

HD MARKET WEAKER AT MIDDAY LED DOWN BY RESOURCES

BY Jenny Prabhu

WC 3,046 words

PD 10 January 2014

SN OzEquities News Bites

SC NBOZEN

LA English

CY Copyright 2014 News Bites Pty Ltd. All rights reserved.

LP

AUSTRALIAN **COMPANY** NEWS BITES

OZEQUITIES NEWS BITES

TD

The S&P/ASX200 is down 16.2 points to 5308.2 on light volume worth \$1.3 **billion**. there were 383 issues higher and 438 down. The SPI Futures is down 18 points to 5275. Aussie 10 year bond yields are steady at 4.32%. The \$A is at 88.85US c, down about 10 points from early levels.

*The banks have contributed 3.9 positive points to the index, resources have contributed 13.3 negative points, property trusts have contributed 0.5 negative pints, retailers have contributed 1 positive point and Telstra is Neutral.

*The Nikkei Dow futures is down 140 points to 15,770, Shanghai CSI physical is down 4.09 points to 2023.54, Hang Seng futures is down 73 points to 22,715, S&P futures is up 0.5 points to 1834, Nasdaq futures is up 3.5 points to 3551, Dow futures is up 8 points to 16,300.

Gold futures is down \$1.80 to \$1227.60, crude futures is up 64c to \$92.30.

Our market has weakened as evidence that **China's** economy is slowing piles up, with a glut of metals particularly given massive expansion by the **iron ore** miners, likely to **lead** to sharply lower prices. Apart from the export of soft commodities and a likely increase in tourism given the weaker \$A, with manufacturing in Australia declining sharply there seems to be little to replace the expected job losses and lost export income. Stocks - of all sizes - with strong overseas income remain attractive.

"Support at 5300, resistance at 5330 then at 5345, down 10 points on the day"

Ben Faulkner, a senior adviser at Morgans said, "The S&P500's uptrend is still in tact, just consolidating this week pending the reporting season. 1840 seems to be a bit of resistance, it has struggled to push through 1840 this week with fairly strong support at 1825.

"The Shanghai market is still pretty week. It is in short term down trend. The critical 2000 level has managed to hold, worth keeping an eye on.

"**Gold** is consolidating in a short range.

"The XJO performance has been pretty weak against the US markets this week. There seems to be plenty of selling pressure at the 5350 level where it ran into profit taking.

"Yesterday it closed on its high after four down days in a row. 5350 remains resistance on the daily chart for this week. Yesterday it tested the 5300 level where there seems to be very strong support.

"Our market is range bound, looking for direction and is still threatening to break lower. It needs to hold the 5300 level. If it doesn't hold, we will test 5250 and 5200 quite quickly.

"For the day I expect support at 5300 if tested to hold. Resistance is at 5330 and then at 5345.

"I'll call it down 10 points on the day following a surprising late rally yesterday - it may give some of that back".

The S&P/ASX200 closed up 8.4 points to 5324.4 last evening.

THE WEEK AHEAD

Jan 13: Ex div: CUP ex 3c. Japan current a/c. US Treasury budget. German wholesale price ind.

Jan 14: US Retail sales, exp/imp prices, biz inv. UK CPI, output/input prices.

Jan 15: Aussie **m/v** sales. Ex div: EZL ex 1.8c. Japan **m/ce** orders. US MBA Mort Ind, PPI, Emp manufac, Crude inv, Beige Book.

Jan 16: RIO qtr. Ex div: TWR ex div. US jobless, CPI. Phil Fed, NAHB Hous Mkt Ind.

Jan 17: STO qtr. US Hous starts, bldg permits, IP, Cap Ute, Mich Sent, Job Openings. German CPI, Euro CPI final. UK RICS house price balance.

(US stockmarket closed on Jan 20 for Martin Luther King day)

"Support at 5300, resistance at 5330 then at 5345, down 10 points on the day"

Ben Faulkner, a senior adviser at Morgans said, "The S&P500's uptrend is still in tact, just consolidating this week pending the reporting season. 1840 seems to be a bit of resistance, it has struggled to push through 1840 this week with fairly strong support at 1825.

"The Shanghai market is still pretty weak. It is in short term down trend. The critical 2000 level has managed to hold, worth keeping an eye on.

"**Gold** is consolidating in a short range.

"The XJO performance has been pretty weak against the US markets this week. There seems to be plenty of selling pressure at the 5350 level where it ran into profit taking.

"Yesterday it closed on its high after four down days in a row. 5350 remains resistance on the daily chart for this week. Yesterday it tested the 5300 level where there seems to be very strong support.

"Our market is range bound, looking for direction and is still threatening to break lower. It needs to hold the 5300 level. If it doesn't hold, we will test 5250 and 5200 quite quickly.

"For the day I expect support at 5300 if tested to hold. Resistance is at 5330 and then at 5345.

"I'll call it down 10 points on the day following a surprising late rally yesterday - it may give some of that back".

The S&P/ASX200 closed up 8.4 points to 5324.4 last evening.

TOP STOCKS

*21st Century FOX is down \$1.77 to \$36.31 on 6.8 **million** shares.

*Aurora **Oil** is down 11.5c to \$2.83.5 on 1.2m shares - no immediate explanation.

***Alumina** is down just 2.5c to \$1.11.5 on 5.8m shares on the report below.

*JB Hi Fi is up 47c to \$21.96 on 154,797 shares.

*Incitec Pivot is up 5c to \$2.82 on 4m shares.

*Fletcher Building rose 16c to \$89.18 on 459,322 shares.

*James Hardie gained 25c to \$12.99 on 134,129 shares.

Among the financials, AMP is steady at \$4.43 on 1.6m shares, ANZ is up 22c to \$31.81 on 1m shares, CBA has gained 7c to \$78.05 on 564,233 shares, NAB is up 4c to \$34.49 on 844,137 shares, Westpac is up 15c to \$32.09 on 1m shares.

Among the TMT's Telstra is up .5c to \$5.26.5 on 5m shares, Telecom NZ is down .5c to \$2.13.5 on 134,537 shares, SingTel is down .5c to \$3.14.5 on 84,566 shares.

Among the resources BHP is down 68c to \$36.29 on 2.38m shares, RIO is down \$1.73 to \$935,165. Fortescue is down 16c to \$5.20 on 10.9m shares, Atlas is down 2.5c to \$1.01 on 10.1m shares. Iluka is down 19c to \$8.41 on 658,219 shares.

Among the oils, Woodside is down 15c to \$37.85 on 477,472 shares, Santos is down 13c to \$14.37 on 610,453 shares. **Oil** Search is down 6c to \$8.09 on 888,265 shares,

Among the golds, Newcrest is down 9.5c to /48.35.5 on 950,303 shares, Northern Star is down 1.3c to 87.7c on 431,477 shares, Resolute is steady at 57c on 311,891 shares, Saracen is steady at 19c on 167,731 shares.

AT THE SMALLER END

*IRI is up 11.5c to \$1.17 on 514,367 shares on the report below.

*Rox Resources has gained .7c to 4c on 37.6m shares on the report below.

*Neon **Energy** has plunged 20.9c to 7.6c on 145.2 **million** shares on news that the third well at Cua-Lo will also be plugged and abandoned, below.

*AtCor is down 2c to 15c on 5.3m shares on the report below.

NEWS OF THE DAY

*Lack of volume currently reduces criteria for Darvas system reports - very reduced numbers of stocks also being thrown up by system.

*Week's Specials to resume next week.

LARGE CAP INDUSTRIALS

*CPA/DXS/Other: DEXUS Property Group Ltd announced DEXUS Funds Management Ltd and Canada Pension Plan Investment Board have lodged a change of interest of substantial holder notice in relation to their holding in Commonwealth Property Office Fund.

DXS had 25.2% has 25.19% of CPA, CPPIB has 14.93% since it is not an associate of CBA.

*FOX/NWS: FOX to drop its Australian listing, News to remain listed

Twenty-First Century Fox Inc reported following its release earlier in the day, the ASX has provided in-principle advice that ASX would be likely to remove the **company** from the official list on a date to be decided by the ASX subject to compliance with various conditions set out in the ASX report.

News Ltd will retain its Australian listing. (Jan 9)

*IRE: OFT review of IRESS' Avelo **purchase** concludes Feb 18/biz as usual

IRESS advised the UK Office of Fair Trading continues its review of IRESS' **acquisition** of Avelo FS Holdings Ltd. The OFT's target date for completion of this review is February 18.

As part of the OFT review process IRESS has overnight agreed undertakings regarding the conduct of its UK businesses (Avelo and IRESS) which allows for their operation on a 'business as usual' basis in the interim.

LARGE CAP RESOURCES

*AAI/AWC: 4qtr u/lying income \$US40 mln for qtr or 4Usc per share

Alcoa last night reported a 4th quarter net loss of \$US2.3 **billion** or \$US2.19 per share including an impairment of \$US1.7 **billion** related to primary metals.

Excluding the negative impact of special items Alcoa reported net income of \$US40 **million** or 4c per share in the 4th quarter.

On 4th quarter revenue worth \$US5.6 **billion**.

Free cash flow in the 4th quarter was \$US498 **million**.

Alcoa maintained its strong liquidity position, ending the quarter with \$US1.4 **billion** in cash.

For the full year ended December 31 2013 Alcoa reported a net loss of \$US2.3 billion or \$US2.14 per share vs net income of \$US191 million or 18USc per share for the previous year.

Excluding the impact of special items, 2013 net income was \$US357 million or 33USc per share, up 36% from 24USc per share the previous year.

Revenue in 2013 was \$US23 billion vs \$US23.7 billion in 2012.

The company reduced total debt from \$US8.8 billion in 2012 to \$US8.3 billion in 2013 with net debt of \$US6.9 billion, the lowest since December 2006.

Outlook

Alcoa was bullish on the aluminium price for the year ahead.

*AAI/AWC: \$US223 mln SEC settlement of bribery charge in 4 yrly instalments

Alcoa International reported Alcoa World Alumina LLC, a j/v between Alcoa Inc and Alumina Ltd (60/40%), reached settlement with the US Department of Justice and the US SEC regarding certain legacy alumina contracts with Aluminium Bahrain BSC.

AWA will pay a total of \$US223 million including a fine of \$US209 million payable in four equal instalments over four years.

The first instalment of \$US41.8 million plus a one off administrative forfeiture of \$US14 million will be paid in the first quarter of 2014 and the remaining instalments of \$US41.8 million each will be paid in the first quarters of 2015 to 2018.

The \$US223 million amount is within the range previously disclosed by Alcoa. AWA pleaded guilty to one count of violating the anti bribery provisions of the foreign Corrupt Practices Act.

Alcoa also settled civil charges filed by the SEC, agreeing to a settlement amount of \$US175 million but will be given a credit for the \$US14 million one time forfeiture payment, resulting in a total cash payment to the SEC of \$US161 million payable in five equal instalments over four years.

The first instalment to the SEC of \$US32.2 million to be paid in the first quarter of 2014.

MID TO SMALL INDUSTRIALS

*ACG: First half sales to be sharply lower due to delay in finalising contracts

AtCor Medical Holdings Ltd, the developer and marketer of the SphygmoCor system that non invasively measures central aortic blood pressures and arterial stiffness said it expects to report first half sales in the range of \$2.6/2.7 million approximately 50% below the previous corresponding period, and a loss of around \$1 million.

It expects to report positive cash flows of approximately \$1.1 million for the half year and cash of \$4.1 million at December 31 2013.

AtCor expects positive cash flow for the full year.

A delay in finalising pharmaceutical contracts, currently AtCor Medical's largest market contributing 60/705 of sales, is the reason for the fall in profit. (Jan 9)

*FGE: Trading halt ahead of material update on financial position

Forge Group Ltd asked for a trading halt pending an announcement providing a material update on the financial position of the group and its subsidiaries.

*IRI: Expects profit for the half year to be sharply up on the pcg

Integrated Research Ltd advised based on internal management accounts and subject to audit review, the company expects profit after tax to be in the range of \$4.4 million to \$4.8 million vs \$2.8 million for the previous corresponding period.

The company benefitted from a lower Australian dollar together with higher Unified Communications and Payments revenues attributable in part to the strategic relationships with Avaya and ACI.

The company expects to report for the half year on February 20. (Jan 9)

*SXE: Rio awards \$40m Phase 1 at Cape Lambert Port **B**/Phase 2 in discussion

Southern Cross Electrical Engineers Ltd advised it has received a letter of award from Rio Tinto to perform Electrical and Instrumentation works at the Cape Lambert Port **B** preproject. SXE has been awarded the Phase 1 package for the Car Dumpers and Screenhouse at a value of approximately \$40 **million**. Work is scheduled to commence in January.

SXE and Rio are continuing discussions regarding the Phase 2 package, expected to be of similar value to Phase 1.

*WCB: Saputo last and final offer, will close on January 22, no more extensions

*Saputo Dairy Australia Ltd announced it has extended its offer period until January 22 and has declared the unconditional takeover offer as its LAST and FINAL offer.

The offer will now close at 7pm on January 22. Other than where required under the Corporations Act 2001 there will be no further extensions to the offer period.

Saputo Dairy Australia Pty Ltd has 21.392% of Warrnambool Cheese and Butter Factory **Company** Holdings Ltd as of January 9.

MID TO SMALL RESOURCES

*CPL: Remaining First Nation party withdraws, Vista project to be progressed

Coalspur Mines Ltd advised the remaining First Nation party intervener Alexis Nakota Sioux Nation has reached agreement regarding the development of the Vista project, formalising the relationship between Coalspur and Alexis and providing for Alexis' community infrastructure and programs ensuring Alexis' participation in the reclamation and ongoing environmental monitoring of the Vista operation.

No interveners remain other than an individual who has been granted a conditional opportunity to make a 30 minute presentation to the Alberta **Energy** Regulator, which Coalspur is seeking to have cancelled.

*HAR: Selenge **Iron Ore** project in Mongolia awarded pre-**mining** agreement

Hartanga Resources Ltd announced its 80% owned Mongolian subsidiary Haranga Khuder LLC which holds the mineral exploration license for the Selenge **Iron Ore** Project was awarded a Pre **Mining** Agreement with the Mineral Resource Authority of Mongolia.

Key terms include completion and submission of a feasibility study, a mine design and construction of a mine. The **company**'s managing director Erdene Tsengelbayar said in the report this is a fantastic result for Haranga and will allow the **company** to move towards the development of the largest JORC compliant **iron ore** resource in Mongolia.

*NEN/Others: Cua Lo-1 being plugged and abandoned, development unlikely

Neon **Energy** advised testing of the Cua Lo-1 exploration well, located in Block 105-110/04 offshore Vietnam has been completed. The drill stem test was conducted over a period of five days between 2,397m and 2,435m in the 4.5Ma sandstone reservoir, chosen as it offered the greatest resource potential at this location. The presence of gas was confirmed with a peak flow rate of 400,000 scf/d through a 16/64 inch choke. Although gas flowed during the test, poor reservoir deliverability combined with high carbon dioxide content suggests development of the reservoir at this location is unlikely. Operator ENI is proceeding to plug and abandon the well. ENI 50% and operator, NEN 25%, KrisEnergy 25%.

*RXL: Shallow hi grade Ni mineralisation extended at Fisher project

Rox Resources Ltd announced laboratory assays from the RC drilling program previously reported at its Fisher East nickel sulphide project, 500 km north of Kalgoorlie in Western Australia.

At Musket best results include 3m at 3.1% Ni and 13m at 1.9% Ni including 5m at 2.6% Ni.

At Cannonball best results include 2m at 2.4% Ni, 5m at 2.3% Ni and 5m at 2% Ni.

The RC 18 hole drilling program for 2,619 **m** intersected nickel sulphide mineralisation at shallow depths in two separate locations, Cannonball and Musket, along the strike of the Camelwood ultramafic unit. Each mineralised zone is over 200m in strike length indicating a southern strike continuation of the mineralisation at Camelwood where a mineral resource of 1.6Mt at 2.2% Ni has been defined. Mineralisation remains open at depth and is largely unexplored.

*TNR/ELR: Acquiring 6 Torian's MLs in New England, Qld

Elmore Resources Ltd announced it has entered into a binding tenement contract with Torian Resources Ltd whereby Elmore has agreed to **purchase** all of Torians' rights, title and interest in six **mining** leases in the New England Region and 5 **mining** leases in Queensland. Elmore has paid a deposit of \$50,000 pursuant to the agreement and will satisfy the remainder of the **purchase** by the issue of 1.428 **million** shares to Torian to be issued within 21 days from the date of listing, being December 23.

NS m11 : Equity Markets | nanl : Analyses | mcat : Commodity/Financial Market News | ncat : Content Types | nfact : Factiva Filters | nfce : FC&E Exclusion Filter

RE usa : United States | austr : Australia | apacz : Asia Pacific | ausnz : Australia/Oceania | namz : North America

PUB News Bites Pty Ltd

AN Document NBOZEN0020140110ea1a00001