

HD Australian Stocks: What Happened Today?

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Well knock me down with a feather! The tales of two sectors today as the market staged a bigger comeback than John Howard as heavy early losses gave way to bargain hunting again in banks, except National Australia Bank Limited (A\$33.05, -0.2%) and Westpac Banking Corporation (A\$33.67, unch), and great gains in safe haven Telstra Corporation Limited (A\$5.36, +1.1%). Resource stocks came in for the bulk of the selling led by **Iron Ore** miners like BHP Billiton Limited (A\$37.17, -0.7%), RIO Tinto Limited (A\$59.40, -1.1%) and Fortescue Metals **Group** Ltd (A\$4.43, -2.4%).

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Second liners fared no better with losses in Arrium Limited (A\$0.935, +0.5%), Atlas **Iron** Limited (A\$0.725, -2.7%), and Mount Gibson **Iron** Limited (A\$0.74, -0.7%). The market ended the day up 4 at 5424 as the rally surprised even Lazarus. A low of 5372 was seen after disappointing consumer confidence numbers, before buyers emerged after lunch.

The big winner today was Telstra Corporation Limited (A\$5.36, +1.1%) as the Magda Szubanski ads hit the TV waves and the **company** is chock full of cash at the moment. So much that they are building their own version of the NBN for \$100m. Other stocks in the spotlight included Woodside Petroleum Limited (A\$41.23, +0.8%) which pulled out of the Leviathan Deal in Israel which was greeted with disappointment then happiness and then relief. Three emotions in one day!.

Retailers remain under pressure post the budget with spending assumed to be a thing of the past for many. Premier Investments Limited (A\$8.73, -2.9%), Super Retail **Group** Limited (A\$9.00, -2.0%), Harvey Norman Holdings Limited (A\$3.13, -0.9%) and Funtastic Limited (A\$0.082, -12.8%) not looking so much fun at all. Healthcare continued to flip-flop around as ramifications from the doctor tax continued to plague sentiment. Infrastructure stocks were led by Duet **Group** (A\$2.37, +1.3%) after Spark Infrastructure took a 15% **stake**. Building stocks struggled as Adelaide Brighton Limited (A\$3.53, -5.9%) upset things with their AGM and James Hardie Industries PLC (A\$13.69, +2.2%) are due to report tomorrow.

Winners today included Treasury **Wine** Estates Limited (A\$5.07, +5.6%), Coca-Cola Amatil Limited (A\$9.92, +4.0%), Chorus Limited (A\$1.645, +3.8%), Amalgamated Holdings Limited (A\$9.60, +3.1%), Oceanagold Corporation (A\$2.69, +2.3%), Sirius Resources NL (A\$3.16, +2.6%), James Hardie Industries PLC (A\$13.69, +2.2%) (figures Thursday) and #AHZ# in the smaller caps. In the losers corner were Spark Infrastructure **Group** (A\$1.785, -5.1%), Austin Engineering Limited (A\$1.25, -17.8%), Adelaide Brighton Limited (A\$3.53, -5.9%), UGL Limited (A\$6.37, -4.4%). Transfield Services Limited (A\$1.09, -3.5%) and Bradken Limited (A\$3.54, -3.3%) with Liquefied Natural Gas Limited (A\$0.895, -8.2%) in the smaller caps. Volume was once again on the skimpy side at \$3.9bn with the top stocks like BHP and TLS and TWE dominating.

Asian stocks were mixed with Tokyo down 0.7%. HK down 0.17% and **China** up 0.13% The little Aussie dollar steadied around 92.3 whilst digital tulips had a good rally up to \$534 and **Gold** around \$1295. Stocks and Stories

Captain Ahab has refused to play ball as Woodside Petroleum Limited (A\$41.23, +0.8%) have stopped chasing their Israeli project. I think CEO Peter don't "call me Ishmael" Coleman is establishing himself as a man not driven by ego or obsessions. Discipline is his mantra. Good on him! Can't be easy when you are playing with the big boys for keeps.

Treasury Wine Estates Limited (A\$5.07, +5.6%) continued to find friends following yesterday's revelations about the Barbarians at the bar! Coca-Cola Amatil Limited (A\$9.92, +4.0%) got some fizz back as punters cast their eye over their business in comparison. A hedge fund emerged as a 5% holder of Penfolds today too adding to the fun.

Austin Engineering Limited (A\$1.25, -17.8%) fessed up today with another shocker in this sector as they announced an acquisition in South Africa and numbers that were pretty woeful but they are certainly not alone in the sector. The company cut expected EBITDA for this financial year to \$15 ? \$18 million, less than half the previously indicated figure in late February of \$37 ? \$41 million, itself a downgrade from former guidance of \$40 ? \$50 million.

It wasn't as easy for Adelaide Brighton Limited (A\$3.53, -5.9%) with news out of the AGM this morning that this year's numbers are not set in cement at all. So much for the building and construction boom. New chief executive Martin Brydon flagged tough times ahead for the construction materials group and said that full-year 2014 net profit is likely to be similar to the \$151.1 million posted in 2013.

Ten Network Holdings Limited (A\$0.275, -1.8%) has effectively pulled out of the news business as it sacked more staff than viewers of its awful Breakfast show Wake Up. Looks like 40-50% of the staff will be looking for a new gig. Sad indeed as it just makes it even harder for any credibility. Reruns of the Simpsons anyone? Or Hogan's Heroes! The Love Boat maybe?

Liquefied Natural Gas Limited (A\$0.895, -8.2%) suffered heavy losses and some scratching of heads as a large shareholder sold out at a huge discount. Nearly half of the pre-announcement share price. China Huanqiu Contracting sold 44m shares nearly at 55c! They will keep 10m shares though so not all is lost.

Today we saw Consumer sentiment plummet as survey of 1,200 people by the Melbourne Institute and Westpac Bank showed the index of consumer sentiment fell a seasonally adjusted 6.8 percent in May from April, when it rose 0.3 %. The index reading of 92.9 was down 4.8 percent on May last year. A reading below 100 means pessimists exceed optimists

Annual wage price index readings of 2.6 per cent are the lowest since the series began in 1997. Wages growth is now more than 1 per cent below its 10 year average of 3.8 per cent pa.

Recent addition GMA slipped a little on their second day as a public company. Tomorrow's New Today Tension continues to mount in the Sino-US spying scandal. Bit ironic really as most of the products that the US companies make are made in China!

First time since 2012 Moody's Investors Service revised its credit outlook for Chinese developers to negative from stable, citing a slowdown in home sales growth as liquidity weakens and inventories rise in the coming 12 months.

Full speed ahead for the Bank of Japan. The BOJ refrained from boosting stimulus as the economy shows signs of weathering the impact of the first sales-tax increase since 1997. The central bank will continue to expand the monetary base at a pace of 60 trillion yen to 70 trillion yen per year. One quadrillion yen in debt!! Lucky interest rates are so low!!!!

June 5th is shaping up as a crucial test of Super Mario as he now has to back up his rhetoric with deeds. Action time Mario, no more "whatever it takes". Although that strategy has been very successful. I still struggle to see why you would lend money to Spain at a lower rate than we offer here!! But big US bond buying as well. Money out of equities into the bond markets.

More scandals and investigations. The European Commission has accused JPMorgan, HSBC and Credit Agricole of colluding to fix a key euro benchmark borrowing rate ? Euribor. I thought Euro-Bor was Angela Merkel but obviously not!

US car giant General Motors has announced it will recall another 2.4 million vehicles in the US because of safety concerns. That takes the total number of cars GM has recalled this year to over 13 million in the US ? more than the carmaker sold in 2013.

More problems in Nigeria, AstraZeneca looks to be slipping through Pfizers hands, Thai issues, China looks to be delaying their gas deal with RasPutin. Bada bing, bada boom.

Let's hope this doesn't catch on here. Lloyds Banking Group has announced that it is tightening the rules surrounding mortgages on high value properties, to address "inflationary pressures" in the London housing market. The new rules mean mortgage applications will be limited to a maximum of four times income on lending over £500,000. When I was buying my first London house (why did I ever sell it!??) they would only lend three times your salary. Of course everyone lied. Probably still do. Mark 'Circus' Carney would be happy though !

Still in the UK, The boss of the world's biggest security **firm** G4S has quit after just seven months in the job, the third executive to leave that position in a two year period marked by a series of scandals.

I remember a Samuel Beckett muttering these words, "When you're in up to your neck, there's nothing left to do but sing." Liberal Senator Cory Bernardi is certainly singing as he suggests they should slash the ABC, lower taxes, forget the medical research fund and stop paying **millions** to search for Malaysian flight MH370. Bless!

And don't forget its Chloe's birthday tomorrow. She told me she has a register at DJs! Not sure she was joking either!

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