

HD DOWN A TOUCH AT MIDDAY/CHINA HOUSE PRICES UP BUT RATE SLOWS

BY Jenny Prabhu

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The S&P/ASX200 is down 5.6 points to 5395.1 at midday on heavy volume worth \$3.95 billion, or average volume worth \$2 billion excluding \$1.95 billion for 47m Woodside shares. There are 479 issues higher and 363 down. The SPI Futures is down 2 points to 5396 on 24,613 contracts. The September SPI is down 2 point to 5351 on 22,979 contracts (official close off tomorrow, after opening bell, most of the biz is done by the close today). Aussie 10 year bond yields are steady at 3.69%. The \$A is at 93.42US c, about in line with early levels.

*The banks have contributed 4.4 negative points to the index, insurers have contributed 0.4 negative points, resources have contributed 1.5 positive points, property trusts have contributed 0.6 negative points, retailers have contributed 1.2 positive points and Telstra has contributed 0.5 negative points.

*The NikkeiDow futures is up 50 points to 15,040 points, Shanghai CSI physical is down 4.51 points to 2062.19, Hang Seng futures is up 23 points to 23,19 points. S&P futures is up 0.10 points to 1933.90, Nasdaq futures is up 1.25 points to 3773.50, Dow futures is up 1 point to 16,730 points.

Spot gold is down \$1 to \$1270. Crude futures is up 36c to \$106.72.

House prices in China rose at a slower rate in May, figures from Reuters based on a National Bureau of Statistics report showed on Wednesday.

New house prices in the major cities of China increased 5.6 percent year-over-year in May compared with a 6.7 percent rise in April.

The growth in house prices has been slow since late 2013 due to the effect of a sustained campaign to keep a check on speculative investment and easy credit, the bureau said.

The slower rate of growth in the housing market, accounting for 20 percent of China's GDP, dragged the first quarter GDP to 7.4 percent year-over-year.

The Woodside share volume was the highlight of a morning with the market basically on "hold". Asian markets were also quiet ahead of the FOMC minutes due out in the US tonight (our time). Tapering is still expected despite the higher than expected US CPI number, the speculation is how much it will be shaved.

"May get back what it lost yesterday, up about 10"

"Maree" said, "With the RBA likely to keep rates low for a long time, there may be incentive for investors to get back into stocks. I expect the market may get back what it lost yesterday, up about 10 points on the day. But there is no real momentum driving the market either way.

"The \$A came under a little bit of pressure after the RBA minutes on a bit of unwinding while investors flocked into the kiwi instead - which has gained about 3c vs the \$A over the last week.

"However so long as the yield differential between ourselves and the likes of the US, ECB and Japan continues, we will continue to attract overseas funds until such time as our economy is perceived to have weakened further".

The S&P/ASX200 closed down 11.6 points to 5400.7 last evening.

ECO NEWS

Australia Leading Index Shows Mild Improvement - Westpac

An Australian leading index continued to remain negative in May, although it improved slightly, results of a survey by Westpac and Melbourne Institute revealed Wednesday.

The Westpac Melbourne Institute Leading Index gained 0.75 percent to a score of 98.08 in May from 98.01 in April. The index remained below trend for the fourth consecutive month with a score below 100.

The slight improvement was due to the combined effect of a strong increase of 1.68 percent in hours worked and a 0.59 percent rise in U.S. industrial production.

Among the other sub-indices the expectations index rose 1.64 percent and the unemployment expectations index fell 1.14 percent. However, commodity prices fell 1.01 percent, dwelling approvals decreased 5.57 percent and yield spread declined 0.26 percentage points.

"The minutes to the June Board meeting repeated the line that the 'current accommodative stance of policy was likely to be appropriate for some time yet' but struck a less confident tone, placing more emphasis on the uncertainty of the transition from **mining** to non-**mining** led growth," said Westpac senior economist Matthew Hassan

TOP STOCKS

*Aquila is up 22.5c to \$3.35.5 on 3.79m shares, Mineral Resources is down 24.5c to \$9.30.5 on 1.35m shares, AZJ is down 3c to \$4.86 on 3m shares after Mineral Resources withdraws from takeover talks with Aquila on failing to reach agreement (below).

*Woodside is down \$1.60 to \$41.25 on 46.9m shares following Shell's exit of 15% of its **stake** and its partial buyback.

Among the financials, AMP is down 2c to \$5.34 on 1.58m shares, ANZ is down 12c to \$33.81 on 1.6m shares, CBA has shed 11c to \$81.13 on 730,991 shares, NAB is down 7c to \$33.07 on 920,309 shares, Westpac is down 15c to \$33.99 on 1.3m shares.

Among the TMT's Telstra is down 1.5c to \$5.19.5 on 9.1m shares, Telecom NZ is down 2c to \$2.52 on 214,903 shares, SingTel is up 2c to \$3.30 on 505,157 shares.

Among the resources BHP is down 5c to \$35.31 on 2m shares, RIO is up 48c to \$57.93 on 1m shares. Fortescue is up 5.5c to \$3.99.5 on 12.9m shares, Iluka is up 14c to \$8.33 on 419,983 shares, Atlas is up 2.5c to 60.5c on 13.2m shares, BCI is up 5c to \$3.02 on 587,126 shares, Western Areas is down 3.5c to \$4.58.5 on 1.1m shares.

Among the oils, Santos is down 19c to \$14.31 on 1.3m shares. Karoon is down 8c to \$3.34 on 321,435 shares, Buru is up 3.5c to \$1.19 on 552,225 shares.

Among the golds, Newcrest is up 14c to \$10.11 on 1.99m shares also report below, Oceana is up 6c to \$3.03 on 185,521 shares, Alacer has gained 7.5c to \$2.57.5 on 175,570 shares, Beadell is up 1.7c to 58.7c on 1.6m shares.

AT THE SMALLER END

*Atcor is up .2c to 10c - announces j/v with Halma **company**, below (Halma is a UK giant, last traded at 601 pounds per share).

*Osprey is up 11c to 63c on 147,987 shares on its recent announcement.

*GreenCross back on the boards is up 60c to \$9.72 on 1.2m shares.

*Genera rose a further 5c to 38c on 734,972 shares on yesterday's announcement.

*Novogen is up 1c to 16c on 1.75m shares on the report below.

*Graphite miner Talga rose 4c to 36c on 1.18m shares.

Queen Bauxite is down 2.3c o 3.6c on 45.3m shares.

PanContinental gave back .5c to 3.1c on 23.55m shares.,

NEWS OF THE DAY

Our Darvas System related Special Report is on UXC Ltd today, posted separately.

Changes in substantials reported June 16 and 17 inc to follow shortly.

Ex div: FPH ex div.

LARGE CAP INDUSTRIALS

*DJS: Australian Retail Investments Pty Ltd as trustee for the Langeliffe Trust, SL Nominees Pty Ltd (Solomon Lew) and others has 9.89% of David Jones Ltd. Became substantial on June 16.

*TEL: Conditional agreement to **purchase** Cloud services specialist Appserv

Telecom Corporation of New Zealand Ltd announced it has signed a conditional agreement to **purchase** all of the shares in leading business Cloud services specialist Appserv Ltd. The agreement is subject to conditions which are expected to be completed by early July 2014.

Telecom NZ CEO Simon Moutter said in the report the **acquisition** of Appserv adds to the significant investment across Telecom and Gen-i in Cloud services and provides a major new piece in the Cloud jigsaw. Consideration was not mentioned in the report.

LARGE CAP RESOURCES

*AQA/ARJ/MIN: Terminate discussions on proposed scrip offer worth \$3.75ps

Mineral Resources Ltd advised following the recently announced **purchase** of a 12.78% **stake** in Aquila Resources Ltd, MIN and AQA have held discussions in relation to the proposed terms for a recommended all scrip off market bid for the remaining Aquila shares based on a proposed \$A3.75 effective offer price. The parties were unable to agree the terms for the proposed bid and have terminated discussions.

*NCM: Reaches settlement, to pay \$1.2mln penalty, ASIC to take no action

Newcrest **Mining** Ltd announced it has reached a settlement with the Australian Securities and Investments Commission following the conclusion of ASIC's investigation into Newcrest's conduct leading up to its ASX announcement of June 7 2013 regarding a loss of confidentiality in relation to Newcrest management's expectations covering financial year 2014 **gold** production and capital expenditure disclosed to analysts and investors between May 28 and June 5 2013 and a failure by NCM to immediately make disclosure of that information to the ASX.

NCM will pay \$1.2 **million** in aggregate civil penalties and will agree to the two civil contraventions and the proposed penalties.

It is not alleged by ASIC that Newcrest knowingly or intentionally contravened its continuous disclosure obligations. Newcrest will pay ASIC's party and party costs in relation to the Federal Court Proceedings and any appeal by Newcrest. The settlement does not involve any action being taken by ASIC against individual officers or employees.

MID TO SMALL INDUSTRIALS

*ACG: AtCor & SunTech, a Halma **Company** launch 24 hr ABPM system

AtCor Medical Ltd announced the launch of a new 24 hour Ambulatory blood pressure monitor (ABPM system), the Oscar 2 with SphygmoCor inside, that has been jointly developed with SunTech Medical Inc a Halma **company** (Our note: Halma Plc is a UK **company**, last traded at 601 pounds per share), that was launched at the European Society of Hypertension meeting in Athens, Greece, June 12/16.

The ABPM devices are designed to be worn by patients over a 24 hour period and enable periodic measurements to be captured. The new product combines the advantages of SunTech's patented Orbit cuffa nd best in industry motion tolerance with ACG's market leading central blood pressure technology.

Itis expected that Oscar 2 with SphygmoCor inside will enter regulatory approval phase shortly and will be avialable for **sale** later in 2014.

Our Week's Special dated July 6 2010. ACG was trading at 13.5c.

*AMA: Acquires panel repair biz in Melb for \$6.99 mln

AMA Group Ltd announced the **acquisition** of the panel consolidation group Repair Management Australia scheduled for completion on July 1. The **acquisition** of RMA more than doubles the revenue of AMA group's current panel repair business and extends the footprint of repair locations in metropolitan Melbourne. AMA Group CEO Ray Malone said in the report Phil Munday is one of the best operators in the panel space in Australia and has built an enviable business. With anticipated synergies the new business is expected to improve the group's buying power and scale and should contribute in excess of \$2 **million** in EBIT in the first year.

Established in 1977, RMA operates out of four sites in the East and Outer East of Melbourne. Consideration is \$6.99 **million** of which \$6 **million** is payable on completion, the balance in 3 instalments of \$300,000 each over 3 years. Funding includes an extra \$2 **million** bank facility, with the balance from earnings.

*GEM: June qtr div 4.5c ff, DRP at 5% discount, ex date June 25

G8 Education Ltd announced the payment of 4.5c per share fully franked for the quarter ending June 30, ex date is June 25, record date is June 27. The DRP at a 5% discount will apply, last date for participation is July 2.

*GPS: Ends **sale** and **purchase** agreement with Forte by mutual agreement

GPS Alliance Holdings Ltd and Forte Development Pte Ltd announced it has executed a deed of termination with Lee Boon Leng (Jason) and Forte in relation to the **sale** and **purchase** agreement announced on June 2 by mutual agreement, with immediate effect.

*IAW: J/v with PantherCorp CST in Perth

ILH Group Ltd advised its wholly owned subsidiary Law Central has formed a j/v with PantherCorp CST with the two companies providing complementary online legal services. PantherCorp is a Perth based **company** specialising in new **company** registrations, new business names and change of **company** names, formation of trusts and self managed super funds as well as corporate registry and search services.

*IMF: In principle settlement for Premium Income Fund unitholders vs KPMG

The board of directors of Bentham IMF Ltd announced an in principle settlement of the claims by certain unitholders and the new responsible entity of the Premium Income Fund against KPMG as auditor of the Fund's compliance plan. Terms of the settlement are confidential. Any income will be brought to account in the 2015 financial year.

*LBT: Placement at 3.5c raises \$1.5m, SPP at same price

LBT Innovations Ltd announced it has completed a placement at 3.5c per share, providing additional capital of \$1.5 **million**. LBT also intends to offer a SPP at 13.5c per share, capped at \$1.5 **million** at the same price.

CEO Lusia Guthrie said in the report the capital raising strengthens the **company's** position to take APAS through to US FDA market pre-approval.

*NRT: Success in proof of concept pre clinical studies for Trx vs ovarian cancer

Novogen Ltd and CanTx Inc its j/v with Yale University announced the success of proof of concept pre-clinical studies confirming the potency of experimental drug Trx-1 in the treatment of primary ovarian cancer when delivered into the peritoneal cavity. Based on the potency seen in animal models to date and the potential to prevent recurrence, Novogen and CanTx believe that Intra-Peritoneal Trx-1 could be utilised as a first line therapy for ovarian cancer.

*PAB: 3rd US patent granted for PAT-5M6 treatment for various cancers

Patrys Ltd announced it has been granted a third US patent for clinical anti cancer product PAT-5M6. In November 2013 Patrys was granted an Australian patent that cover methods of use of PAT-SM6 for the treatment of various cancers including multiple myeloma.

MID TO SMALL RESOURCES

*AAJ/AGO: Aruma extends j/v at BullooDowns

Aruma Resources Ltd advised its new joint ventured leases at the Bulloo Downs **Copper** Project in Western Australia has the potential to increase in area from 218 sq km to over 1,114 sq km. The new j/v leases are part of an agreement with Atlas **Iron** Ltd. Aruma can earn up to 90% of the leases with Atlas maintaining their **iron ore** interests. The initial 50% will be earned in three months with Aruma spending \$150,000 in exploration.

*KNL: Mahenge Graphite Project Tanzania RC results inc 16m at 10.3% TGC

Kibaran Resources Ltd announced the first group of assay results from the recent RC drill program at the Epanko deposit at the Mahenge Graphite Project in Tanzania include 18m at 9.7% TGC from surface in MHRC032, 32m at 9.3% TGC from surface in MHRC033 including 16m at 10.3% TGC and 16m at 10.3% TGC from surface in MHRC034.

*SMC: Receives on market takeover offer at 3.5c from Qgold Pty Ltd

Strategic Minerals Corporation NL announced it has received an unconditional on market takeover offer from Qgold Pty Ltd at a price of 3.5c cash per share. The bidder's broker Ord Minnett will accept at the offer price every SMC share offered from today's date at the 3.5c price.

*TRF/KCN: Sig potential for IOCG discoveries around Challenger **Gold** Mine

Trafford Resources Ltd advised following an exhaustive review of its Western Gawler Craton Project, with the combined project totalling over 7,000 sq km in area in the Gawler Craton, South Australia, it is in discussions with j/v partners Kingsgate Consolidated regarding proposed programs and budgets in j/v ground. The central position of the Challenger **Gold** Mine and its associated processing plant and infrastructure provides a focal point for future exploration within the project area. It adds significant value to the existing "Golf Bore" resource (102,600 ozs at 1gpt Au and there also exists a very large potential for IOCG metals, unrelated to Challenger style **gold** discoveries.

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