

**HD MARKET REGAINS SOME OF YESTERDAY'S LOSSES AT MIDDAY**

**BY** Jenny Prabhu

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The S&P/ASX200 is up 18.4 points to 5343.3 at midday on light volume worth \$1.2 **billion**. There are 431 issues higher and 359 down. The SPI Futures is up 3 points to 5307 on light volume of 5946 contracts.

\*The banks have contributed 10 positive points to the index, resources contributed 8.9 negative points, **property** trusts contributed 0.7 positive points, retailers contributed 3.3 positive points and Telstra contributed 0.5 positive points.

\*The Nikkei Dow futures is down 90 points to 15,879, Shanghai CSI physical is down 12.22 points to 2033.49, Hang Seng futures is down 63 points to 22,615 points, S&P futures is up 1 point to 1822, Nasdaq futures is up 4 points to 3521, Dow futures is up 12 points to 16,376 points. **Gold** futures are up \$1.80 to \$1239.80. Crude futures is up 20c to \$93.63.

\*Reuters reports the Indian government is mulling easing the import duty on **gold**, with a decision likely to be taken this month.

India imposed the curbs last year when overseas **gold purchases** - the country's second most expensive import after **oil** - pushed its current account deficit to a record and undermined the rupee currency.

With three duty hikes last year to a record 10 percent and onerous restrictions tying **purchases** to exports, official arrivals shrank almost 90 percent in the six months to November, helping **China** displace India as the world's top **gold** buyer.

Our market has regained much of yesterday's loss at midday with Asian markets generally higher, but trade is quiet and there are few highlights so far.

"Near term support at 5300, resistance at 5335. I will call it down 5 points"

Ben Faulkner, a senior adviser at Morgans said, "The S&P 500 again had a slight pull back last night. The uptrend remains in tact and it is still trading above the 20 day moving average but is coming close to testing it, which now sits at 1817. A break of that level would be short term bearish. Support is likely at 1800. It's worth keeping an eye on 1817.

"The Shanghai market has failed again in its test of the resistance level of 2250 and broke down right back to 2100, which was proving good support, as it did in Oct/Nov last year. That has now broken down also. The chart there is short and medium term bearish. With 2050 broken yesterday it looks set to test support at 2000 even. A break of 2000 even will test the lows of last year at 1950.

"**Gold** is in a short, medium and long term downtrend. It has had a bit of a short covering bounce as it did a couple of times last year but the downtrend is still on track. The 20 day moving average is at \$2019, which will likely be short term support. Resistance is at \$1250. There is no confirmation of a short term break out ahead until we see a weekly close above \$1260. It's a bit of a dead cat bounce for **gold** at present.

"The XJO after consolidating last week rolled over negatively yesterday. We broke the two levels of support. There is still plenty of room to pull back to the 20 day moving average at 5225. The RSI looks as if it is losing momentum as well.

"Support now is at 5300 even. A break of 5300 will probably see us head down to 5250 and 5225 over the coming week.

"Intra day support is at 5300. The next level is 5285. Resistance now for the day is at 5335. The next level of resistance is 5345.

"For the day, after quite a decent sell off yesterday, I will call the market down 5 points".

The S&P/ASX200 closed down 25.2 points to 5324.9 last evening.

#### ECO NEWS

\*Australia's trade deficit narrowed more than expected in November, as imports fell while exports remained flat.

The trade deficit reached a seasonally adjusted \$118 million in November, falling from a revised \$358 million gap in October. Economists were forecasting a deficit of \$300 million.

During the month, exports were flat, while imports were down 1%.

#### TOP STOCKS

\*Lynas is up 1.7c to 30.7c on 18.9m shares on the report below.

Among the financials, AMP is up 2.5c to \$4.39.5 on 1.89m shares, ANZ has gained 19c to \$32.18 on 1.44m shares, CBA is up 52c to \$78.12 on 945,952 shares, NAB is up 19c to \$34.74 on 965,110 shares, Westpac is up 18c to \$32.30 on 1.4m shares.

Among the TMT's Telstra is up 1.5c to \$5.28.5 on 9.1m shares, Telecom NZ is down 1c to \$2.14 on 285,027 shares, SingTel is down 2c to \$3.13 on 244,411 shares.

Among the resources BHP is down 27c to \$37.29 on 1.68m shares, RIO has shed \$1.34 to \$66.41 on 1.17m shares. Fortescue is down 24c to \$5.47 on 9.1m shares, Atlas is down 9c to \$1.07 on 18.7m shares, Alumina is down .3c to \$1.11.2 on 2.7m shares, OZL is down 7.5c to \$3.16.5 on 274,005 shares.

Among the oils, Woodside is up 19c to \$37.89 on 581,639 shares. Santos is up 12.5c to \$14.45.5 on 554,093 shares, Oil Search is up 8c to \$8.11 on 891,892 shares, Karoon regained 3c to \$4.16 on 246,957 shares.

Among the golds, Newcrest is down 20c to \$8.42 on 1.67m shares, Medusa is down 2c to \$2.21 on 500,217 shares, Alacer is down 6c to \$2.42 on 128,632 shares with stocks down across the board.

#### AT THE SMALLER END

\*Boart is up 2c to 46c on 3.47m shares, also report below.

\*NuCoal Resources is up 1.8c to 3.5c on 12.9m shares, no immediate explanation.

\*TZ is up 1.5c to 14c on 717,102 shares on the report below.

\*Metaliko is up 1.4c to 2.4c on 1m shares after announcing the agreement to acquire the Bronzewing Gold Project in Western Australia, report to be entered..

#### NEWS OF THE DAY

\*Iron Ore fell 20c to \$134.280/fell 66c to \$A150.30 last night.

Ex div: ALR ex 1.8c

#### LARGE CAP INDUSTRIALS

\*DXS/GPT/GWOF/CPA: GPT/DXS MOU on certain, mostly Melb, CPA assets

Further developments relating to Dexu's offer for CPA:

Dexus Funds Management Ltd as trustee of the Dexus Office Trust Australia with regard to the bidder's statement lodged by Dexus and Canada Pension Plan Investment **Board** on December 19 2013 for an off market takeover bid for all of the Units in the Commonwealth **Property** Office Fund, said as advised earlier today, the Dexus offer is now open for acceptance.

The Consortium notes CPA's target statement in which the independent directors of Commonwealth Managed Investments Ltd unanimously recommend that CPA Unitholders do not accept the GPT offer because among other things the Dexus offer is superior to the GPT Offer.

Proposed asset sales to GPT Wholesale Office Fund (GWOF):

In circumstances where it acquired a relevant interest of 90% or more of CPA Units, the Dexus consortium will offer GWOF the opportunity to **acquire** on market terms certain CPA assets including a 100% interest in 750 Collins Street Melbourne and 50% interest in 2 Southbank Boulevard Melbourne.

In addition the parties have agreed that GPT Funds Management will also have the opportunity to **acquire** a further two CPA assets, a 100% interest in 655 Collins Street Melbourne and a 50% interest in 10 Shelley Street Sydney. The aggregate value ascribed to these CPA assets is 4679 **million** with GWOF having the ability to **acquire** all or any of the assets. The CPA assets are offered for **sale** on an 'as is, where is' basis.

The MOU will include a call option in favor of GWOF and a put option in favor of the Consortium over each of the CPA assets. Terms of exercise were laid out.

GPT, GWOF enter into binding MOU with the Consortium

The GPT **Group** announced that GWOF and GWSCF have entered into binding memoranda of understanding with the Consortium and with CPPIB in relation to the **acquisition** of the CPA assets referred to above for a total **purchase** price of \$679 **million**, plus an offer for 50% of Northland Shopping Centre in Melbourne for \$505 **million** subject to a number of conditions including due diligence. The acquisitions are subject to the Consortium reaching compulsory **acquisition** in its bid for CPA.

GPT's bid remains open for acceptance until January 24 unless it is extended. (Jan 6)

## LARGE CAP RESOURCES

\*BDR: Record **gold** production, cash and bullion for December qtr

Beadell Resources Ltd announced record **gold** production at the Tucano **gold** mine in Brazil of 60,823 ozs, up 10.4% on the September quarter, reflecting the continued contribution of high grade **ore** from Duckhead. **Gold** recovered totalled 60,823 ozs and **gold** recovery was at 92%.

**Gold** recovered for the second half of 2013 was down 3.4% on guidance of 120,000 ozs to 116,000 ozs.

Total **gold ore**, waste and **iron ore** mined for the December quarter was 4.7 **million** tonnes compared to a forecast of 6.9 **million** tonnes (down 32%). This along with a slightly earlier onset of the wet season was the main contributor to the lower than forecast **gold** production.

C1 cash costs excluding the 1% royalty are yet to be finalised, but are expected to be close to the upper limit of the guidance range of \$US435/485 per oz for the second half of 2013. **Iron ore** credits will positively impact on these cash costs.

Cash and bullion as at December 31 totalled \$25 **million**.

**Gold** sales for the quarter were a record 64,131 ozs vs 43,529 ozs in the September quarter following the successful upgrade of the **gold** elution circuit completed in the previous quarter.

Managing director Peter Bowler said the **company** looks forward to continued contribution over coming quarters from Duckhead.

Full details will be released on or about January 23.

\*LYC: LAMP **commercial** production + sales of REO in Dec 3 times Nov total

Lynas Corporation Ltd in an update regarding the Lynas Advanced Material Plant (LAMP) in Malaysia said **commercial** production and sales of REO products increased in the December quarter. Total ready for **sale** production during the quarter was 741 tonnes on an REO equivalent basis, approximately three times the production of 253 tonnes in the September quarter.

A total of 409 tonnes of rare earth product was shipped to customers during the quarter, 87% higher than in the previous quarter. In addition most of the Cerium and Lanthanum borrowed in 2012 for the pre-seeding of the LAMP was produced and returned by the end of the quarter.

Despite significant rainfall in early December causing flooding and restricted access in and around the Kuantan city area, the Gebeng Industrial Estate in which the LAMP is situated was not directly affected by flooding.

Also in December, a Lynas Malaysia employee suffered a fatal heart attack while on site. The company expressed its deepest sympathy to the family. More detailed information will be provided in the December 2013 quarterly activities report, to be released on January 31. (Jan 6)

\*NZO/OXX/Other: Matuku-1 well in PEP 51906 offshore Taranaki update

New Zealand Oil & Gas and Octanex NL reported at 6 a.m. on January 6 the Matuku-1 well in PEP 51906 offshore Taranaki had been drilled to 3417m. 9.5/8inch casing has been run to 3409m and cemented. The current operation is running in 8.1/5 inch drilling assembly to commence drilling the next section to a planned total depth of 4754m.

OMV NZ (Operator) with 65%, Octanex 22.5%, NZO 12.5%. If Matuku-1 is successful, either NZO or OXX may exercise an option for NZO to acquire a further 5% of OXX share, which would equalise each company's interest at 17.5%.

\*NZO/OXX/Other: Octanex NL has been advised by OMV New Zealand Ltd, the operator of the offshore Taranaki Basin permit PEP51906 that a new 3D seismic survey has commenced in the permit. The new 3D seismic survey will complete and exceed the Year 5 work obligations of the Permit. OXX holds a 22.5% participating interest in the permit.

#### MID TO SMALL INDUSTRIALS

\*BLY: Jeffrey Olsen, ex Rio Tinto, to be CFO effective April 1

Boart Longyear Ltd announced Jeffrey Olsen will be joining the company as CFO effective April 1. Boart Longyear President and CEO Richard O'Brien said in the report Jeff has global experience in a broad range of senior financial and commercial roles with Rio Tinto and are a good fit for the company. He thanked Jay Clement for his leadership and judgement as Acting CFO.

Jeffrey Olsen was Chief Commercial Officer for Rio Tinto's Iron & Titanium business since 2010. Prior to that time he was CFO for Rio Tinto's Borax and Minerals divisions for approximately eight years, and held other financial roles at Rio for six years before that.

\*TZL: FBA Italy wins Italiane Poste tender for TZ's automated parcel lockers

TZ Ltd announced the Italian postal organisation Poste Italiane has awarded its automated parcel locker system tender to TZ's integration partner FBA Italy. As a result of the tender win TZ will supply Poste Italiane with their Smart Parcel Locker requirements for an initial 5 locker banks and associated software and integration services in a pilot program scheduled for deployment early in the new year and will train and support FBA Italy to undertake the maintenance and servicing of these lockers in operation.

\*WCB: Directors reject Murray Goulburn offer in Target's Statement

Warrnambool Cheese and Butter Factory Company Holdings Ltd in its Target's Statement in response to the off market takeover bid by Murray Goulburn Co-operative co Ltd of \$9.50 cash per share, unanimously recommended shareholders reject the Murray Goulburn offer.

#### MID TO SMALL RESOURCES

\*BKP/Others: Baraka Energy & Resources Ltd announced it has given notices to the Operator and Petrofrontier, the previous operator, disputing the validity of the 2014 work programs on each of the Permits EP127 and EP128 that will require to be resolved by arbitration under the relevant joint operating agreement (JOA) for each permit. Baraka holds a 25% participating interest in each JOA with Statoil holding 60% and PFC 15%. Statoil has farmed into PFC's interests on condition it funds PFC's share of exploration costs.

The Operating Committee under each JOA approved the 2014 work programs by a majority vote with Baraka abstaining. If contrary to Baraka's notice disputing their validity, the work programs are valid, Baraka has given notice that it will not contribute to their cost and will elect to dilute its 25% participating interest in each JOA.

If the work programs are valid, Baraka will remain a party to the JOA's with a reduced share.

\*GLM: Investee **company** Asia Minerals begins building manganese smelter

Gulf Mines Ltd announced Asia Minerals Corporation Ltd in which Gulf holds a major shareholding, has commenced building its manganese alloy smelter plant.

Asia Minerals also advised the first cargo which was programmed for shipping in December was delayed due to heavy rainfall cutting access to mine sites. Access has now resumed with the first cargo expected for shipping during the third week of January.

\*KFE: Completes Environmental & social study on **iron ore** project

Kogi **Iron** Ltd announced its 100% owned Nigerian operating **company** KCM **Mining** Ltd announced it has completed the Environmental and Social Impact Assessment for its 100% owned Agbaja **Iron Ore** Project has been completed on schedule.

\*PDM: Up to 2m at 11% Cu +1.85gpt Au in RC drilling at Ladies project

Paradigm Metals Ltd announced the **company** has completed a six hole RC drill program at three prospects for a total of 816m at its 100% owned Ladies project, 70 km west of Cloncurry.

At Lady Kate three holes were drilled with high grade **copper** mineralisation (up to 2m at 11% Cu and 1.85gpt Au as oxide) was intersected in two holes at down hole depths of 20 to 40 **m**.

At Lady Rose two holes were drilled to 180m. One hole intersected sulphide as chalcopyrite **copper** mineralisation together with significant quantities of magnetite.

At Lady Amy one hole was drilled to 114m, no significant mineralisation was intersected.

In future work the **company** intends to more thoroughly evaluate the deeper magnetic zones away from the superficial **copper** oxide mineralisation.

\*RMX: Up to 45.9gpt Au in Lobo prospect, Batangas project, Philippines

Red Mountain **Mining** Ltd announced it has made another exceptionally high grade **gold** discovery on the 500m long South West Breccia Lode structure at its Lobo Prospect, Batangas **Gold** project in the Philippines. The peak new intersection (Trench 13) of 2.6m at 28.6gpt Au including 1.5m at 45.9gpt Au is located 100m along strike to the southwest of the previously announced high grade Trench 7 intersection of 2m at 31.1gpt Au including 1m at 60.2gpt Au, announced on November 6 2013.

Recent sampling on the other northeast wall of Trench 7 produced an intersection of 3m at 22.2 gpt Au including 1m at 41.5gpt Au.

Managing director Jon Dugdale said the **company**'s cost effective surface trenching program will continue to define lode continuity at surface before drilling is planned to define potential high grade **gold** mineral resources.

He said in the report, "It is likely that a pinching and swelling epithermal lode is intermittently developed over the entire strike length from South West Breccia through Japanese Tunnel, the Trench 7 area and to the Trench 13 area with each "swell" representing a potential individual high grade **gold** shoot spaced approximately 100m apart within the 500m long lode corridor mapped to date. The logical next stage of exploration is to drill under the high grade trenches".

\*SEA: Acquires 10,000 contiguous net mineral acres in Logan County

Sundance **Energy** Australia Ltd announced on January 6 in the US it signed a Lease **Acquisition** Agreement for the **acquisition** of approximately 10,000 net mineral acres in Logan County, Oklahoma for \$US5.9 **MILLION**. The acquired assets are contiguous with Sundance's current acreage position in Logan County and increase the total project to approximately 41,000 net mineral acres. The acreage is prospective for the Mississippian and Woodford formations. The **acquisition** creates a contiguous block of acreage which will enhance operational efficiency. Sundance's assets in Logan County in November produced approximately 825 boepd, net of royalties. Following customary due diligence and closing conditions the close of the **acquisition** is expected in March.

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