

HD Australian Stocks: What Happened Today?

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It was all looking so promising following strong overseas leads and it delivered with early gains as the market hit a high of 5536 before punters digested the results of the Murray Inquiry and decided that it was bad for banks. Financials got hit hard at one stage before a rally into the close leaving it unchanged at 5511 after a closing touch up, well off its lows. The industrials and resources stocks (ex-gold) remained positive but it was not enough to save the headline number.

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The **Iron Ore** players marched ahead led by BHP Billiton Limited (A\$38.03, +0.4%) and RIO Tinto Limited (A\$63.10, +1.2%) with Fortescue Metals Group Ltd (A\$4.31, +1.7%), Arrium Limited (A\$0.74, +0.7%) and Mount Gibson **Iron** Limited (A\$0.675, +3.8%) coming up the rear. Golds unfortunately suffered as the biggest drop of the year caught out the bulls and squashed their spirit. Newcrest **Mining** Limited (A\$11.03, -0.6%), Evolution **Mining** Limited (A\$0.78, -6.6%), Papillon Resources Limited (A\$1.87, -2.1%), Beadell Resources Limited (A\$0.58, -4.9%), Medusa **Mining** Limited (A\$1.70, -6.8%) and Silver Lake Resources Limited (A\$0.525, -5.4%) all taking hits below the belt.

In the industrial wasteland Telstra Corporation Limited (A\$5.39, +0.4%) was a standout as we get more clarification on what the NBN will (or rather won't deliver) apart from a damn good salary for its CEO. Numbers and dividend attraction obviously helping too, other telco stocks though were not so enthusiastic with Telecom Corporation of New Zealand Limited (A\$2.57, -0.4%), M2 Telecommunications Group Limited (A\$5.92, -0.7%) and Amcom Telecommunications Limited (A\$1.935, -2.3%) amongst the losers. Infrastructure stocks also fell away a tad Leighton Holdings Limited (A\$20.73, -1.3%), Downer EDI Limited (A\$4.47, +0.2%) and UGL Limited (A\$6.94, -1.6%) to name a few.

Up at the head of the riders today were Whitehaven **Coal** Limited (A\$1.55, +5.1%), Greencross Limited (A\$9.93, +4.0%), Syrah Resources Limited (A\$5.51, +3.8%), Aquarius Platinum Limited (A\$0.44, +4.8%), Air New Zealand Limited (A\$1.95, +3.2%) and Sandfire Resources NL (A\$6.53, +3.5%) in the biggies whilst in the smalls were Sino Gas & **Energy** Holdings Limited (A\$0.195, +25.8%), Norton **Gold** Fields Limited (A\$0.135, +17.4%) and #BLX#. Crashing out on the cobblestones were **Energy** World Corporation Ltd (A\$0.35, -7.9%), Sirius Resources NL (A\$3.44, -2.5%), Magellan Financial Group Limited (A\$11.31, -1.9%), Fairfax Media Limited (A\$0.865, -3.9%) (big fall from grace) and Mesoblast Limited (A\$4.30, -1.1%). In small ones Focus Minerals Ltd (A\$0.011, -15.4%) lost it, Perseus **Mining** Limited (A\$0.46, -8.9%) and TNG Limited collapsed too after recent runs. Volume was again around \$3.4bn.

Asian markets were better with Tokyo up 0.76%, HK up 0.49% and **China** unmoved. High profile Kerr Nielsen is looking to shift more funds to **China** as he reckons its half price compared to western markets. The Aussie dollar was trading at around 94c as usual and Tulips \$663 whilst **gold** at \$1307.

Stocks and Stories

The biggest news of the day was the Murray report into the financial system. The key finding is that there is not enough competition in the superannuation industry and the report suggests introducing policies similar to MySuper to push costs down. Banks won't be happy, but it's only a recommendation after all. It also said that the current system concentrates or distorts families into borrowing for property purchases. And this from an ex banker. Still he did sell TLS at the bottom, when he ran the "Future Fund" (Civil servants liability sounds so much better I reckon!)

Oz Minerals Limited (A\$4.30, -0.2%) today updated the market and lifted its full year **copper** production target but has warned its **gold** output may be at the bottom of its forecast range. They now expects to produce between 85,000 and 90,000 tonnes of **copper** for the calendar year, up from 75,000 to 80,000 tonnes previously. But **gold** production is expected to be towards the lower end of the **company's** 130,000 to 140,000 ounce range.

Whitehaven **Coal** Limited (A\$1.55, +5.1%) had a rare good day with results showing total **coal** sales for the June quarter of 2.9 **million** tonnes were 12 per cent higher than the previous corresponding period. Whitehaven increased annual production of saleable **coal** by 26 per cent to a record 10.3 **million** tonnes. However **coal** prices fell during the quarter. Whitehaven sells predominantly thermal **coal**, but the price it realised during the quarter fell from \$US75.19 a tonne to US\$72.81.

RBA says what we all know, that is except a bunch of economists that get paid a lot to come up with something unique .The RBA is on hold. Will be for some time to come. The world is hardly going gangbusters and lower rates will fuel the housing fire and higher rates will kill the economy as the dollar will head to parity. I think this is what you call a balanced outlook!

Telstra Corporation Limited (A\$5.39, +0.4%) Telstra is seeking to launch profit-sharing agreements with major Asian telecommunications providers in exchange for building their 4G mobile networks. Bring back Sol, he was great at building networks just not in Canberra.

When I was a young man in the UK we were fixated on M2 Money supply. So 80's now but the printing and the availability of money has of course now been taken to an art form. Don't worry about inflation just change the basket. There is no way the cost of living is rising at 2.5%. You been shopping recently or bought a beer. Of course computers are cheap but hard to eat I find .Unless it's an Apple. Sorry little jokette! Anyway in **China** the jolly old M2 is soaring. **Chinese** banks lent a much stronger-than-expected 1.08 trillion yuan (\$185.1 **billion**) worth of new yuan loans in June in an effort to stimulate the. Broad M2 money supply jumped 14.7 per cent last month from a year earlier higher than a forecast of 13.5 per cent in a Reuters poll of economists.

Meanwhile in Japan the BOJ reaffirmed its inflation targets at 2% and kept its stimulus unchanged.

Tomorrow's News Today

Not sure what this says but usually the poor old mums and dads are the last to pile into the market. So it appears this time as money has flooded into the mutual funds in the US ,about \$US100 **billion** has been added to **equity** mutual funds and exchange-traded funds in the past year, 10 times more than the previous 12 months. And all the while the 'talking heads' are getting cautious!

US loses it case before the WTO and is told that its tariffs on **solar** panels and steel are improper.

International art auction house Sotheby's and online marketplace eBay will create a web platform to allow viewers to bid on and buy art. Online art sales are expected to reach \$13bn by 2020. They might have to look at the fees!

Now I know the Abbott is talking about infrastructure for the 21st Century. Roads. But the **Chinese** seem to have taken a more long term approach. It now a larger high-speed rail network than the entire European Union or the United States, according to the World Bank .And more importantly the train network is set to double by 2020. We will have time to reflect whilst sitting in traffic on the M5 for two hours crawling home from work.

And from the IMF "The Eurozone recovery is weak, its financial markets too fragmented, and the region risks falling into deflation", they has warned. And after all Super Mario has done!

Nice to see question time back on TV rather than football matches. Expect voters to question why we ever voted any of these clowns in Canberra in.

And the weather forecast from Gaza is sunny with less chance of rockets. Looks like a truce could be happening.

That is all

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CO bdllrs : Beadell Resources Ltd | bkhlp : BHP Billiton Ltd | colrsc : Papillon Resources Limited | craaus : Rio Tinto Ltd | newmoh : Newcrest Mining Ltd | onestl : Arrium Limited | westml : Evolution Mining Limited | whitt : Mount Gibson Iron Ltd | bltpc : BHP Billiton PLC | rtz : Rio Tinto PLC

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