$61.37 on 1.17m shares, Fortescue rose 8c to \$4.98 on 15.98m shares, Atlas rose .5c to 93c on 9.7m shares, BCIron rose 12c to \$4.89 on 891,293 shares, Sandfire rose 16c to \$5.50 on 982,513 shares.

Among the oils, Woodside rose 62c to \$38.43 on 1.9m shares, Santos was up 28c to \$13.39 on 2.49m shares, **Oil** Search gained 9c to \$8.66 on 3.3m shares.

Among the golds, Newcrest closed down 6c to \$10.55 on 17.4m shares, Oceana rose 4c to \$2.85 on unusual volume of 18.2m shares, Silver Lake rose 3c to 47.5c on 20.68m shares, Regis was up 9c to \$2.41 on 3.3m shares, Alacer fell 12c to \$3.03 on 3.8m shares. Troy was up 5c to \$1.26 on 5.14m shares.

WINNERS AND LOSERS AMONG THE TOP 20 OVER THE WEEK

QBE was the winner, up 47c or 3.8% to \$12.90 followed by Suncorp, up 30c or 2.4% to \$12.64 and ANZ, up 38c or 1.2% to \$32.25.

On the downside Woolworths fell furthest, down 52c or 1.4% to \$35.80 followed by CSL, down 59c or 0.8% to \$71.11 and Wesfarmers, down 15c or 1.4% to \$35.80.

AT THE SMALLER END

*Vocus rose 40c to 45 on 1.3m shares.

*Teranga gained 10c to \$1 on 897,318 shares.

*McAleese closed up 5.5c to 55c on 935,571 shares.

*Lamboo rose 6.5c to 73.5c on 1.2m shares.

*Tassal rose 9c to \$3.93 on 2m shares.

NEWS OF THE DAY

*Canaccord Genuity (Australia) Ltd chairman Warwick Grigor's "Weekly Charts & Commentary" posted separately.

*BG **Group** is cutting its work force at its LNG projects in Australia

Oil and gas producer BG **Group** Plc is cutting nearly 300 jobs in Britain and making significant cuts in Australia, weeks after warning that turmoil in Egypt would hit output this year and in 2015, the Times newspaper reported on Thursday, Reuters reported .

BG will cut about a quarter of the staff at its head office in Reading, England, the paper said on its website, without citing sources.

It added that BG would make significant reductions to its 1,000 employees in Australia, where it is building a series of liquefied natural gas (LNG) projects.

The **company** has been holding talks with staff over the past few days outlining the redundancy package on offer, the Times said.

Gina Rinehart secures \$US7.2 **billion** in funding for Roy Hill

"The Age" reports Gina Rinehart has secured funding for her Roy Hill **iron ore** mine in West Australia's Pilbara region, bringing her dream of becoming a miner in her own right another step closer.

The deal, signed in Singapore on Thursday night, will see a **group** of lenders including 19 **commercial** banks from Australia, Japan, Korea, **China**, Europe and Singapore, and a number of major export credit agencies provide \$US7.2 **billion** (\$7.9 **billion**) to support the 55 **million** tonne project, which aims to ship its first **ore** in 2015.

Australia's big four lenders – National Australia Bank, ANZ, Westpac and the Commonwealth Bank – are all supporting the \$11 **billion** project.

Her **company**, Hancock Prospecting, owns 70 per cent of the project, with the remaining 30 per cent owned by South Korean steel giant Posco, Japanese steelmaker Marubeni Corporation and Taiwan's **China** Steel Corporation.

With capacity of 55 **million** tonnes per year, Roy Hill would become Australia's fourth-largest **iron ore** producer and help cement the Pilbara as the world's most important **iron ore** centre.

Our Week's Special, " LMG: Magnesium + Cement From Brown **Coal** Fly Ash From German Utility RWE'S Mine + Latrobe Valley Production From Dec 2015 - Minimal CO2 Emission + Substantially Cheaper Than Current Magnesium Production Processes/Imports - Hard Yards Done, Huge Opportunity For Patient Investors' posted separately.

Ex div: WEB ex 6.3c.

LARGE CAP INDUSTRIALS

*AIA: Passenger volumes rise 8.4% in February vs pcp

Auckland International Airport in its monthly traffic update for February said international passenger volumes excluding transit passengers were 8.4% greater in February 2014 than the previous year. There were 50,000 more international passengers than the previous February. Total international passenger movements including transits have exceeded 8 million for the first time in a 12 month period.

Monthly visitor arrivals from Australia were up 12.4%. Australian arrivals have been one of the strongest markets in the last 12 months, with the strong performance encouraging the introduction of new services such as direct to Adelaide and Perth as well as increased capacity on east coast trunk routes.

There were fewer arrivals from China in February due to the Chinese New Year. But Chinese arrivals for January and February combined rose 13.2%.

Market Cap \$4.9b

AIA up 2 cents to \$3.72

*COH: FDA approves new implant system to treat adults with partial deafness

Cochlear Ltd announced the US FDA has approved the Cochlear Nucleus Hybrid L24 Cochlear Implant System for commercial release after unanimous recommendation for approval by the FDA Advisory Panel as disclosed on November 11 2013.

This is a first of its kind system designed for the treatment of adults with severe to profound sensorineural hearing loss in the high frequencies but who can still hear low frequency sounds with or without a hearing aid.

The Nucleus Hybrid System combines acoustic amplification of low frequencies with the electrical stimulation of high frequencies in one device. It is designed to deliver patients superior quality and clarity of sound even in the most difficult hearing situations, especially hearing in noisy environments.

Market Cap \$3.36b.

COH up \$2.38 to \$58.96

*IIN: Michael Malone resigns as CEO and director of iiNet

Michael Malone has resigned today from his role as CEO and board director of iiNet - the group he co-founded in his parents' garage in 1993. He has been on a sabbatical from his position since November 2013 and said while he has been able to achieve 24x7 commitment, energy and enthusiasm to leading iiNet for 20 years, he has come to the point where he wants to dedicate his time to other opportunities.

Chairman Michael Smith said the company is incredibly proud of his achievements. "Michael is a legend and a telecommunications visionary .. we are committed to ensuring his legacy and story lives on.

David Buckingham will continue as acting CEO, the board will be conducting an international search for a new CEO.

Market Cap \$1.24b.

IIN up 7 cents to \$7.67

*MTS: \$100/125m spend on strat priorities/div cut to 60%, retains DRP

Metcash Ltd announced details of its transformation plan following a strategic review that began in July 2013.

Total capex is estimated to peak at between \$150/180 million in 2015, reducing to \$130/150 million in 2016. To fund the initiatives Metcash will target further working capital improvements of \$30/40 million over full year 2015 and 2016, reduce the dividend payout ratio to 60% commencing from final full year 2014 dividend and continue to offer its DRP, which may be underwritten.

Initial pilot program results are very positive and retailers working with Metcash are strongly supportive.

Ian Morrice, CEO of Metcash said the transformation plan focussed on four strategic priorities:

- i)Transforming Metcash Food & Grocery known as project diamond, the key initiative - to reignite top line growth within the food and grocery channel through implementing six growth levers.
- ii)Drive consolidation and sustainable network growth

iii) Further enhance its world class supply chain.

iv) Enable successful independents - including a training academy to develop skills for owners and staff, completing a "diamond standard" tool kit which establishes the path to excellence for store operators, with a well trained retail consultant and fresh specialist field force that will be increased by 50%.

*MTS: Metcash to provide update on 2014 full yr guidance today

Metcash announced in an update to its 2014 full year guidance, details of its strategic review to address structural challenges within the business will be presented to the market on March 21.

Aspects of this plan are being implemented and have begun to impact current year's earnings. January and February results were also below management forecasts. Management now expects a decline in underlying eps in the range of 13/15% for 2014.

Metcash CEO Ian Morrice said the reason for this update to guidance is entirely due to the Food & Grocery pillar.

Retail sales for independent retailers have lifted since the run in to Christmas, with the drivers for these retail sales primarily been in fresh departments and direct sales and items not stocked in the group's warehouses.

The carrying value of certain retail and other assets are being impaired, together expected to total \$30/35 million pre tax, predominantly non cash in nature. (Mar 20)

Market Cap \$2.53b.

MTS down 30 cents to \$2.85

*WDC: To divest 3 UK shopping centres at book for \$A1.1bln, to redeploy funds

Westfield Group announced it has entered into conditional agreements with Intu Properties plc to divest its interests in three UK shopping centres for 597 million pounds, in line with book value. The assets involved in the transaction are Merry Hill, Derby and Sprucefield.

Westfield Group Co-CEO Steven Lowy AM said in the report post the divestments, the UK/European portfolio will comprise its two major London assets, Westfield London and Stratford, which are already two of the best retail destinations in Europe.

It will also include the major development opportunities at Milan in Italy and Croydon in London, expected to be amongst Europe's top retail divestments.

The divestment is expected to result in gross proceeds of \$A1.1 billion to WDC. prior to the redeployment of capital the divestments are expected to reduce gearing by 2.1% and would have an annualised dilutionary impact on the Group's funds from operations of approximately 2c per security. The transaction will not impact the proposed Scentre Group.

The group expects to redeploy the capital into long term value enhancing opportunities. (Mar 20)

Market Cap \$21.75b.

WDC up 7 cents to \$10.29

LARGE CAP RESOURCES

*OSH/Others: Taza 2 well drilling ahead

Oil Search Ltd advised at 6:00 hours Kurdistan Region time on March 19 the Taza 2 well was at depth of 2,785m and drilling ahead in a 12.1/4 inch hole. Drilling progress for the week was 174m.

Taza 2 is located 10 km north west of Taza 1 and will appraise the hydrocarbon bearing intervals discovered by Taza 1 as well as explore deeper Tertiary and Cretaceous targets including the Shiranish Formation.

OSH 60%, Total E&P Kurdistan Region of Iraq 20%, Kurdistan Regional Government 20%. (Mar 20)

Market Cap \$12.93b.

OSH up 9 cents to \$8.66

MID TO SMALL INDUSTRIALS

*CIX: \$500,000 profit from **sale** of 50% **stake** to j/v partner Action Enter.

Calliden **Group** Ltd announced the **sale** of its 50% holding in Arena Underwriting to Action Entertainment Insurance Pty Ltd. Profit from the **sale** is \$500,000.

Caliden established the j/v with Action in November 2007 and since then the business has grown its book to \$3 **million** per year in premium. Arena provides specialist underwriting for event, entertainment and security customers on behalf of Calliden Insurance Ltd. Following the **sale**, Calliden is continuing as the insurer under a five year underwriting agency agreement with Arena. (Mar 20)

Market Cap \$72.5b.

CIX steady at 32 cents

*CWE: Releases 1MW CETO 6 unit design, first prod unit meant for **sale**

Wave **energy** developer Carnegie Wave **Energy** Ltd announced it has released the design of its **commercial** generation CETO 6 unit to be used following the current Perth Wave **Energy** Project as its first production unit for **sale**.

The CETO 6 unit will have a 1MW power capacity, some four times the current CETO 5 generation being used in the Perth project. The increased capacity combined with superior efficiency, delivers significantly reduced capital costs and when deployed in large **commercial** size projects, is cost competitive in a range of markets globally.

Managing director Dr Michael Ottaviano said in the report the CETO 6 unit will be a **commercial** breakthrough for the CETO technology and Carnegie and builds on approximately 10 years and \$100 **million** of R& D. Beyond its planned demonstration in 2016 the 1MW CETO unit will allow Carnegie and its licensee partners to roll out profitable wave power projects globally.

Market Cap \$87m.

CWE steady at 5.7 cents

*FLK: Announces 4th real **estate** income fund f/cast distrib 8% p.a

Folkestone Ltd managing director Greg Paramor announced the launch of its fourth real **estate** income fund following an agreement for the **acquisition** of The Station Oxley, a neighborhood shopping centre for the Folkestone Real **Estate** Income Fund at Oxley. This the fourth in its series of real **estate** income funds.

The recently developed Centre opened in July 2013 and is anchored by a 3,200 sq **m** Woolworths supermarket along with **commercial** offices leased to the Queensland Department of Communities, Child Safety and Disability Services. Together the two tenants along with Woolworths subsidiary BWS provide around 70% of the Centre's gross income. Further income is generated from sixteen specialty retailers including Flight Centre, CBA and Priceline Pharmacy.

Folkestone Funds Management will be seeking to raise \$20.55 **million** with Folkestone Ltd to underwrite the **acquisition**. The forecast annualised distribution yield is 8% p.a in 2014 and 2015 paid quarterly with distributions forecast to be 100% tax deferred in 2014 and 2015. The Fund will be geared to 48% at the time of settlement of the **acquisition** of the Centre.

Market Cap \$94m.

FLK untraded last at 18 cents

*MCS: Confirms Cootes will continue to operate in NSW after agreed plan

McAleese Ltd confirmed its wholly owned subsidiary Cootes Transport will continue to operate in NSW. Cootes Transport has responded to the NSW Roads & Maritime Services Notice to show cause dated March 6 2014 and agreed an action plan underpinning its commitment to safe **operations** and a smaller more modern fleet operating on nsw roads. Cootes Transport will operate prime movers in NSW with an average age of 3.5 years on completion of the previously announced restructure.

As part of the action plan, Cootes Transport will continue to work cooperatively with the Office of the Minister for Roads and Ports and RMS and to provide them with regular reports detailing areas of maintenance and safety on an ongoing basis. (Mar 20)

Market Cap \$163m.

MCS up 5.5 to 55 cents

*WDS/Other: 2 yr +1 yr option j/v contract for Arrow worth \$40/80m

WDS Ltd announced its **energy** division in joint venture with **China** Petroleum Engineering & Construction Corporation (CPECC) has signed a Field Development and **Operations** Construction Master Services Agreement with Arrow **Energy** for Arrow's Domestic Gas requirements. Arrow **Energy** has a sizeable domestic gas business and supplies gas to Braemar, Braemar 2, Daandine and Townsville Power Stations and two mineral refining facilities in North Queensland.

CPECC is a major engineering and construction **company** with large scale petroleum, petrochemical and civil projects across the Asian, American and African continents as well as in Australia.

The term of the agreement is two years with an option to extend for a further year. The initial expected value of the contract will be \$40/80 **million** for the first two years.

Market Cap \$161m.

WDS up 5 cents to \$1.115

MID TO SMALL RESOURCES

*ABY: Trading halt, investigating possible ground subsidence at Nifty

Aditya Birla Minerals Ltd asked for a trading halt pending the release of an announcement in respect of a possible ground subsidence at the Nifty underground **copper** mine.

Market Cap \$92m.

ABY untraded last at 29.5 cents

*AKK: Nominated for Rocky Mtn Exploration and Production Co of the yr

Austin Exploration Ltd announced the **company** has been nominated for the Rocky Mountain Exploration and Production **Company** of the year. The **company** has put a summary of the results and the judges' comments about the **company** on the night on its web page.

Market Cap \$22m.

AKK steady at 1.1 cents

*ALK: Tomingley **gold** mine officially opened by NSW Minister

Alkane Resources Ltd managing director Ian Chalmers announced its Tomingley **gold** mine was officially opened today by NSW Minister for Resources and **Energy** Anthony Roberts. The **gold** mine commenced **operations** on February 14 2014 with the first **gold** bar poured.

Market Cap \$106m

ALK down 4 to 28.5 cents

*BKP: Commences Supreme Court of WA action against Statoil, Petrofrontier

Baraka **Energy** & Resources Ltd executive chairman Collin Vost announced it has today commenced proceedings in the Supreme Court of Western Australia against Statoil and PetroFrontier to restrain action on the Default Notices and contest the validity of the 2014 Work Program and Budget for EP 127 and EP 128 joint ventures. Baraka also continues to work towards a negotiated solution. (StatOil 60% and operator, PetroFrontier 15%, BKP 25%). (Mar 20)

Market Cap \$6.68m

BKP untraded last at 0.3 cents

*CHZ: Up to 63.9gpt Au in near surface sampling at Kestanelik project, Turkey

Chesser Resources announced the first results from its 2014 sawcut sampling program at the Kestanelik **gold** project in north western Turkey. The program aims to further define the near surface high grade **gold** mineralisation and results will be used as part of the current resource update due in the June quarter.

Managing director Dr Rick Valenta said the results included 6.6m at 29.02gpt Au including 1.8m at 63.9 gpt Au and 12.35m at 8.07 gpt Au including 6.1m t 15.03 gpt Au.

Market Cap \$31m.

CHZ down 0.5 to 14 cents

*RMX: Defines extension on Lobo **mining** permit within Batangas **gold** project

Red Mountain **Mining** Ltd announced drilling and previous trenching has defined an extension to the high grade South West Breccia mineralised zone on its Lobo **mining** permit (MPSA) within the Philippines based Batangas **gold** project. The South West Breccia extension will be incorporated into a new mineral resource estimate for the project.

*RMX: Positive scoping study on Batangas **gold** project near Manila

Red Mountain **Mining** Ltd announced results of the Scoping Study into the viability of **mining** and processing **gold** resources at the Batangas project, 120 km south of Manila in the Philippines. The Scoping study has confirmed a projected life of mine revenue from **gold** sales at \$A134 **million** t a \$A1500/oz price, projected net cash flow including all capital and taxes of \$A40 **million** on no debt financing, production of 90,000 ozs of **gold** over a 4.5 year initial mine life,

low C1 cash operating cost of \$A769 per oz of **gold** recovered, capital cost of \$A16.7 **million** with potential 1.2 year payback.

Also over \$A8 **million** in royalties and taxes was budgeted to the Philippines government and local communities.

The scoping study was entirely based on open pit **mining** and carbon in leach processing of existing, high grade resources of which 90% of the resources to be mined are in the Indicated Mineral Resource category. (Mar20)

Market Cap \$11m

RMX down 0.3 to 1.6 cents

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