

HD MARKET MAY CLOSE A TOUCH HIGHER

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

Europe was down, the UK fell, the US markets were weaker.

On the NYSE where 3199 issues traded there were 1,363 issues higher, 1,736 down and 100 unchanged. On Nasdaq where 2696 issues traded there were 1,186 issues higher, 1,398 down and 112 unchanged.

Metals were mixed, crude fell, **gold** was barely changed. The \$A is at 90.22US c, down about 15 points from last evening.

"I wouldn't be surprised if we closed up about 10 points today"

"Maree" said, "Our market had pre-empted much of the fall in overseas markets last night, which was on the **China** news. I wouldn't be surprised if we closed up about 10 points today".

The S&P/ASX200 closed down 50.8 points to 5411.5 last evening.

March 11. Good morning.

*Japan yesterday also announced the current account deficit widened to a record 1.589 trillion yen, **ore** than the median estimate for a 1.4 trillion yen deficit in an sign that shipments could continue to lag due to weak demand from Asia. The trade deficit was 2,345.4 **billion** yen.

(The current a/c deficit is apart from GDP for the 4th quarter coming in at .7% growth vs up 1% reported earlier).

*Ukraine last night began testing the combat readiness of its troops in military exercises, media reports reveal. The country's border service also said Russian forces have seized 13 border posts and the ferry service between Crimea and Russia. Crimea holds a referendum on whether to secede from Ukraine on March 16.

*Handelsblatt suggested Russia could impose embargoes of its own on European goods imported into Russia.

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 mixed. AWC fell 2.5c on 950,000 shares, RIO rose 5 p on 4m shares, BHP fell 18c on 4.1m shares, News fell 14c on 600,000 shares, Fox was steady on 2.8m shares, Westpac rose 11c on 65,000 shares, Telstra rose 2c on 150,000 shares, Resmed rose 2c on 9m shares.

PSivida rose 21c on 163,000 shares. Prana Biotech was steady on 7.1m shares.

In London Anglo American fell 132p to 1,433p on 5.8m shares, Aquarius fell 1p to 38.5p on 118,215 shares, BskyB fell 14p to 918p on 2.45m shares, BHP fell 66p to 1,822p on 10.26m shares, Henderson fell 3.8p to 250.4p on 1.9m shares. RIO fell 170.5p to 3,140p on 8.3m shares.

Trading points:

*ATR: Astron proposes a 75c per share return of capital

Astron Corporation Ltd advised it proposes to make a return of capital to all shareholders of 75c per share by means of a distribution. The **company** previously made a tax free capital gain from the **sale** of its **China** processing companies to Imerys in 2008.

The **company** planned to complete a DFS for its Donald Mineral Sands project from its own funds, to allow the project to be developed using funds from other investors as the project is one of the world's largest zircon deposits.

If approved, the **company** propose to distribute the capital return to all shareholders listed as registered on the record date specified in the notice of meeting.

The notice of meeting seeking shareholders' approval will follow separately. (Mar 10)

*CFX: Receives judicial approval for internalisation, all conditions now met

CFS Retail Trust Group advised the Supreme Court of New South Wales today decreed that the **company** is justified in implementing its internalisation proposal.

Independent non exec chairman of Commonwealth Managed Investments Ltd Richard Haddock AM, said the internalisation of CFX will provide an enhanced platform with scale and diversification benefits as well as opportunities for incremental growth.

The internalised **company** will have 28 directly owned retail assets, \$13.9 **billion** of assets under management, 15 strategic partners, over 5,000 retailers and a broader business.

Angus McNaughton who will be appointed MD and CEO said in the report the existing portfolio of 28 directly owned retail assets will remain the revenue driver of the growth.

New CFX Stapled Securities are expected to trade on the ASX on a deferred settlement basis from March 12 2014. The internalisation transaction is expected to complete on March 24. (Mar 10)

*HRR/TRO: Proposed merger

Heron Resources Ltd and TriAusMin Ltd announced an agreement to combine the two companies by way of a Scheme of Arrangement. TRO shareholders will receive 1 Heron share for every 2.33 TriAusMin shares held. The merged entity will subject to regulatory approval be listed on the ASX and the TSX. TRO shareholders will receive a premium of 48% above the 30 day VWAP per share of TriAusMin on the ASX, based on trading up until March 7.

TRO Chair and TRO Exploration Ltd, holding 26.4% of the **company's** issued capital, have indicated their intention to vote in favor of the transaction.

TRO's MD Wayne Taylor will become MD of the merged entity and TRO Chairman Dr James Gill will become Dy Chair. Heron's Ian Buchhorn will become executive director and the other two Heron directors will continue in their existing capacities.

The merged entity will have pro forma cash of \$36.4 **million** plus \$5.4 **million** in investments as of December 31 and will allow all shareholders to benefit from progress of Woodlawn to BFS and production decision stage potentially without requiring further capital to be raised. (Mar 10)

*ORL: Int NPAT down 24.2%, 8c ff div, no DRP/full yr profit at lower end

Oroton Group Ltd for the half year ended January 25 2014 announced a net profit after tax down 24.2% to \$5.076 **million** on revenue up 17.2% to \$62.667 **million**.

An 8c fully franked interim dividend was announced, record date April 2. The DRP is not available.

NTA backing per security is 101.45c vs 100.71c for the previous corresponding period (pcp).

From continuing **operations**:

Basic eps is 12.42c vs 16.38c for the pcp.

Diluted eps is 12.37c vs 16.32c for the pcg.

The **company** has 51% of Brooks Brothers Australia. For the half year the j/v lost \$155,000.

Comment:

CEO Mark Newman commented the half year was a period of significant transition for the group as it began its first year without the Ralph Lauren brand, commenced operating the GAP business in November 2013 and planned for the launch of Brooks Brothers in February 2014.

The Orotan brand like for like sales performance of up 3% vs the pcg was a positive result. Gross margin was impacted by the strategic decision to reduce Orotan retail prices towards the end of fiscal 2013 plus changes to both its channel and product mix in addition to the introduction of the lower margin/higher volume Gap brand to the business.

Outlook

"Our outlook for the remainder of 2014 is cautious... we continue to expect full year 2014 EBIT to come in at the lower end of our previous guidance of \$13/15 **million**.. We continue to have a strong balance sheet and cash flow position to support these initiatives (a successful launch of the Brooks Brothers brand and the relaunch of the GAP brand in Australia) and any possible **acquisition** or capital management initiatives'.

Company guidance: On February 11 Orotan Group Ltd advised it is in the early stages of preparing its financial statements for the half year ended January 25 ahead of the interim report, due for release on March 11.

Expected comparable like for like store sales growth is expected to be up 3% vs down 4% for the previous corresponding period and the 8% fall in the second half.

These gains however were again achieved on promotional and discounting activity.

Gross margin was also impacted by the strategic decision to reduce retail prices towards the end of fiscal 2013 and changes to both channel and product mix.

Group EBIT for first half 2014 is expected to be approximately \$8 **million** vs to a continuing business EBIT of \$10.5 **million** for the previous corresponding period.

The main differences were the start up and early trading costs associated with investments made in the new Gap and Brooks Brothers businesses and new Orotan stores in Shanghai and **Hong Kong**, together with one off costs associated with the departure of the previous CEO.

Full year EBIT guidance of \$13/15 **million** was confirmed, expected to be at the lower end of the range. (Mar 10)

Ex div: DTL ex 1.5c; GNG ex 3c; HIL ex 3.4c; HOM ex 3c; NPX ex div; SFH ex 2c, VTG ex 1.9c.

Overseas

The DJIA closed down 34.04 points to 16,418.68.

S&P 500 fell 0.87 points to 1,877.17.

NASDAQ fell 1.77 points to 4,334.45.

US 10yr bond yields fell 1 point to 2.78%

The US\$ was unchanged at 103.28 Yen.

The Euro rose 5 points to 1.3875US c.

The Yuan fell 122 points to 6.1392/\$US 1.

FTSE 100 fell 23.22 points to 6,689.45/European markets closed lower.

The Nikkei Dow last evening closed down 153.93 points to 15,120.14.

Shanghai SE Comp IX fell 58.84 points to 1,999.07.

Commodities

All dollars in this section are US dollars

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 \$133 to \$6,649/fell \$111 to \$A7370. Stockpiles fell 3,600 tonnes to 265,400 tonnes.

Bloomberg reported **copper** futures posted the biggest two session drop in 28 months on trading that was 63% higher than the 100 day average. **China**'s imports of unwrought **copper** and **copper** products fell to 380,000 metric tons in February from a record 536,483 tonnes a month earlier, customs data shows. Currency depreciation, weakening demand from end users and rising domestic output of refined metal contributed to the decline, Citigroup said.

Aluminium rose \$11 to \$1,775/gained 422 to \$A1967. Stockpiles fell 7,500 tonnes to 5,285,700 tonnes.

Nickel was up \$200 to \$15,450/rose \$304 to \$A17,125. Stockpiles rose 576 tonnes to 271,200 tonnes.

Nickel is being used as collateral for loans with banks in exchange for cash, as a more competitive and favorable alternative form of credit than borrowing from a local bank at a high interest rate, FastMarkets reported. However as more and more metal moves off warrant, hidden stocks could reappear and be rewarranted into the LME system. FastMarkets added.

Zinc fell \$35 to \$2,040/fell \$28 to \$A2261. Stockpiles rose 16,375 tonnes to 792,375 tonnes.

Lead was down \$12 to \$2,084/fell 42 to \$A2310. Stockpiles fell 175 tonnes to 203,800 tonnes.

Tin rose \$75 to \$22,900/rose \$206 to \$A25,382. Stockpiles rose 100 tonnes to 9,205 tonnes.

Iron Ore fell \$9.50 to \$104.70/fell \$9.92 to \$A116.05.

*The Financial Times reported **iron ore** had the second biggest one day percentage falls on record following disappointing **China** trade data yesterday, quoting the Steel Index. The raw material is now in a bear market, falling almost 22% since the start of the year and at its lowest level since October 2012.

Steel billet was marked up \$20 to \$390/400.

Cobalt was quoted at \$30,600/31,200.

Molybdenum was quoted at \$22,500/23,500.

WTI crude fell \$1.46 to \$101.12/fell \$1.07 to \$A112.08.

Brent Crude fell \$1.07 to \$107.93/fell 60c to \$A119.63.

Crude fell on weaker than expected **China** eco numbers.

Spot **gold** rose \$1 to \$1,340/gained \$8.31 to \$A1485. Spot silver fell 6c to \$20.81/rose 5c to \$A23.07. Spot platinum fell \$5 to \$1,477/rose \$2 to \$A1637. Spot palladium fell \$5 to \$776/fell \$1 to \$A860.

*FastMarkets reported Indian jewellers went on a one day strike on Monday to protest the government's 80/20 rule (20% of **gold** imported into India must be exported as value added before more **gold** can be brought in).

Overseas eco news

*Eurozone Sentix investor confidence hit the highest level since April 2011 in March 2014, Sentix reported. The composite confidence index rose to 13.9 from 13.3 in February vs a rise to 14 expected. It was the highest score since April 2011.

*French industrial production fell 0.2% in January from December the second month of decline and vs a 0.3% increase expected.

*Italy's IP rose 1% in January, better than expected.

*Germany's IP rose 0.8% as reported on March 7.

Euro zone combined IP is due out tomorrow.

Overseas **equity** news

*In the US of the Dow 30 there were 8 stocks higher and 22 down.

Intel led the way higher ,gaining 20c or 0.81% to 424.84 followed by Chevron and United Health.

Boeing fell \$1.65 or 1.28% to \$126.89, weighed on by sentiment surrounding the Boeing 777 presumed plane crash. Followed by IBM and Nike.

Alexion Pharmaceuticals rose 7.1% intra day after boosting its 2014 adjusted earnings outlook.

Cliffs Natural Resources fell 3.8% intra day following weak **China** data. Peabody fell 3.7% intra day, Alcoa was down 1.8% intraday and Freeport McMoRan **Copper & Gold** fell 2% intra day.

ChiquitaBrands International Inc and Fyffes Plc agreed to **merge** into a new **company** called Chiquita Fyffes Plc with a combined **equity** value of about \$1.07 **billion** to create the world's biggest banana **company**. Chiquita soared 11% intra day.

Facebook rose 3.2% intra day on a broker upgrade.

Fuel cell supplier stocks have been soaring, with Ballard Power Systems shares up 30% and Fuel Cell **Energy** Inc up 11%. This follows PlugPower shares, up 25% after last week gaining 77% after gaining a contract with six distribution centers at Wal-Mart Stores.

*In Europe, national benchmark indexes fell in 11 of the 18 markets. German **copper** producer Aurubis fell 4.1% to Euro 37.17. Bakery products **company** Aryzta fell 3.5% to wiss Fr 761.45 after first half margins missed estimates.

Iliad rose 11% to Euro 210 after Bouygues said it is in exclusive talks to sell part of its network and wireless spectrum to Iliad for up to Euro 1.8 **billion**. Bouygues rose 8.7% to Euro 32.69. Hochtief rose 2.3% to Euro 69.94 after offering \$A1.16 **billion** to raise its **stake** in Leighton Holdings.

*In the UK BHP Billiton fell 1.4% to 1,822p, Antofagasta fell 2.1% to 858.5p, Glencore Xstrata fell 2.4% to 317p, Fresnillo fell 3.4% to 896p. Vodafone fell 3.6% to 230.1p after talk that it had increased its takeover offer for Grupo Corporativo Ono. Rolls-Royce rose 1.7% to 1,043p after Daimler said it will sell its half of the j/v with Rolls Royce to Rolls Royce. Utility Centrica rose 0.9% to 327.4p on a Financial Times report that Centrica still plans to double its earnings from North America.

In other news

"Breakthrough" acid dip stem cell creation research withdrawn

(Reuters) - A Japanese scientist called on Monday for his own headline-grabbing study on stem cells to be withdrawn from publication, saying its findings had now been thrown into too much doubt.

The research - hailed when it came out in January as a breakthrough that could herald a new era of medical biology - was covered widely in Japan and across the world after it was published in the highly reputable science journal Nature.

But since then, there have been reports that other scientists have been unable to replicate the Japanese team's results and that there may have been problems with its data and images.

"It is no longer clear what is right," Teruhiko Wakayama, a professor at Japan's University of Yamanashi who was part of the researcher team, told public broadcaster NHK.

The study, described as game changing by independent experts asked to comment on it when it was published, appeared to show a simple way to reprogram mature animal cells back into an embryonic-like state that would allow them to generate many types of tissue.

The results appeared to offer a promise that human cells might in future be simply and cheaply reprogrammed back into embryonic cell-like cells - in this case cells dubbed Stimulus-Triggered **Acquisition** of Pluripotency, or STAP, cells - suggesting a simple way to replace damaged cells or grow new organs for sick and injured people.

"When conducting the experiment, I believed it was absolutely right," Wakayama said.

"But now that many mistakes have emerged, I think it is best to withdraw the research paper once and, using correct data and correct pictures, to prove once again the paper is right. If it turns out to be wrong, we would need to make it clear why a thing like this happened."

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