

OZEQUITIES NEWSLETTER

Australia's most comprehensive daily digest of equity news

Tel 613 9748 5033

ozequities@pacific.net.au

MORNING ALERT

MARKET EXPECTED TO CLOSE HIGHER

By Jenny Prabhu and Gerald Stanley

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

Europe, the UK and US markets each rose more than 4% .

On the NYSE where 3166 issues traded there were 2,716 issues higher, 402 down and 48 unchanged. On Nasdaq where 2681 issues traded there were 2,146 issues higher, 461 down and 74 unchanged.

*Metals closed lower after an intra day jump on short covering, crude was mixed, gold gained. The \$A is at 1.0274US c, up about 250 points from last evening.

"4242 will cap the rallies. 4195 the floor. Close at 4215, up 96 points"

Daniel Goulding, the author of "The Sextant Market Report" says, "No prizes for guessing what our market does today with our futures market pointing up 141 points. "Today's rally throws a spanner in the works since it reintroduces the possibility that a psychological bottom may be in and that we are headed for 4500 within 3 weeks. However there are problems with that interpretation.

"There were also some technical red flags over in the US with more new 52-week lows than highs on the NASDAQ which is most unusual if the bottom were in.

"And US bonds are not acting like they have bottomed. Given that they tend to lead equities at important turns or at least move inline with equities, this is a problem for the bulls. With respect to today, 4242 will cap the rallies. 4195 will prove the floor. When the dust has settled, the market will have closed at 4215, up 96 points.

The S&P/ASX200 closed up 17.7 points to 4119.8 yesterday.

December 1. Good morning.

*The central banks of Europe (the ECB), the US Fed, the central banks of the UK, Canada, Japan and Switzerland announced they would cut the cost of dollar swap lines by 50 basis points to ease a liquidity crunch in the financial system. However, the move was seen as only a short term palliative, introducing more temporary liquidity.

*China's central bank a few hours earlier announced the first cut in reserve requirements for its banks in almost 3 years. The People's Bank of China said it would cut the reserve requirement by 0.5%, taking the level to 21% for major banks, effective December 5, the first cut since December 2008. The move will free up about 390 billion Yuan (about \$US61 billion) in funds for banks to lend, the Wall Street Journal reported.

*The Italian prime minister Mario Monti announced plans for Italy to have a balanced budget in 2013.

Aussie stocks

All dollars in this section are Aussie dollars - the rises and falls are against last evening's local close.

Aussie stocks in ADR form were higher. Amcor rose 18c on 19,000 shares, AWC gained 8c on 1.5m shares, RIO rose 43p on 5.3m shares, BHP gained 166c on 11m shares, News rose 41c on 3.33m shares, Westpac rose 60c on 330,000 shares, Telstra rose 3c on 880,000 shares. Resmed fell 2c on 15m shares.

In London, Anglo American rose 111.5p to 2,420p on 7.8m shares, Aquarius rose 11.5p to 170.9p on 1.48m shares, BskyB rose 20p to 765p on 6.5m shares, BHP rose 113p to 1,949p on 13.19m shares, Henderson rose 6.9p to 116.3p on 2.1m shares, RIO rose 2009.5p to 3,339p on 11.8m shares.

Trading points:

*BHP and RIO led the gains in the UK with the mining section the biggest gainer on the Stoxx Europe 600 Index after China eased its bank reserve rate, signalling encouragement for growth in lending, media services reported.

***LRS: Junefield of China takes 16.8% stake, injects \$52m for Peru exploration**

Latin Resources Ltd announced it has executed two agreements with a combined value of up to \$A52 million with Junefield High Value Metals Investments Ltd and Junefield backed Total Genius Iron Mining SAC, Junefield is a Chinese based business with considerable interests and standing in the PRC owned by Mr Zhou Chu Jian He. It also has significant interests in Peru.

Junefield will subscribe for up to 30 million shares in two tranches in the company at 28c per share to raise up to \$8.4 million, with funds raised to be applied to acceleration of activities at Latin's flagship Guadalupido Iron Sands Project and other concessions in Peru.

The shares issued represent approximately 16.8% of Latin Resources. The first tranche of 10 million shares and 3.333 million options will be issued under the company's existing 15% capacity with the second tranche of 20 million shares and 6.6 million options subject to shareholder approval. (Nov 30)

Ex div: GNC ex 35c.

Bligh Resources Ltd (BGH) lists following an issue of 20 million shares at 25c per share for 33.256 million shares on issue.

Bligh Resources has assembled a portfolio of five manganese and gold projects in Western Australia, the Northern Territory and New South Wales, covering a combined area of approximately 1474 sq km. These include the Grenfell manganese field in NSW, which reportedly contained up to 50% manganese in oxide ore and was mined up until the 1950's, the Manila manganese project in NSW near Tamworth that covers 30 historical manganese mines and deposits, many containing rhodonite, the Kumarina manganese project in Western Australia, immediately west of Montezuma's Butcher Bird project, the Bootu Creek Two project in the Northern Territory, some 40 km south of the Bootu Creek Manganese Mine operated by OM Holdings Ltd with similar geological and structural features.

Bligh has a secondary focus on gold exploration and has acquired the Leonora gold project in Western Australia covering two prospective areas, the Diorite King and the Mt Davis Prospects, situated some 6 kkm south east of the Tarmoola gold mine and the Grenfell District in NSW that was the richest gold field in NSW from 1867 to 1871 and produced a total of 320,000 ozs of gold.

Directors:

Robert John Benussi, Non-Executive Chairman, MIPA

Mr Benussi until recently held the positions of Chief Financial Officer, Company Secretary and General Manager, Corporate of Jupiter Mines Ltd (ASX: Code JMS) since 2006. Mr Benussi also assumed the role of Acting Chief Executive Officer within Jupiter during the period of May to December 2007.

Mr Benussi has an extensive background in finance, corporate advisory, stockbroking and business development with companies such as Olin Corporation, Lend Lease, Dalgety and Lion Nathan.

He has been a Non-Executive Director of Resource Star Limited (ASX: RSL) since 2009 and a Non-Executive Director of Connexion Limited (ASX: CXN) since May 2011.

Hanjing Xu , Non-Executive Director , BBus., CA

Hanjing Xu has more than 25 years with resource companies. He has been a decision making executive in both Chinese state-owned conglomerates, as Director of China Nonferrous Metals Industry Corporation (CNNC), and international listed mining companies, as Executive Director of Sino Gold Ltd and Managing Director, Eldorado Gold China. His knowledge of China was instrumental to the success of Sino Gold.

He is now actively involved in research on Chinese mining reform and regarded as a leading authority in this area.

Liming Nui, Alternate for Hanjing Xu

Mr Nui has 23 years experience in the field of mining and mineral exploration. He is currently Chairman of Shanghai Chengming Corp Limited, a position he has held since 2003. His earlier experience includes senior management positions with Shanghai Yi Tak Industrial Company Limited and Able Lemon Distribution Pty Ltd (both as Chief Executive Officer) and as General Manager of MITSUI & Co., LTD (Beijing Office).

Charles William Guy, Non-Executive Director , BSc

Charles William (Bill) Guy is a member of the Australian Institute of Geoscience (AIG), has over twenty years experience in the mining, exploration, and environmental industry inclusive of 10 plus years working within consulting firms, providing technical and consultancy services to the mining industry. His career has encompassed both Australian and overseas projects including Cockatoo Island Iron Ore Mine (Kimberley's WA) Nickel Laterite (Romblon Philippines), Exploration of Mabuhay Epithermal Gold Project Philippines, and numerous mineral exploration projects within WA. Most recently he was exploration manager at Jupiter Mines Ltd.

Peiqi Zhang , Non-Executive Director

Mr Peiqi Zhang has more than 30 years experience and knowledge in the Chinese mining industry. Mr Zhang is the Chairman and founder of China Shanxi Guxian Jin Yu Coking Co., Ltd, Chairman of Inner Mongolia Jiyuan Iron and Steel Company, a senior member of Shanxi Province Federation of Industry and the Standing Committee, and a senior member of the CPPCC Standing Committee of Linfen City.

Mr Zhang is one of the prominent leaders in the mining industry of Shanxi Province.

Adrian Di Carlo , Company Secretary , BBus(Acc) MBA GradDipACG CPA ACIS

Adrian has been appointed as the company secretary and advised numerous ASX listed entities with the professional services firm, Company Matters Pty Limited. Previously, Adrian worked for the Barrick Gold Corporation/Antofagasta Minerals joint venture and prior to that, Adrian worked within the Wesfarmers Group for several years in various accounting, systems and project and commercial management positions.

YESTERDAY'S WINNERS AND LOSERS - WHOLE OF MARKET

Best Risers/greatest weakeners by percentage in Stocks on volume over 190,000 with 2.5 cent min.

15 Best Risers

Code	Company	% Increase	Value Increase	Last Price Cents	Volume M
HAO	Haoma	50	5	15	0.5
MGV	Musgrave	35	3	11.5	0.5
PTS	Platsearch	28	2.5	11.5	0.4
LRS	Latin	27	5	23.5	0.2
CZN	Corazon	19	2.5	16	2.7
OYM	Olympus	18	4.5	30	0.3
IVR	Investigator	17	2.5	17.5	12.0
BNO	Bionomics	16	7	51	0.5
PEM	Perilya	13	4.5	39	0.6
GTE	Great Western	13	3.5	31	0.2
ORE	Orocobre	11	15	146	0.2
RDR	Reed	10	3	32.5	3.0

EVN	Evolution	8.7	15	187	9.4
GGG	Greenland	7.3	4	58.5	1.2
SKE	Skilled Group	7.2	13	193	0.3
	AVERAGE	18.7			

2 Best Riser: Company issued Options

Code	Company	% Increase	Value Increase	Last Price Cents	Volume M
LRSO	Latin	74	1.7	4	0.7
CZNO	Corazon	38	1.5	5.5	0.4

6 Worst Falls

Code	Company	% Fall	Value Fall	Last Price	Volume
MZM	Montezuma	17	7	35	0.5
SYM	Symex	17	4	20	0.4
VLA	Viralytics	13	6	42	0.2
LBL	Laserbond	12	2.5	18.5	0.3
CCU	Cobar	5.1	3	56	0.5
NFE	Northern Iron	5.0	3.5	66	2.7
	AVERAGE	11.5			

Overseas

The DJIA closed up 490.05 points to 12,045.668.
 S&P 500 rose 51.77 points to 1246.96.
 NASDAQ rose 104.83 points to 2620.34.
 US 10yr bond yields rose 9 points to 2.09%.
 The US\$ fell 26 points to 77.53 Yen.
 The Euro rose 111 points to 1.3439US c.
 The Yuan rose 249 points to 6.3512/\$US1.
 FTSE 100 closed up 168.42 points to 5505.42. European markets closed sharply higher.
 The Nikkei Dow last evening closed down 43.21 points to 8434.61.
 Shanghai SE Comp IX closed down 78.98 points to 2333.41.

Commodities

All dollars in this section are US dollars

*Commentators said short covering was a major reason for the sharp rise in metal prices early with the market having been very short.

The Financial Times quoted Morgan Stanley, one of the biggest dealers in commodities in the US, as saying despite the rebound last night, raw materials markets face the headwinds of slower economic growth and the strength of the US dollar in 2012. Morgan Stanley pointed to gold, silver and livestock as favorites and listed base metals and oil as its least favored.

UBS also predicted a difficult environment for commodities in 2012, but added it was positive on thermal coal, corn and copper and said gold remained a safe haven while it was negative on coking coal, wheat, nickel, cotton and uranium on expected surpluses in supply, the Financial Times reported.

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 closed down \$40 to \$7,430/fell \$217 to \$A7232 after rising over \$8000 intraday. Stockpiles fell 3,900 tonnes to 386,625 tonnes.

Aluminium was down \$18 to \$1,987/fell \$65 to \$A1934. Stockpiles rose 500 tonnes to 140,160 tonnes.

Nickel was down \$75 to \$16,925/fell \$479 to \$A16,474. Stockpiles rose 612 tonnes to 90,390 tonnes.

Zinc rose \$4 to \$1,940/fell \$42 to \$A1888. Stockpiles fell 1,575 tonnes to 739,850 tonnes.

Lead fell \$39 to \$1,985/fell \$86 to \$A1932. Stockpiles fell 1,875 tonnes to 369,825 tonnes.

Tin fell \$425 to \$20,025/fell \$902 to \$A19,491. Stockpiles fell 85 tonnes to 12,490 tonnes.

WTI crude rose 57c to \$100.36/fell \$1.83 to \$A97.68.

Brent Crude fell 30c to \$110.52/fell \$2.94 to \$A107.57

Crude rose on the central banks coordinated move to inject liquidity, however the Department of Energy's Energy Information Administration reported crude oil stocks rose 3.932 million barrels in the week ended November 25 vs a fall of 500,000 barrels expected. Distillate stocks also rose by 5.526 million barrels. Gasoline stocks rose 213,000 barrels vs a rise of 1.3 million barrels expected.

Spot gold rose \$29 to \$1,747/fell \$12.79 to \$A1700. Spot silver rose 93c to \$32.90/gained 14c to \$A32.02. Spot platinum gained \$21 to \$1,558/fell \$16 to \$A1516. Spot palladium was up \$27 to \$614/rose \$12 to \$A598.

Overseas eco news

In US eco news, the ADP employment report on private sector jobs showed the strongest private sector job growth in 11 months, at 206,000 vs expectations of a 125,000 job increase.

*The Beige Book reported the economy grew in most parts of US in October and the first half of November although hiring remained subdued, suggesting a slow if increasingly steady recovery. The Fed Reserve said 11 of the 12 bank regions reported an increase in economic activity since the previous report released on October 19. The St Louis Fed reported a decline.

Manufacturing activity grew at a steady pace across most of the country, spending on tourism showed signs of strength while consumer spending increased only modestly, the report said.

*The Chicago purchasing managers index rose to its highest level since April at 62.6 in November from 58.4 in October.

*The National Association of Realtors index of pending home sales rose to 93.3 in October from 84.5 in September seasonally adjusted, declining 0.3% in the West but 17.7% in the northeast and 24.1% in the midwest. The increase in the pending sales index, at a 12 month high seasonally adjusted, followed 3 consecutive months of decline, the Wall Street Journal reported.

*Eurozone inflation remained steady at 3% while the jobless rate rose to 10.3% from 10.2%, a more than 13 year high.

Overseas equity news

*In the US all 30 of the Dow stocks rose.

JPMorgan Chase led the way higher, gaining \$2.41 or 8.44% to \$30.97 followed by Caterpillar, up 7.34% or 8.11% to \$97.88 and Alcoa, up 71c or 7.63% to \$10.02 with Bank of America and General Electric next, up 7.28% and 6.64% respectively.

Cisco 96c or 5.43% to \$18.64 on a "buy" recommendation from Deutsche Bank.

Bank stocks rose after the central banks said they would increase liquidity.

The Home Depot rose the least of the Dow 30, gaining 26c or 0.67% to \$39.22 with Wal-Mart up 73c or 1.25% to \$58.90 and Coca-Cola, McDonalds and Kraft (the "safe sector" stocks) following as the least favored.

Citigroup rose 7.7%, Goldman Sachs rose 6.3%.

Netflix fell 5.2% Omnivision Technologies fell 4.7% after yesterday downgrading its forecast earnings.

*In Europe, the banks rose strongly. BNP Paribas rose 4.6% to Euro 29.47, Credit Agricole rose 8.4% to Euro 4.65 and Soc Generale rose 4.6% to Euro 18.08.

Deutsche Bank rose 6.2% to Euro 28.62, Commerzbank rose 4.1% to Euro 1.39. ThyssenKrupp rose 7.54% to Euro 19.12 after weeks of decline, Heidelberg Cement rose 7.38% to Euro 31.20, BASF gained 6.88% to Euro 54.04 and Bayer was up 6.49% to Euro 48.76.

K+S was up 2.10% to Euro 40.29, Merck gained 2% to Euro 73.80. Alcatel Lucent fell 4.1% to Euro 1.16 in morning trade but closed up 1.7% to Euro 1.23.

Peugeot fell 2% to Euro 12.94 in the morning but closed up 4.9% to Euro 13.84.

Wendel rose 16% to Euro 53.33, its biggest gain since at least 1989 after TE Connectivity, the world's largest electrical connections maker agreed to buy Deutsche Group from Wendel for about \$2.1 billion.

Saab rose 11% to SKr120.50 after Switzerland said it had decided to buy 22 Gripen fighter jets from Saab, at a cost of about SFr3.1 billion, Switzerland's defense minister Ueli Maurer said at a press briefing.

*In the UK, Lloyds Bank rose 7.1% to 24.83, Royal Bank of Scotland rose 7.5% to 20.98p, Barclays rose 6.7% to 180.25p.

BHP and RIO led the miners, while Xstrata rose 6.5% to 1,017 p. Antofagasta rose 9.2% to 1182p.

BP rose 5% to 460.75 p.

Sage rose 5.5% to 289.7p on bullish full year results for the software company, also raising its dividend by 25% to 9.75p.

Cairn was among only five losers on the FTSE 100, the Financial Times reported, falling 1% to 272.25p on news that two more wells had failed to find commercial quantities of oil in Greenland.

Allied Gold Mining rose 17.1% to 200.9p ahead of its inclusion in the MSCI index.F

Write to Jenny Prabhu, ozequities@pacific.net.au

ends