

HD Australian Stocks: What Happened Today?

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A fine tentative start was ambushed early on by news from Japan that they had technically entered a recession. A complete surprise given how high the Nikkei has been rising recently. Makes the BOJ move to pump even more money into the economy look completely justified now in retrospect. Financials bore the brunt of the selling as investors moved their funds from banks to resources. The big four were down around 1% together with insurers and money managers like Macquarie Group Limited (A\$59.73, -1.0%), Platinum Asset Management Limited (A\$6.77, -0.7%) and Magellan Financial Group Limited (A\$14.35, -1.6%) whilst BHP Billiton Limited (A\$33.22, -0.1%), Rio Tinto Limited (A\$59.90, -0.2%), Newcrest Mining Limited (A\$9.34, +2.6%) and Fortescue Metals Group Ltd (A\$3.18, +4.3%) all bucked up.

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Gold stocks too were temporarily in demand with Regis Resources Limited (A\$1.465, +4.6%), Silver Lake Resources Limited (A\$0.255, +4.1%), Beadell Resources Limited (A\$0.24, +2.1%), Kingsgate Consolidated Limited (A\$0.67, +5.5%), Evolution Mining Limited (A\$0.53, -2.8%) and Alacer Gold Corp. (A\$2.18, +4.8%) all looking very good today. It was a tale of two markets though as Telcos fell led by Telstra Corporation Limited (A\$5.76, -0.7%) and TPG Telecom Limited (A\$7.71, -0.3%) although M2 Telecommunications Group Limited (A\$8.52, +0.8%) was strong again today. Healthcare stocks were also walloped today with CSL Limited (A\$78.72, -1.5%), Sonic Healthcare Limited (A\$18.51, -1.4%), ResMed Inc. (A\$5.86, -1.3%), Cochlear Limited (A\$71.45, -1.3%) and Unilife Corporation (A\$0.575, -4.2%) all falling in a heap.

Other industrials to benefit from lower fuel prices like Qantas Airways Limited (A\$1.80, +0.6%), Virgin Australia Holdings Limited (A\$0.40, +2.6%), McAleese, Aurizon Holdings Limited (A\$4.77, +0.4%) did well but **energy** stocks were weaker despite higher **oil** prices overseas over the weekend. Yancoal Australia Limited (A\$0.135, -3.6%), Origin Energy Limited (A\$13.42, -1.5%), Caltex Australia Limited (A\$31.45, -0.5%), New Hope Corporation Limited (A\$2.45, +0.4%), Woodside Petroleum Limited (A\$39.10, -0.9%), **Oil** Search Limited (A\$8.10, -1.1%) and Origin Energy Limited (A\$13.42, -1.5%). Consumer stocks continue to weigh, Coca-Cola Amatil Limited (A\$9.38, -0.1%), Wesfarmers Limited (A\$43.78, -0.7%), Woolworths Limited (A\$33.46, -0.8%), Treasury Wine Estates Limited (A\$4.52, -2.6%) and Metcash Limited (A\$2.87, -1.0%) all lower.

Smiling happy people holding hands included Northern Star Resources Ltd (A\$1.155, +6.9%), Oceanagold Corporation (A\$2.19, +5.8%), Regis Resources Limited (A\$1.465, +4.6%), Tassal Group Limited (A\$3.89, +3.7%), Panaust Limited (A\$1.67, +2.5%), Western Areas Limited (A\$4.51, +3.0%) and bouncing back hard UGL Limited (A\$5.28, +2.9%). Small cap winners included #PGR#, Nextdc Limited (A\$2.16, +4.3%), FAR Limited (A\$0.125, +4.2%), Atlas Iron Limited (A\$0.22, +7.3%) and McAleese. Putin-like Losers included Sundance Energy Australia Limited (A\$0.89, -5.3%), Greencross Limited (A\$8.07, -5.1%), ALS Limited (A\$4.82, -4.6%), NIB Holdings Limited (A\$3.18, -3.9%) and Karoon Gas Australia Limited (A\$2.58, -4.4%) in the bigs whilst Aquarius Platinum Limited (A\$0.25, -5.7%), OM Holdings Limited (A\$0.35, unch), CVC Limited (A\$1.32, -5.7%) and Toro Energy Limited (A\$0.083, -6.7%) all struggled for traction. Volume was a healthy \$3bn for a Monday. Dollar trading around 87.82, Bitcoins at \$457 and **gold** at \$1186. In Asian markets the recession in Japan has taken some serious shine off things with the Nikkei down 2.2%, Hongkongs down 0.47% whilst Shanghai was up 0.66%.

In the final countdown the ASX 200 closed down 42 points at 5412 as we continue to test the downside of the range. Highs of 5460 and a low at 5406. Only 50 odd points above wiping out all the gains for the year again!

Stocks and Stories

Pacific Brands Limited (A\$0.495, +2.1%) today confirmed it is in discussions to break up and sell its Brand Collective division, which owns Volley and Grosby shoes and holds licences for clothing brands Superdry and Mossimo.

Vocation Ltd announced today that they had moved to restructure the business, however doubts remain as the vast majority of their income comes from the Victorian Government and we know what governments are like and there is an election soon!

Tassal Group Limited (A\$3.89, +3.7%). Not sure what this means, but the market liked it nonetheless as the **company** received coveted certification from the Aquaculture Stewardship Council for being at "the forefront of responsible aquaculture practices". 50% now of Aussie Salmon is from these guys!

Japan's economy unexpectedly shrank an annualised 1.6 per cent in July-September after a severe contraction in the previous quarter, solidifying the view that PM Abe will delay a second sales tax hike next year. The preliminary figure for GDP compared with a 2.1 percent increase forecast by economists.

Tomorrow's News Today

Historic address from Xi Jinping to Parliament, shame we couldn't get Jackie Lambie to reply on behalf of the Government! Still Xi is strutting around like he owns the place. Oh that's right, he does!

After today's Japanese GDP number, bets are increasing that Abe will delay the next sales tax increase and go to the Polls. One of the problems is the sales tax increase was driving the inflation number that they want to get up too. Seems you can't always get what you want!

Glad the Global Growth Pledge is out from our glorious leaders in the G20. Not sure how they intend to get that growth but it's a courageous target Minister!

Hats off it seems to Andrew Robb and the trade negotiators on the imminent signing of an FTA with **China**. Good work. Maybe will work for us, not sure the US FTA has delivered that many benefits but I could be wrong!

Portugal's interior minister has resigned following an investigation into alleged corruption linked to the allocation of residence permits. There should be a job waiting for him at FIFA! Or with Eddie!

This could get interesting. More than a trillion euros of government **bonds** may have to change hands if Zombie regulators press ahead with ambitions to toughen rules governing banks' sovereign debt holdings. A limit on banks' exposure to their own government's debt could prompt a €1.1tn rebalancing of euro area sovereign debt portfolios, mostly away from banks' home governments, according to a report which suggests that the Germans have the biggest issue followed by the Italians. Plus ça change, plus c'est la même chose.

So with Japan in a recession, Europe so close it almost is and **China** falling into a hole, the glamour economy is the US. But for how long?

That is all.

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CO bdllrs : Beadell Resources Ltd | bkhlp : BHP Billiton Ltd | craaus : Rio Tinto Ltd | jowell : Regis Resources Limited | kincol : Kingsgate Consolidated Ltd | mcqbnk : Macquarie Group Limited | newmoh : Newcrest Mining Ltd | peamag : Magellan Financial Group | pltasm : Platinum Asset Management Ltd | slvkrc : Silver Lake Resources Ltd | bltplc : BHP Billiton PLC | nphlau : New Privateer Holdings Ltd | rtz : Rio Tinto PLC

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