

HD MARKET BARELY HIGHER AT MIDDAY, EXACTLY AS EXPECTED

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The S&P/ASX200 is up just 3.3 points to 5455.8 at midday on average volume worth \$1.5 **billion**. There are 506 issues higher and 343 down. The SPI Futures is down 3 points to 5411 on light volume of 7531 contracts. Aussie 10 year bond yields are down 2 points to 3.52%, the \$A is at 94.07US c, down a few from early levels.

*The banks have contributed 3.2 negative points, insurers have contributed 0.9 negative points, resources have contributed 2.2 positive points, **property** trusts have contributed 0.9 positive points, retailers have contributed 0.7 negative points, Telstra has contributed 0.2 positive points.

*The Nikkei Dow futures is down 30 points to 15,270 points, Shanghai CSI physical is up 0.47 points to 2039.08, Hang Seng futures is up 56 points to 23,215 points, S&P futures is down 1.4 points to 1965.80, Nasdaq futures is down 1.75 points to 3883.75, Dow futures is down 13 points to 16,900 points.

00 points.

Spot **gold** is up \$1 to \$1330. Crude futures is down 38c to \$101.91.

China's exports rose 7.2% in June from a year earlier, the Customs administration reported today in Beijing vs up 10.4% expected.

Imports rose 5.5% leaving a \$31.6 **billion** trade surplus.

Our market traded in subdued fashion at midday, enlivened by stock specific takeover talk but with **China**'s export numbers coming in below expectations and our jobless numbers failing to inspire.

"Ceiling will be 5480. Floor will be 5435. Close at 5455, up 2.5 points"

Daniel Goulding, the author of "The Sextant Market Report" said, "Our market looks set to open higher with the local futures contract up 10 points.

"While yesterday's decline was unexpected, it was not a total surprise given that volatility usually increases in a significant manner leading into an important top. "There were two important developments yesterday.

"First, our market closed the second gap up on the daily chart for the rally that commenced 1-July-2014, which would not have occurred if it was an initiation of a strong market advance.

"The other, perhaps more important, development was the Aussie 10-year bond yield printing a new low.

"Something is spooking our bond market in a big way, which arguably has not been discounted in the price of most Aussie equities.

"One could argue the decline in Aussie bond yields is simply a function of a global reach for yield or perhaps a flight to safety. From an intermarket viewpoint however, the predominant explanation is subdued economic growth expectations.

"Is this the catalyst for a correction in the banks? Only time will tell.

"But none of this matters for today. The ceiling will be 5480. The floor will be 5435. When the dust has settled, the market will have closed at 5455, up 2.5 points'.

The S&P/ASX200 closed down 58.4 points to 5452.5 last evening.

ECO NEWS

PART TIME INCREASES, FULL TIME DECREASES, UNEMPLOYMENT, PARTICIPATION RATE UP

For the month of June the ABS reported in trend terms, employment increased to 11,582,400. Unemployment increased to 728,500. The unemployment rate remained steady at 5.9%. Participation rate remained steady at 64.7%.

Aggregate monthly hours worked increased 2.4 **million** hours (0.1%) to 1,613.1 **million** hours.

Seasonally adjusted employment increased 15,900 to 11,578,200. Full-time employment decreased 3,800 to 8,062,500 and part-time employment increased 19,700 to 3,515,700.

Unemployment increased 20,300 to 741,700. The number of unemployed persons looking for full-time work increased 10,000 to 543,000 and the number of unemployed persons only looking for part-time work increased 10,300 to 198,600.

The unemployment rate increased 0.1 pts to 6.0%.

Participation rate increased 0.1 pts to 64.7%.

Aggregate monthly hours worked increased 15.1 **million** hours (0.9%) to 1,629.1 **million** hours.

TOP STOCKS

*Navitas has regained 18c to \$5.04 on 4m shares.

*Ramsay Health is down 29c to \$45.21 on 257,937 shares.

*Envestra is steady at \$1.36 on 1.25 **million** shares - asks shareholders to take no action while it is considering the Takeover Panel decision, below.

*Syrah was up 80c to \$5.09 on 962,000 shares ahead of asking for a trading halt, also report below.

Among the financials, AMP is down 1.5c to \$5.31.5 on 1.34m shares, ANZ is down 10.5c to \$33.07.5 on 1.6m shares, CBA has shed 17c to 480.62 on 913,439 shares, NAB is up 8.5c to \$33.35.5 on 1.5m shares, Westpac is down 15c to \$33.70 on 1.4m shares.

Among the TMT's Telstra is up 1c to \$5.30 on 4.8m shares, Telecom NZ is up 1c to \$2.51 on 683,265 shares, SingTel has gained 1c to \$3.30 on 87,633 shares.

Among the resources BHP is up 13c to \$37.38 on 3.15m shares, RIO is up 41c to \$62.55 on 571,046 shares. Fortescue is down 2c to \$4.36 on 7.6m shares. Atlas **Iron** is down 3c to 62.5c on 14.5m shares. Western Areas is up 18.5c to \$5.07.5 on 753,574 shares.

Among the oils, Woodside is up 18c to \$41.43 on 550,563 shares. Santos is up 3c to \$14.07 on 1.4m shares. **Oil** Search is up 5.5c to \$9.52.5 on 1.4m shares. Karoon is up 9.5c to \$3.12.5 on 554,004 shares.

Among the golds, stocks are mostly higher. Newcrest is up 33c to \$11.18 on 2.4m shares, Northern Star is up 7.7c to \$1.58.2 on 3.7m shares, Regis is up 6c to \$1.84 on 2.8m shares, Evolution is up 4.5c to 83c on .5m shares. Oceana has gained 9.5c to \$3.44.5 on 244,565 shares.

AT THE SMALLER END

*Triton is up 8c to 57c on 11.6m shares on reports that Glencore will pay up to \$2 bln to acquire Syrah.

*Reed Resources is up 1.1 to 3.1c on 102m shares, presumably on the broker report in London.

*Otto **Energy** is down .5c to 9.5c on 6.25m shares, also quarterly report yet to be entered apologies.

NEWS OF THE DAY

LARGE CAP INDUSTRIALS

*ALZ: Fraser Amethyst has received FIRB approval for its takeover

Fraser Amethyst Pte Ltd announced it has received FIRB approval for the takeover of Australand **Property Group**. (Jul 9)

*BLY: Potential proposals for recap on foot/half yr may be below analyst expect

Boart Longyear Ltd in response to the ASX query on its share price fall said it may be due to speculation in the Australian media beginning on July 8 that the strategic review announced by the **company** in February 2014 has been unsuccessful in identifying options to recapitalise the **company** or refinance its debt and as such the **company** is headed into administration. This speculation is incorrect, the **company** continues to engage with a number of third parties on a range of potential proposals.

The **company** also expects with trading conditions remaining weak and challenging, the half year results could differ materially from current market consensus estimates. (Jul 9)

*MTS/WES: ACCC calls for comment on Coles **acquisition** of Supa IGA stores

The Australian Competition and Consumer Commission has released a Statement of Issues outlining potential competition concerns with the proposed **acquisition** of four Progressive Supa IGA stores by Coles Supermarkets Australia Ltd from Progressive Trading Pty Ltd. Metcash has a 45% interest in Progressive Trading.

*ENV: Takeovers Panel declined to conduct proceedings at this stage

Envestra Ltd advised the Takeovers Panel has declined to conduct proceedings on an application dated July 1 from Envestra Ltd in relation to its affairs. Envestra is the subject of a conditional off market takeover bid by CK ENV Investments Pty Ltd a member of the CK Consortium.

Envestra shareholders will be entitled to a final dividend of up to 3.5c provided that the dividend is declared on or prior to August 21 2014 without any reduction in the consortium offer price of \$1.32 per share. CK ENV's offer will close on August 8 2014 unless extended.

While at this stage the Panel considers no unacceptable circumstances have arisen, the Panel considers the statement in the May 30 2014 announcements may be a statement to which truth in takeovers policy applies. If in future the statement was departed from the Panel considers that a fresh application could be made. The Sitting Panel was Peter Day, Rod Halstead (sitting President) and Ron Malek. (Jul 9)

*FDC: Valuation increase of approx 5.6% or \$231.3m for portfolio

Federation Centres confirmed that as a result of preliminary **property** valuation results to June 30 FDC recorded a valuation increase of approximately 5.6% or \$231.3 **million** on its directly owned portfolio over the full year.

For June 30 2014 30 of FDC's 63 properties or 39.4% by value were independently valued with the remaining properties subject to directors' valuations.

Full table was provided. (Jul 9)

*FXJ: Acquiring online **property** portal in ACT for \$50 mln

Fairfax Media Ltd announced The Domain **Group's acquisition** of Canberra based online **property** portal All Homes Pty Ltd, subject to regulatory approval. Total consideration is expected to be \$50 **million**.

*GNC: Takes 10% **stake** in Five Star Flour Mills, in Egypt for approx \$A10M

Allhomes was founded in 2000 and is the leading real **estate** advertising **site** in the ACT and surrounding areas in regional NSW.

GrainCorp Ltd announced it has taken a 10% **equity stake** in leading Egyptian flour miller Five Star Flour Mills. The **stake** has a value of approximately \$A10 **million** and will be funded from existing cash reserves. The **stake** provides GNC with the right to appoint a director to Five Star's **Board**.

GrainCorp exec chairman and interim CEO Don Taylor said in the report five Star is Egypt's leading private flour miller and one of GNC's longest standing customers. GNC has great respect for their professionalism, innovation and the high quality of their milling assets.

*LEI: Kirstin Ferguson appointed independent, non exec director

Leighton Holdings Ltd announced the appointment of Kirstin Ferguson as an Independent, non exec director, effective immediately.

Ms Kirstin's experience includes non exec directorships of Dart **Energy** and chairman of the Thiess Advisory **Board**. She previously CEO of a **mining company** and a director of corporate services in an international law **firm**.

*TCL: Jun qtr proportional toll revenue up 11.8%/update on projects

Transurban Ltd announced for the June quarter on a statutory basis toll revenue increased by 13.1% to \$234.1 **million** vs the prior corresponding period (pcp). Proportional toll revenue which Transurban believes is the most accurate reflection of the portfolio's performance, increased by 11.8% from the pcp to \$286.7 million.

For the financial year ended June 30 on a statutory basis toll revenue increased by 13.1% to \$906.5 **million** vs the pcp. Proportional toll revenue increased by 12.6% to \$1.116.7 **billion** vs the pcp.

Operational highlights for the quarter included Transurban and its bid partners reaching financial close on the **acquisition** of Queensland Motorways assets and concessions, traffic and toll revenue reporting will commence in the Septemebr quarter results.

*Transurban reached financial close on the acquisiton of the Cross City Tunnel concession on June 26.

Transurban announced on April 28 it had reached an in principle agreement with the Victorian Government for a major coordinated upgrade to the western section of CityLink, the Bolte Bridge-West Gate Freeway interchange and the Tullamarine Freeway6. The project is still subject to the State and TCL reaching final agrement on terms.

Construction of the M5 West Widening project is on schedule and on budget, full lane availability is epxected in October.

In the US, TCL's ownership of 495 Express Lanes increased from 67.5%to 94%. TCL has transferred ownership of Pocahontas 895 to lenders and has no further interest in the asset, in Ap[ril 2014 TCL acquired 107% of 495 Express Lane and 95 Express Lanes for \$US44 **Million**. In June TCL completed the capital restructure off he 495 Express Lanes, contributing the **equity** investment o approximately \$US280 **million** announced in February 2014.

LARGE CAP RESOURCES

*ERA: No production in June qtr, processing restarted on June 5

Energy Resources of Australia in its quarterly report announced production for the half year has been Nil, with a progressive restart of the Ranger processing plant commencing on June 5.

Following the recommencement of processing **operations** 46,000 tonnes of **ore** were milled in June. Progression to full processing capacity is expected in the September 2014 quarter.

All other **operations** including Exploration Decline development and progressive rehabilitation ofthe Ranger Project Area continued in the June quarter.

Infrastructure to enable the conversion of Pit 3 into a tailings repository will be installed in the second half of 2014.

Total evaluation expenditure for the June 2014 quarter was \$12 **million** cs \$6 **million** fort he previous quarter and \$1 **million** for the corresponding quarter in 203. During the June 2014 quarter the evaluation expenditure related to the Ranger 3 Deeps underground mine Prefeasibility study.

*KCN: Geoff Day appointed CEO

Kingsgate Consolidated Ltd announced the appointment of Geoff Day as CEO. Mr Day was previously EGM Sustainability and External Affiars for Newcrest **Mining** Ltd. Mr Day has a Masters degree in Applied Science (Chemistry) from Monash University and has spent the past 29 years involved in the **mining** industry working with various **mining** companies including OK Tedi **Mining** Ltd, Lihir Managment **Company**, Rio Tinto, Kagara and Newcrest in a number of executive roles.

*NCM: New exec team for NCM/Geoff Day leaves to become CEO of KCN

Newcrest **Mining** Ltd managing director and CEO Sandeep announced the composition of the new executive team including Sandeep Biswas as MD and CEO, Gerard Bond, Finance Director and CFO,

David woodall exec GM International **operations**, Craig Jones, exec GM Australian operaitons and projects, Colin Moorhead exec GM Minerals, general council and **company** secretary Francesca Lee.

Executive GM Human Resources and Communications Jane Thomas will join after she completes her notice period with AGL. Debra Stirling, previously exec GM People and Communications left the **company** on July 4 to pursue other opportunities.

Exec GM Sustainability and External Affairs Geoff Day will leave Newcrest in the current quarter to take up his role as CEO of Kingsgate Consolidated. The role will not be replaced.

Phil Stephenson will join NCM on August 18 to take up the role of GM Health Safety Environment and Security.

Mr Biswas paid tribute to Geoff and Debra.

*NST: Qtr prod well above guidance, cash in hand \$82.3m, outlook positive

Northern Star Resources Ltd advised it has beaten its June quarter production guidance by a substantial margin. Production as measured by **gold sold** from the Paulsens, Plutonic, Kundana and Kanowna Belle projects totalled 115,819 ozs in the three months to June 30.

At the time of acquiring the Plutonic, Kundana and Kanowna Belle assets NST provided guidance that total production would run at the rate of 350,000 ozs p.a.

While the ounces produced from Jundee are not attributable in the quarter due to the handover occurring on July 1, the combined total would equate to 191,209 ozs for the June quarter.

At the time of announcing the Jundee **acquisition** NST had provided guidance that total production including Jundee would rise to 550,000/600,000 ozs p.a.

Northern Star had \$82.3 **million** in cash at June 30 vs \$67 **million** at March 31. This number comes after paying out \$16.4 **million** in abnormal expenses.

NST managing director Bill Beament said the **company** is well on track to becoming the second largest and one of the most profitable ASX listed **gold** producers with the scale and asset diversity demanded by global institutions. (Jul 9)

*RSG: 2014 prod slightly below guidance/2015 prod lower, Syama will augment

Resolute **Mining** Ltd in an update on its full year production for 2014 and guidance for 2015 said **gold** production for 2014 of 342,773 ozs was broadly in line with guidance of 345,000 ozs. Cash costs of \$A922/oz subject to any audit adjustment are expected to be marginally above guidance of \$890 per oz. The actual average exchange rate for 2014 of \$A1/\$US0.916 was lower than the assumed rate, which had a negative impact on the cash costs when reported in Australian dollars.

Guidance

Consistent with expectations production for 2015 is expected to be lower than 2014. **Group gold** production for 2015 is forecast to be 315,000 ozs at a cash cost of \$890/9z with the lower production impacted by the conclusion off he Golden Pride mine in Tanzania after 15 years of production and slightly lower grade **ore** being expected at the Ravenswood mine in Queensland in line with the Life of Mine Plan.

Resolute will benefit from increased production at the Syama mine in Mali from the new parallel oxide processing plant expected to be commissioned in January 2015, partly offsetting the falls.

The **company** continues to generate solid cash flow from **operations** and has balance sheet capacity to fund planned expansion and exploration programs. (Jul 9)

*SYR: Trading Halt/Glencore understood to have made offer up to \$2 bln for Syrah

Syrah Resources Ltd has asked for a trading halt pending an announcement on a price query.

Fairfax media reports say Swiss commodities giant Glencore is understood to have made an informal approach to Syrah Resources that could value the graphite and vanadium junior at up to \$2 **billion**.

Melbourne-based Syrah's prized asset is the mammoth Balama graphite and vanadium deposit in northern Mozambique.

MID TO SMALL INDUSTRIALS

*ALA: \$250,000 cash for 15% **stake** in world first facial pain recognition APP

Applabs Ltd announced it has invested \$250,000 in cash to acquire a 15% **stake** in Electronic Pain Assessment Tool (ePAT) , a world first 3D facial recognition for the assessment of pain targeted at non communicative people. Curtin University is the major shareholder with 32.5%.

A development contract has been executed with nViso based in Switzerland who are one of the leading 3D facial imaging and emotion software companies.

EPat is to launch an Android version in November 2014.

*DDT: Major US utility Xcel subsidiary to combat **copper** theft with DDT tech DataDot Technology Ltd announced Southwestern Public Service **Company**, an Xcel **Energycompany** has adopted DDT's metal theft solution to combat **copper** and other metal theft from its power grid in North Texas and Eastern New Mexico.

Xcel **Energy** is the largest supply of **wind** power in the US, a substantial supplier of hydro and bio mass generated electricity and operator of two nuclear power plants.

Southwestern Public Service **Company** president and CEO David Hudson said in the report, "**Copper** theft from our substation and distribution facilities has reached epidemic levels and is costing the community dearly.. Our decision to reduce industrial theft by marking its assets with DataDots reflects the **company's** determination to put criminals on notice and to provide safe and reliable services to its customers.

DDT executive chairman Bruce Rathie said the decision by industry leader Xcel **Energy** is a major milestone in broadening the application of its products to industry.

*FRI: Record NPAT for 8th consec year/div 6c ff, DRP at 3% disc/record cash

Finbar **Group** Ltd managing director Darren Pateman advised it is forecasting a full year profit after tax of approximately \$36 **million** for the financial year ended June 30 2014, up 15% over last year's record profit and the **company's** 8th consecutive year of profit growth.

Finbar has also completed the financial year with a record financial year end cash position of approximately \$61 **million**, ensuring the **company** is well capitalised to fund current projects and actively identify new projects by recycling capital from the settlement of completed projects. Finbar is preparing to launch the sales of two major metropolitan projects (Concerto and Unison on Tenth) this month with a combined end project value of more than \$290 **million**.

A final 6c fully franked dividend was announced following 4c paid for the half year. The DRP is in operation at a 3% discount.

*IDZ: Revenue \$1.2 mln, loss of \$1.9/2.1 mln on startup costs/early sales

Indoor Skydive Australia **Group** Ltd advised it expects operating revenue for the year ended June 30 to be approximately \$1.2 **million** on excellent customer flight throughput and exceeds management's expectations since full **operations** commenced.

The expected EBITDA from the tunnel **operations** will be in the vicinity of \$400,000 including a number of one off costs associated with the testing, commissioning and staff engagement prior to the opening of the facility to the public on April 26.

EBITDA will be a loss in the range of \$1.9/2.1 **million**. The final net profit/(loss) result will be affected by the accounting treatment of the \$Exclusive Jint Territory Agreement with iFly Australia Pty Ltd performance rights issued following shareholder approval on November 27.

*NXT: Added to Australian Govt Data Centre Facilities Supply Panel for 5 yrs +

NEXTDC Ltd announced its admission to the Australian Government Data Centre Facilities Supplies Panel administered by the Department of Finance on behalf of the Commonwealth.

Admission to the Panel enables NEXTDC to contract with Australian Government departments and agencies for the supply of data centre services at any of its five co-location facilities. The Panel arrangement will be in place for an initial period of five years with options for further periods of up to 5 years. (Jul 9)

*SOM: To start marketing own products, in West Europe, begins with Italy

SomnoMed Ltd announced it has signed agreements with its Italian service and distribution partner to take over control of the marketing and distribution of its products in Italy from September 1. This is the final step for SomnoMed in taking control and building its own marketing and sales organisation in all Western European markets.

*SPZ: Adelaide Uni the 3rd Australian Uni to sign contract for car parking

Smart Parking Ltd advised Flinders University Adelaide has elected to use its car parking technology products and software. The contract provides for the installation of 48 car counters and 150 vehicle detection sensors plus wireless parking directional and information signage at Flinders University car parks. In addition, the **company** will provide parking data and maintenance on agreed **commercial** terms for an initial term of 5 years.

The university has approximately 4,800 parking spaces and scope exists to expand this initial instalment. This follows recent contract awards to two other Australian universities. (Jul 9)

*TTN: EBIT of around \$18.5m, up on 2013 but below f/cast/outlook positive

Titan **Energy** Services Ltd announced it expects EBIT in the order of \$18.5 **m** for the year to end June, up above the \$14.5m EBIT for 2013 but lower than the targeted range for 2014 of \$19.5/21m.

Second half profit was affected by the late start of an important camp servicing contract that only commenced in late May, that will contribute to the 2015 year result, and also lower camp room rates in the CSG sector. Plus the unexpected cancellation of a drilling contract for Atlas Rig 3.

Guidance

Managing director Jim Sturgess said the **company** will provide guidance on its growth target for 2015 when audited 2014 results are released in August.

MID TO SMALL RESOURCES

*GUF: Fully u/writ 1 for 18.284 issue + free attach option on 1 for 1 basis at 6c

Guildford **Coal** Ltd announced a fully underwritten non renounceable entitlement offer of 1 new share for every 18.284 shares to raise \$2.5 **million** with free attaching options on a 1 for 1 basis exercisable at 6c. Ex date is July 14, record date is July 16.

*LOM: Diamonds from 2 kimberlite pipes type 2Agems, among world's rarest

Lucapa Diamond **Company** Ltd announced it has now recovered 12 kimberlite diamonds from preliminary surface sampling of priority kimberlite pipes at the Lulo Diamond Concession in Angola. Four diamond bearing kimberlite pipes have been identified at Lulo so far. Six Lulo kimberlite diamonds from two pipes are confirmed as Type 2A gems, among the world's rarest. Preliminary testing of priority kimberlite pipes at Lulo is ongoing. (Jul 9)

*LTX: To become backdoor listing for Mpire Media/cap raising, consolidation

Lithex Resources Ltd (changing direction) advised it has entered into an agreement to acquire the Mpire Media business an established performance based marketing business at the vanguard of internet marketing technology (Mpire) .

Mpire has a skilled management team led by CEO Luke Taylor.

Associated with the **transaction** will be a financing package consisting of a prospectus offer to raise a minimum of \$3.5 **million** at 20c per share, a placement to new sophisticated investors to raise up to \$283,000 at 2c per share pre consolidation, to be led by DJ Carmichael Pty Ltd, a rights issue underwritten by CPS Capital **Group** Pty Ltd to raise up to \$542,000 before costs at 2c per share, pre consolidation and a secured loan for up to \$1.2 **million** to be provided in tranches to LiveLynk **Group** Pty Ltd **b**y Lithex to fund initial growth.

*RDR: Research report by London investment bankers

Reed Resources has tabled a research report from London based investment bankers Halgarten & **Company**.

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