

HD MARKET STANDING STILL AT MIDDAY

BY Jenny Prabhu

WC 2,969 words

PD 17 March 2014

SN OzEquities News Bites

SC NBOZEN

LA English

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The S&P/ASX200 is down just 1.7 points to 5327.7 at midday and has traded in a narrow range all morning. On lightish volume worth \$1.3 **billion**. There are 404 issues higher and 422 down. The SPI Futures is up 4 points to 5329 on strong volume of 18,035 contracts. Aussie 10 year bond yields are down 3 points to 4.03%. The \$A is at 90.22US c, down a few from Saturday levels.

*The banks have contributed 3 positive points to the index, resources have contributed 0.2 positive pints, **property** trusts have contributed 0.3 negative pints, retailers have contributed 4.3 negative points and Telstra has contributed 0.5 positive points.

*The Nikkei Dow futures is up 30 points to 14,250 points, Shanghai CSI physical is up 5.54 points to 2009.88. Hang Seng futures is down 5 points to 21,500 points. S&P futures is down 0.5 points to 1832.40, Nasdaq futures is down 2 points to 3619 points, Dow futures is down 12 points to 15,980 points.

Spot **gold** is down \$2 to \$1380. Crude is up 22c to \$99.11.

"Risk off" rules so far, with safe sector stocks in favor - reaction by various authorities to the overwhelming vote in Crimea to return to Russia is awaited. The market is also grappling with "new look" economic goals in **China** and their implementation.

"Support is at 5320, then 5295. I will call the market down 25 points'.

Ben Faulkner, a senior adviser at Morgans said, "For the S&P500, the long term uptrend that commenced back in May 2012 is still in tact and won't be tested until probably about 1785, if you take it from May 2011.

"On Friday there was a break in the 20 day moving average, which is short term bearish. The RSI is also showing weakness. Support will come into play at about 1,830. A break of 1830 will probably see 1815 tested.

"The short term outlook on the S&P is negative, based on breaks of the 20 day moving average. There is still support around the 1830 level. It will be interesting to see if it holds.

"**Copper** is trading at \$295/lb, a huge breakdown from the \$3.10.3.05/lb level. Good support over the year is broken. There is some pretty good support if you go back in the weekly chart, at \$2.95/2.90. I would expect it to hold these levels. All the technical levels are heavily oversold. We may see a short term bounce, likely to be a bit of a dead cat bounce to \$3.05/lb. It will be interesting to see where to from there.

"Spot **gold** has continued to gather momentum from the long term downtrend. In fact it closed at its highest level since September last year. It is approaching the \$1400 level where there will be significant resistance in my view.

"All the technical indicators are suggesting it is heavily over bought. While it still looks good, short term traders are likely to take profits between here and \$1400/oz. There should be some resistance there. Support for **gold** is around the \$1375 level.

"The XJO has quite a similar chart to the S&P - although it looks a bit more bearish.

"We broke the 20 day moving average last week. Our losses on Friday were a bit more extended. There is a double top and an inverse head and shoulders that has broken down.

"I can't see any good support until 5320 which is not that far away. We are probably set to test that level and break through it today. The next level of support is 5205.

"The XJO is short term bearish with a double top and in fact an inverse head and shoulders break down.

"The RSI is in a deteriorating downtrend.

"For the day support is at 5320, then 5295. I will call the market down 25 points'.

The S&P/ASX200 closed down 83.2 points to 5329.4 last Friday.

ECO NEWS

The ABS reported Total Sales of New Motor Vehicles, Australia, Feb 2014

Trend estimates: The February 2014 trend estimate (93 755) has decreased by 0.3% when compared with January 2014.

Seasonally adjusted estimates: The February 2014 seasonally adjusted estimate (92 799) has increased by 0.1% when compared with January 2014.

Sales by type of vehicle:

Trend estimates: When comparing national trend estimates for February 2014 with January 2014, sales of Passenger and Sports utility vehicles both decreased by 0.4%. Over the same period, Other vehicles increased by 1 unit to 19 387 unit sales. When comparing national trend estimates for February 2014 with February 2013, Sports utility vehicles was the only vehicle type to record an increase (1.2%).

Seasonally adjusted estimates: When comparing seasonally adjusted estimates for February 2014 with January 2014, sales of Other and Sports utility vehicles decreased by 1.0% and 0.3% respectively. Over the same period, sales of Passenger vehicles increased by 0.8%.

Sales by State:

Trend estimates: Five of the eight states and territories experienced a decrease in new motor vehicle sales when comparing February 2014 with January 2014. Victoria recorded the largest percentage decrease (1.2%), followed by Tasmania (0.7%) and the Northern Territory (0.5%). Over the same period, sales in Queensland and the Australian Capital Territory both increased by 0.2%.

Seasonally adjusted estimates: Four of the eight states and territories experienced an increase in new motor vehicle sales when comparing February 2014 with January 2014. Western Australia recorded the largest percentage increase (4.1%) followed by South Australia (2.6%) and the Northern Territory (2.3%)

TOP STOCKS

*Woolworths ex 6c is down 83c to \$35.49 on 2.2m shares.

*Leighton ex 60c is down 97c to 420.40 on 2m shares.

*James Hardie ex 31.3c is down 18c to \$14.26 on 365,254 shares.

Among the financials, AMP is up 2c to \$4.94 on 2.9m shares, ANZ has gained 25.5c to \$32.12.5 on 2m shares, CBA is down 25c to 475 on 727,650 shares, NAB is down 1c to \$34.32 on 1.2m shares, Westpac is down 6c to \$33.59 on 1.17m shares.

Among the TMT's Telstra is up 1c to \$5.02 on 9.78m shares, Telecom NZ is down 6c to \$2.25 on 898,336 shares, SingTel rose 2c to \$3.10 on 92,574 shares.

Among the resources BHP is up 2c to \$35.68 on 2m shares, RIO is up 3c to \$61.53 on 603,037 shares. Fortescue is down 2c to \$4.96 on 5.16m shares. Iluka is down 4c to \$9.33 on 432,042 shares. OZL is up 2.5c to \$3.47.5 on 555,730 shares. Paladin is steady at 51.5c on 2.34m shares.

Among the oils, Woodside is down 20c to 438.10 on 641,950 shares. Santos is down 14c to \$13.29 on 813,700 shares, **Oil** Search is up 5c to \$8.60 on 1.4m shares.

Among the golds, stocks are up across the **board**. Newcrest is up 17c to \$12.27 on 1.8m shares, Medusa has gained 1c to 42.56 on 673,538 shares, Oceana is up 23c to \$3.03 on 1.3m shares with Alacer up 8c to \$3.60 on 665,238 shares.

AT THE SMALLER END

*Teranga is down 4.5c to \$1.02 on 1m shares, Unilife fell 4.5c to 83c on 531,938 shares. Icar Asia is up 5c to \$1.37 on 304,448 shares.

NEWS OF THE DAY

No Darvas System related Special Report today. Peet Ltd (PPC) ticked almost all the boxes.

Ex div: AMM ex 2.2c; ASL ex 2.5c; BWF ex 1.2c; BYI ex 4c; CDD ex 19c; CTE ex .5c; EMB ex 13c; ENV 3.2c; FAN ex 3c; FSI ex 3.3c; IMF ex 5c; JHX ex 31.3199c; LEI ex 60c; LGD ex .8c; MQA ex 5c; NZO ex 2.4c; PRY ex 9c; RFG ex 10.75c; SDF ex 1.8c; SKC ex 7.8348c; STS ex 2.5c; TEL ex 7.3c; VSC ex 4c; WMK ex 2.5c; WOW ex 65c

Changes in substantials reported March 12,13 and 14 inc posted separately.

LARGE CAP INDUSTRIALS

*LLC/Other: TCL picks Lend Lease/Bouygues j/v for NorthConnex Motorway

Transurban **Group** announced along with its partners in the WestLink M7 they have selected a preferred tenderer, the Lend Lease Bouygues for the \$3 **billion** NorthConnex Motorway (formerly known as the F3-M2) which includes a construction budget of \$2.65 **billion** in addition to land **acquisition** and project delivery costs.

This milestone now enables the project to be submitted to the NSW Government for final planning approval which will include detailed community consultation.

A number of strong bidding consortia participated in the process, Transurban CEO Scott Charlton said in the report. If approved by the NSW Government financial close is expected in late calendar 2014 with work on NorthConnex expected to begin in 2015. The funding sources for the project previously agreed with the NSW government and announced on May 3-0 are unchanged.

*SKI: Extends and increases bilateral corporate facilities

Spark Infrastructure announced it has extended and increased its bilateral corporate facilities. Two new 3 year facilities of \$75 **million** and \$50 **million**, expiring in March 2017 have been executed with CBA and Bank of Tokyo Mitsubishi UFJ respectively. In addition the current facilities of \$75 **million** each with Westpac and NAB, which are undrawn have been extended by a further year to March 2016. All four banks have had longstanding relationships with Spark Infrastructure.

LARGE CAP RESOURCES

*BHP: Possible share buyback after cost cutting, debt target reached

"The Age" reports in an interview with The Sunday Times in London reported yesterday BHP chief executive Andrew Mackenzie has reaffirmed the **company's** \$US5.5 **billion** (\$6.1 **billion**) cost-cutting target by the end of this year and a reduction in debt to \$US25 **billion**, in an interview with London's The Sunday Times.

"When we get that number (\$25 **billion**), we will have a serious and practical conversation on how we might increase cash returns to shareholders," Mr Mackenzie said.

*KCN: DFS for Nueva Esperanza finds project financially + technically robust

Kingsgate Consolidated Ltd advised in a summary of the results of the Definitive Feasibility Study of the Nueva Esperanza silver and **gold** heap leach project in Chile, the study supports the technical viability and financial robustness of the project as well as identifying further upside potential within the existing resource base and the already identified exploration targets within the **mining** lease.

Highlights include a proved and probable **ore** reserve of 17.1 **million** tonnes grading 97gpt Ag and 0.27gpt Au (113 gpt Ag equivalent or 1.89gpt Au equivalent).

Average annual production is estimated at 7.5 **million** ozs of Ag equivalent for an initial six year plus mine life with significant potential for extensions.

Capital costs of \$US140 million include a \$US10 million contingency.

Average cash operating cost is \$US11.44/oz Ag equivalent or \$US687/lz Au equivalent.

First production is targeted for first half of 2016 calendar year.

MID TO SMALL INDUSTRIALS

*GDY/BPT: Sells Habanero camp and facilities to Beach for \$1.5 mln

Geodynamics Ltd announced it has entered into an agreement for the sale of the Habanero logistics and operational support base located near Innamincka, South Australia, to Beach Energy Ltd for a total consideration of \$1.5 million. Beach will acquire camp accommodation, operating support facilities for drilling and associated equipment suited to its current field activities. Geodynamics retains ownership and responsibility for all geothermal permits associated with its Innamincka granite resource and ownership and responsibility for geothermal wells, brine pipelines and geothermal facilities including the 1Mwe Habanero Pilot Plant.

The sale is conditional on GDY completing its current plug and abandon program of the Celsius 1, Habanero 2 and Habanero 3 wells and to Beach Energy securing its facilities licence from the South Australian regulator, Department for Manufacturing, Innovation, Trade, Resource and Energy).

GDY's CEO Geoff Ward said in the report the group continues to work on the development of its Habanero geothermal resource and looks forward to working closely with Beach Energy on operational support for monitoring and maintenance at the Habanero site and engaging on the future supply of energy to their operations from Habanero.

*MRN: MD Rob Loewenthal resigns, Russell Tate to be chair +CEO

Macquarie Radio Network Ltd announced the resignation of managing director Rob Loewenthal, effective March 28 2014. Mr Loewenthal will also resign as a member of the board of directors.

Executive chairman Russell Tate paid tribute to Mr Loewenthal and said there would be no replacement, he will resume the position of chairman and CEO.

*VHL: Licences cancer drug from Yale for scrip/Paul Hopper joins board

Virax Holdings Ltd announced it is to acquire an exclusive worldwide license for a novel cancer drug from Yale known as geranylgeranyl transferase inhibitor (GGTI-2418) which has been shown to block important growth signals in cancer cells, such as Ral and Rho.

A Phase 1 trial has been undertaken at Pennsylvania and Indiana Universities.

Phase 1b/2 trials are to be conducted at leading US institutions including Moffitt Cancer Center in Florida and Montefiore Einstein Center for Cancer Care, the clinical partner of the NCI-designated Albert Einstein Cancer Center in New York.

Acquisition is to be satisfied via an issue of up to 240 million shares payable over three tranches against value creation milestone targets.

Life science executive Paul Hopper will join the Virax board.

MID TO SMALL RESOURCES

*CSD: Snow Peak Mining commences mining at Baal Gammon Mine

Consolidated Tin Mines Ltd announced Snow Peak Mining Pty Ltd have commenced mining at the Baal Gammon Mine Friday March 14. Mining production continues to ramp up at Snow Peak owned Surveyor Mine.

The Mt Garnet concentrator is operating continuously. CSD has a 9.85% free carried interest in Snow Peak Mining and manages the project. CSD will receive a percentage of all profit made by SPM. CSD is to receive a percentage of any profit through 9.85% free carried interest.

*OGX/TRY: Orinoco identifies numerous historical drill intercepts at Sertao

Orinoco Gold Ltd advised it has identified numerous historical drill intercepts which point to a significant extension of the known mineralisation at the Sertao gold mine in central Brazil, where it is acquiring 100% of the gold rights from Troy Resources.

Orinoco said in the report it has made significant progress in advancing the project since announcing the proposed **acquisition** from Troy.

OGX has begun reviewing historical data on Sertao.

*RMS: Ian Gordon to resign as CEO. COO Mark Zeptner to replace

Ramelius Resources Ltd advised managing director Ian Gordon has given notice of his intention to stand down from his position in June 2014, following seven years of leadership.

Ramelius' current COO Mark Zeptner will succeed Mr Gordon, commencing in his new role as CEO in June 2014. He is a **mining** engineer with extensive experience in the **gold** and nickel sectors obtained in a variety of senior management positions including roles with WMC Ltd and **Gold** Fields Ltd.

*TAS/RIO: Rio Tinto withdraws from Vulcan project farm in

Rio Tinto Ltd announced its decision not to proceed with earnings the Stage 1 Participating share under its farm-in/jv agreement with Tasman Resources Ltd and has withdrawn, effective immediately from the Vulcan Project farm-in/jv agreement. Tasman will continue as sole owner of 100% of the Vulcan project which is part of Tasman's Lake Torrens project.

*TLG: Raising \$1.7m at 8.5c to advance Swedish graphite/graphene project

Talga Resources Ltd announced it is raising \$1.7 **million** via a placement to sophisticated investors at 8.5c per share to advance development test work and economic studies at its flagship graphite project in northern Sweden.

The 20 **million** shares is within the **company's** current capacity under ASX rules.

Talga managing director Mark Thompson said in the report the strong support the **company** attracted for the placement follows Talga's outstanding raw **ore**-to-graphene results from last month and worldwide excitement in the graphite space following the Tesla Motor car **company's** announcement of its plans for a Lithium ion battery gigafactory (announced on February 26). Lithium-ion batteries for electric vehicles can require up to 100 kg of graphite per unit and industry commentators have calculated that six new graphite mines are required for the Tesla battery factory alone (Industrial Minerals 7 March 2014).

Graphene and graphite "graphene is to graphite what **gold** is to silver" - analyst

Last month, Talga announced exceptional results from graphene test work conducted by the University of Adelaide on drillcore from the **company's** wholly owned Nunasvaara graphite deposit. Among the testwork conclusions were that unoxidised graphene could be directly and rapidly liberated from unprocessed Nunasvaara graphite **ore** in a one step process. The quality of the graphene produced was outstanding and comparable to graphene made from synthetic routes.

The test work used a processing method well suited for upscaling to bulk production. Mr Thompson said with the new funds and support the **company** will commence upscaling the Unasvaara test work to measure both graphite and graphene yield and characteristics. The new process being tested liberates both graphite and graphene with graphite being the major product by volume.

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