

HD RECOVERS ABOUT 1/3RD OF YESTERDAYS LOSS AT MIDDAY

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The S&P/ASX200 is up 24.8 points to 5318.8 at midday on light volume worth \$1.2 **billion**. There are 485 issues higher and 3897 down. The SPI Futures is up 21 points to 5318 on light volume of 5950 contracts. Aussie 10 year bond yields are steady at 4.12%. The \$A is up about 10 points from early levels to 90.54US c.

*The banks have contributed 6 positive points to the index, insurers have contributed 1.9 positive points, resources have contributed 5.4 positive points, **property** trusts have contributed 0.7 positive points, retailers have contributed 1 positive point and Telstra has contributed 1 positive point.

The Nikkei Dow futures is up 170 points to 14,300 points, Shanghai CSI physical is down 5.66 points to 1987.82, Hang Seng futures is up 60 points to 21,210 points. S^P futures is down 1.1 points to 1865 points, Nasdaq futures is down 1 point to 3690.5 points, Dow futures are down 7 points to 16,258 points.

Spot **gold** is up \$6 to \$1333. Crude is down 34c to \$98.56.

A bit of a relief rally after yesterday's 60 point fall has lifted assorted stocks, but the market overall is very quiet with investors sitting on their hands ahead of the weekend.

"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

*IIN is up 15c to \$7.75 on 190,000 shares also the report below.

*Metcash is down 30c to \$2.85 on 18.3m shares on the report below.

*Westfield is up 9c to \$10.31 on 1.3m shares on the report below.

*Cochlear rose \$1.19 to \$57.779 on 147,211 shares, also report below.

Among the financials, AMP is up 5c to \$4.90 on 1.77m shares, ANZ has gained 3.5c to \$32.15.5 on 869,366 shares, CBA is up 29c to \$75.26 on 570,550 shares, NAB has gained 3c to \$34.44 on 845,467 shares. Westpac is up 27c to \$33.51 on 915,918 shares.

Among the TMT's Telstra is up 1.5c to \$5.00.5 on 6.7m shares, Telecom NZ is down 1c to 42.24 on 397,575 shares, SingTel is down 2c to \$3.04 on 341,488 shares.

Among the resources BHP is up 30c to \$35.50 on 1.34m shares, RIO is 47c higher at \$61.27 on 387,944 shares. Fortescue is up 4.5c to \$4.94.5 on 7.6m shares, Atlas is steady at 92.5c on 3.9m shares, BCI is up 2c to \$4.79 on 7.7m shares. Paladin is up .2c to 52.2c on 1.7m shares.

Among the oils, Woodside is up 26c to \$38.07 on 338,980 shares. Santos is up 21c to \$13.32 on 630,331 shares, **Oil** Search has gained 2.5c to \$8.59.5 on 834,992 shares.

Among the golds, Newcrest is up 21c to \$10.82 on 3.4m shares, Perseus is up 1.7c to 47.2c on 4.3m shares, Alacer is down 11c to \$3.04 on 446,876 shares. Kingsgate has gained 5.5c to \$1.03 on 1.75m shares.

AT THE SMALLER END

*McAleese is up 7.5c to 57c on 594,291 shares.

*Crowe Horwath gave back 2.5c to 31.5c on .2m shares after yesterday's announcement.

NEWS OF THE DAY

*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 transmits 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 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%.

*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.

*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.

*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)

*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)

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 hld. 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)

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)

*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.

*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)

*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.

MID TO SMALL RESOURCES

*ABH: 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.

*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.

*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)

*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 at 15.03 gpt Au.

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