

**HD MARKET EXPECTED TO CLOSE MILDLY HIGHER**

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**WC** 2,805 words

**PD** 4 June 2014

**SN** OzEquities News Bites

**SC** NBOZEN

**LA** English

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The S&P/ASX200 is likely to close mildly higher today.

Europe and the UK closed lower. The US markets were slightly lower.

On the NYSE where 3240 issues traded there were 1,193 issues higher, 1,927 down and 120 unchanged. On Nasdaq where 2721 issues traded there were 1,010 issues higher, 1,596 down and 115 unchanged.

Metals were mixed, crude was barely changed, **gold** was up a touch. The \$A is at 92.60US c, down about 10 points from last evening.

"5475/79 is a key level to hold. Resistance around 5500. I will call us up 10"

Ben Faulkner, a senior adviser with Morgans said, "Overnight markets were pretty uneventful with not much of a range in the US.

"The S&P500 closed not far from its high which is always a good sign although it did test 1920, it closed at 1924.24, still hovering around record highs. Resistance is at 1925 support is at around 1098.

**Gold** has seen a savage sell off last week and early this week, obviously a bearish breakdown. There should be good support around \$1240 per oz, and I expect a short term bounce from current levels, but it is likely to be a dead cat bounce. **Gold** may rally back up to around \$1260 but I would expect it will then resume its downtrend. Resistance is at \$1260, support at \$1240. If we see a break of \$1240 we would be set to test the \$1200 lows.

"I have been watching the Euro/\$US that has been in a bit of a down trend since the ECB began talking about quantitative easing and a rate cut, consolidating around \$1.36/1 Euro. The ECB meets tonight. While everyone is positioned on the short side, factoring in QE from the ECB tonight, I wouldn't be surprised if we saw a bounce back to \$1.37/1Euro.

"US 10 year bond yields have had a bit of a rally over the last 10 days from 2.4% to 2.6% last night after having been in a downtrend pretty much from the highs of December last year. It has broken above the 3 day moving average. While still in downtrend, if it breaks 2.6% and continue to push higher it would bode well for some insurers like QBE.

"The Shanghai market is still trading in the 2030/2040 range and is still looking more likely to have a rally than a sell off in June at the moment.

"The XJO closed on its lows yesterday and is sitting right on the 20 day moving average and could go either way. I expect we may find support at 5479, the 20 day moving average level. Any breakdown from current levels could see us for the first time for 2/3 weeks break back below the moving average.

5475/79 is a key level to hold for the today and the week. Resistance is around 5500 for today.

"After our fairly aggressive sell off yesterday I will call us up 10 points'.

The S&P/ASX200 closed down 38.8 points to 5479.7 last evening.

June 4. Good morning.

#### Aussie stocks

All dollars in this section are Aussie dollars - the rises and falls are against the previous close.

Aussie stocks in ADR form were mostly higher. AWC fell 1c on 100,000 shares, Amcor rose 5c on 52,000 shares, RIO fell 2p on 5.35m shares, BHP rose 6c on 4.2m shares. News rose 12c on 560,000 shares. Westpac gained 14c on 77,000 shares. Telstra rose 2c on 280,000 shares. Resmed fell 1c on 4.2m shares.

PSivida rose 2c on 36,000 shares, Prana was steady on 7.8m shares.

In London Anglo American fell 33.5p to 1,458p on 3.5m shares, Aquarius fell 0.75p to 25.25p on 949,827 shares, BskyB fell 6.54p to 872.96p on 2m shares, BHP fell 11p to 1,876p on 5.2m shares, Henderson fell 13.89p to 245.81p on 1.3m shares, RIO fell 1p to 3,119p on 3.58m shares.

#### Trading points:

\*AVJ: To develop second precinct at Hobsonville Point, Auckland

AVJennings Ltd selected by Hobsonville Land **Company** to develop the Catalina Precinct at Hobsonville Point in Auckland, New Zealand. This will be the third precinct under development at Hobsonville Point and the second for AV Jennings in the location. AVJennings established its New Zealand operation at Hobsonville Point when it won selection to develop Buckley Precinct in 2008. Buckley Precinct comprises over 750 home sites now home to over 200 families with a further 260 homes coming to market this year.

Catalina Precinct comprises 15 hectares and will allow for more than 450 homes in a variety of dwelling styles and price points on a **site** benefitting from outstanding harbour views, new age schools now operating and access to regional public transport services. (Jun 3)

\*FRI: 52 Mill Point Road luxury apartments in Perth reach completion

Finbar **Group** Ltd advised the project at 52 Mill Point Road in South Perth has reached a stage of practical completion. The project consists of eight luxury apartments and the upper floors enjoying expansive views of the Perth City skyline and Swan River while the location also provides ease of access and exit from the freeway system. FRI has secured sales of \$11.48 **million** in the \$17.3 **million** project to date. FRI had entered into a project management agreement with the owners of the land in 2013. Final **site** presentation is underway. (Jun 3)

\*NTU: Withdraws from proposed **sale** of 16% Browns Range to major s/holder

Northern Minerals Ltd announced it has withdrawn from negotiating the **sale** of 16% of the Browns Range Project for \$26 **million** to Australia Conglin International Investment **Group**, its major shareholder.

Successful results from metallurgical testwork and an outstanding increase in resource announced over the previous 16 months has progressed the **company** well beyond the stage when the initial deal was contemplated in February 2013.

Australia Conglin continues to support the **company**, and was a major participant in the recent \$5.4 **million** placement, in addition to fully underwriting last year's rights issue.

The **company** is scheduled to release the Pre-Feasibility Study prior to the end of the June 2014 qtr. (Jun 3)

\*PRT: Exits shareholding in Freeview, explains reasons

Prime Media **group** advised in response to media reports about its decision to exit Freeview said it made the decision because it believes that HbbTV television set penetration into its regional markets will be less than 1% in the first quarter of 2015. Furthermore there is no data to confirm when or if those HbbTV capable televisions will actually be connected to broadband services.

PRIME has decided that its best course of action is to wait and see, particularly as it does not believe regional television markets are sufficiently developed to support HbbTV commercially.

PRIME has paid all invoices issued by Freeview except in respect of invoices pertaining to an extraordinary budget item specifically related to the HbbTV project. There is however no question about PRIME's capacity to pay. (Jun 3)

\*WDC/WRT: Ind committee advises acceptance of Scentre deal the better option

Westfield Retail Trust has released its Second Supplementary Securityholder Booklet in relation to the proposal to **merge** with Westfield **Group**'s Australian and New Zealand business to form a new entity, Scentre **Group**, with the meeting now scheduled for June 20.t.

Westfield **Group**'s indication that if the Revised Proposal does not proceed WDC would pursue the separation of its Australian and New Zealand business without any involvement by Westfield Retail Trust is material new information.

Chairman of Westfield Retail Trust, Mr Richard Warburton AO, LVO said, "The Independent **Board** Committee believes that there is no prospect of an amended or enhanced deal being negotiated with Westfield **Group**. Westfield **Group** has indicated that if the revised proposal is unsuccessful it will pursue the separation of its Australian and New Zealand business without any involvement by Westfield Retail Trust.

"This further strengthens our view that the Revised Proposal is in the best interests of Securityholders... if Westfield **Group** implements the separation of its businesses without Westfield Retail Trust ... the implications could be materially adverse to Westfield Retail Trust and Securityholders.

"After careful consideration the Independent **Board** Committee believes the creation of Scentre **Group** is the preferred option to maximise long term value". (Jun 3 7.34 pm)

Ex div: RHL ex 8c; TNE ex 2c; WDS ex 2c

Changes in substantials reported June 2 and 3 inc posted separately.

Overseas

The DJIA closed down 21.29 points to 16,722.34.

S&P 500 fell 0.73 points to 1,924.24.

NASDAQ was down 3.12 points to 4,234.08.

US 10yr bond yields rose 7 points to 2.60%.

The US\$ rose 12 points to 102.54 Yen.

The Euro rose 22 points to 1.3621US c.

The Yuan fell 7 points to 6.2548/\$US1.

FTSE 100 closed down 27.8 points to 6,836.30. European markets closed lower.

The NikkeiDow last evening closed up 98.33 points to 15,034.25.

Shanghai SE Comp IX closed down 0.9 points to 2,038.31.

Commodities

All dollars in this section are US dollars

Metal trade in **China** may be affected by port of Qingdao fraud, investigation

FastMarkets reported the metal financing business in **China**, a key aspect of trade over the past few years, may take a hit from an investigation into the alleged fraudulent use of warehouse receipts in the port of Qingdao.

Authorities in Qingdao have stopped the shipment of some material while they investigate the alleged cases of multiple financing, or loans using the same warehouse receipts as collateral. Trades in **China** said the seized material is mostly aluminium as well as some **copper** concentrate, not refined **copper** or nickel. Traders told FastMarkets getting finance for metal had already become more difficult, and this will be exacerbated by the Qingdao news.

\*Demand for stainless steel in the US, Europe likely to underpin nickel prices.

FastMarkets reported stainless steel mills in the US and Europe continue to restock scrap aggressively to meet improved demand and capture the value of rising nickel prices.

At the BIR Conference in Miami, ELG Metals Inc president and CEO Simon Merrills told FastMarket "Our customers have strengthening order books - their **lead** times are the best they've been in many, many months. If we're on the same path as we were in 2006 (when nickel spiked to \$52,000 per tonne) we could see another 12 months of constantly rising nickel prices.

Global stainless steel production last year hit an all time high of 48.13 **million** tonnes, expected to rise a further 3.6% this year to a new record, consultancy MEPS said.

In dollars per tonne for three month metal, (LME stockpiles are on a closing basis) - valued against yesterday morning's price, measured over 24 hours.

**Copper** fell \$63 to \$6,867/fell \$79 to \$A7416. Stockpiles fell 2,000 tonnes to 168,825 tonnes.

Aluminium was down \$4 to \$1,846/fell \$7 to \$A1994. Stockpiles fell 5,825 tonnes to 5,181,250 tonnes.

Nickel weakened \$275 to \$19,075/fell \$326 to \$A20,599. Stockpiles fell 126 tonnes to 283,986 tonnes.

Zinc was up \$5 to \$2,088/gained \$2 to \$A2255. Stockpiles fell 1,350 tonnes to 707,075 tonnes.

**Lead** rose \$12 to \$2,135/rose \$10 to \$A2306. Stockpiles fell 50 tonnes to 190,425 tonnes.

Tin was down \$65 to \$23,310/fell \$106 to \$A25,173. Stockpiles fell 65 tonnes to 10,785 tonnes.

**Iron Ore** rose 70c to \$792.50/gained 62c to \$A99.89.

WTI crude rose 19c to \$102.66/gained 5c to \$A110.86.

Brent Crude fell 1c to \$108.82/fell 18c to \$A117.52.

Spot **gold** rose \$2 to \$1,246/gained 27c to \$A1346. Spot silver was up 6c to \$18.83/gained 4c to \$A20.33. Spot platinum fell \$4 to \$1,431/fell \$6 to \$A1545. Spot palladium rose \$7 to \$8.38/gained \$6 to \$A905.

#### Overseas eco news

In US eco news, Factory Orders rose 0.7% in April vs up 0.6% expected, the Census Bureau reported, and the third consecutive month of gains. Durable goods orders rose 0.6% in April, orders for non durable goods rose 0.7% in April after falling 0.5% in March.

\*US auto sales rose 11.4% in May, reaching 1.6 **million** vehicles last month with the seasonally adjusted annualised selling rate hitting 16.77 **million** cars and light trucks, Autodata Corp reported.

General Motors sales rose 13% to 284,694 on the strength of the Chevrolet brand, Toyota and Chrysler posted 17% unit sales gains, Nissan rose 19%, Honda rose 9%, Ford sales were up 3%.

Among the German luxury brands BMW had a 17.3% gain over a year earlier followed by Daimler's Mercedes-Benz, which rose 8.8%, Volkswagen's Audi

\*In Europe the Eurozone May CPI rose 0.5% vs up 0.6% expected.

\*The April unemployment rate fell to 11.7% vs 11.8% expected and at a 4 month low, Eurostat reported.

The market is awaiting the ECB interest rate decision due out Thursday, Europe time.

\*UK house prices rose to a record last month, Natowide Building Society reported and recent indications of a slowdown in the market may prove shortlived.

\*The UK purchasing managers index fell to 60 from 60.8 in April, Markit Economics reported vs an increase to 61 expected.

#### Overseas **equity** news

In the US of the Dow 30 there were 12 stocks higher and 18 down.

Intel led the way higher, up 40c or 1.47% to \$27.66 followed by Goldman Sachs, Caterpillar and UnitedHealth.

Nike fell furthest, shedding \$1.17 or 1.53% to \$75.55 followed by Verizon, Microsoft and Visa.

Hillshire Brands rose about 9% intra day on news that the **company** was in takeover discussions with Pilgrim's Pride and Tyson Foods. Pilgrims had initially offered \$45 a share, with Tyson countering with a \$55 a share offer. Pilgrim's offered \$55 a share last night. Hillshire stock price was \$58 intra day, Pilgrim's and Tysons shares were flat. Quiksilver shares fell 45% at one stage after a quarterly that revealed a much greater fall in earnings than expected.

Krispy Kreme shares fell more than 13.5% intra day after reporting earnings in line but sales well below analysts expectations.

Apple rose 1% intra day.

\*In Europe national benchmark indexes fell in 16 of the 18 western European markets. eutelat fell 3.7% to Euro 24.79 after Abertis **sold** its 5.1% **stake** in the **company** to Euro 24.95. BMW was the best of the DAX after US car sales numbers, rising 0.59% to Euro 92.02 followed by Daimler, up 0.52% to Euro 69.68.

Commerzbank fell furthest, shedding 3.37% to Euro 11.33 followed by K+S down 2.53% to Euro 24.89 and steelmaker Thyssenkrupp, down 1.41% to Euro 21.67.

\*In the UK Shares in London ended a touch lower in thin trading volumes, as dealers fixed their attention on Thursday's decision by European Central Bank (ECB) on interest rates. Earlier, weak eurozone inflation figures added to the expectation that the ECB will cut interest rates and announce further stimulus measures. Inflation in the eurozone fell to 0.5% in May.

Solid third quarter results at Wolseley took the plumbing supplies **company**'s shares 1.6% higher to 3,363p. Much of the **firm**'s business is done in the United States, where it's seen as benefitting from a pick-up in house construction in the coming months.

Among the fallers, the security **company** G4S lost 1.6%, following a report in the Financial Times newspaper that a British government-funded watchdog will investigate its activities in Israel and the Palestinian territories.

Water utility Pennon **Group** fell 13% to 760p after pre tax profit for its viridor waste management unit fell sharply due to lower prices for the recycle it produced, although full year profit was up 9.1% to 207.3 million pounds, beating estimates.

In the broader market FTSE 250, shares in the **estate** agency chain, Foxtons fell 6.6% to 307.9p after it announced that its chief executive Michael Brown was to stand down. He'll be replaced by the **company**'s chief operating officer, Nic Budden.

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