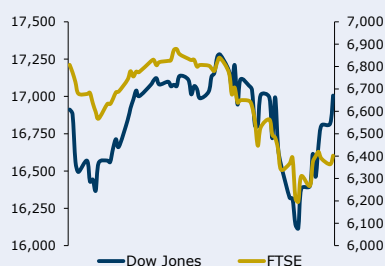
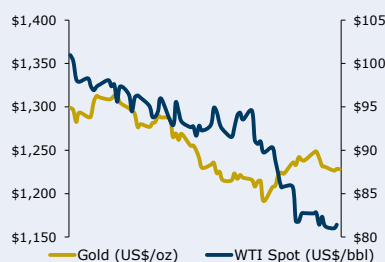


		+ / -	%
<b>World Markets</b>			
Dow Jones	17,006	188	1.1
S & P 500	1,985	23	1.2
FTSE 100	6,402	39	0.6
Nikkei 225	15,330	-59	-0.4
Hang Seng	23,520	377	1.6
ASX All Ords	5,434	-8	-0.1
<b>Currencies</b>			
\$US/\$A	0.885	-0.00	-0.05
Yen/\$US	108.130	-0.03	-0.03
\$US/Euro	1.273	-0.00	-0.01
<b>Energy</b>			
WTI (US\$/bbl)	81.42	0.42	0.5
Henry Hub (US\$/mcf)	3.52	-0.03	-0.8
Brent (US\$/bbl)	86.24	0.41	0.5
Japan. Gas (US\$/MMBtu)	15.58	0.19	1.2
Ux Uranium (US\$/lb)	36.50	0.85	2.4
<b>Bulks</b>			
Fines -62% CFR (US\$/t)	79.22	-0.30	-0.4
Therm. Coal FOB (US\$/t)	63.05	-0.25	-0.4
Coking Coal (US\$/t)	111.55	-0.50	-0.4
<b>Precious Metals (Bloomberg)</b>			
Gold (US\$/oz)	1,227.9	2.8	0.2
Platinum (US\$/oz)	1,266.8	0.1	0.0
Silver (US\$/oz)	17.2	-0.0	-0.0
<b>LME, Cash</b>			
Aluminium (US\$/t)	1,995	19.0	1.0
Copper (US\$/t)	6,870	72.5	1.1
Lead (US\$/t)	2,023	20.0	1.0
Nickel (US\$/t)	15,484	759.0	5.2
Tin (US\$/t)	19,866	311.0	1.6
Zinc (US\$/t)	2,258	0.0	0.0

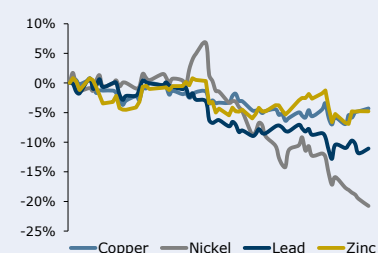
#### International Markets (3 Month)



#### Gold v Oil (3 Month)



#### Base Metals (Rebased) (3 Month)



Wednesday, 29 October 2014

## Market Update & Important Indicators

U.S. stocks rose Tuesday, putting the S&P 500 and the Nasdaq on track for October gains, as riskier corners of the market led benchmarks higher. The Dow gained 187.81 points or 1.12% to 17005.75. The S&P 500 added 23.42 points, or 1.19%, to 1985.05. The Nasdaq Composite Index rose 78.36 points, or 1.75%, to 4564.29. Investors were moving back into areas that are seen as riskier, after they had fled some of those sectors during steep stock-market declines earlier this month. Small-cap stocks, energy shares and technology stocks posted the strongest gains, and safe-haven investments such as Treasuries and utility stocks declined.

European stocks bounced back from the previous session's slide on Tuesday, but investors remained cautious, still digesting the results of sweeping bank stress tests while keeping a close eye on the U.S., where the Federal Reserve kicked off a two-day policy meeting. The Stoxx Europe 600 ended the day 1% higher, reversing losses it recorded on Monday, though volumes were thin, with many hesitant to take major bets ahead of the Federal Open Market Committee meeting. Even though markets initially cheered the results of the widespread review of the region's banking sector, which showed that all but 13 banks have sufficient capital to weather another economic storm, that optimism proved short-lived on Monday. Of special concern is Italy, home of nine banks that failed the test, and still battling a stubborn recession. London's FTSE 100 rose 0.6%, while Frankfurt's DAX and Paris's CAC added 1.9% and 0.4% respectively, supported in part by some upbeat quarterly earnings.

Markets in China outperformed their regional peers Tuesday with a gauge of Hong Kong-listed Chinese firms rallying its most in two months, while investors in other parts of Asia pulled back ahead of a U.S. Federal Reserve meeting. The Shanghai Composite was up 2.1% at 2337.87, while the Shenzhen Composite Index gained 2.4% to 1393.14, on optimism that Chinese authorities are providing liquidity to lenders. In Hong Kong, the Hang Seng picked up momentum in the afternoon to close up 1.6% at 23520.36. The Hang Seng China Enterprises Index, a benchmark of Chinese firms trading in Hong Kong rose 2.3%. China shares were also rebounding from losses yesterday due to a delay in a trading program. The so-called Shanghai-Hong Kong Connect program, originally expected before the end of October, is expected to open up the mainland stock market further to foreign investors. Taiwan's Taiex gained 1.7% to 8773.55 ahead of mayoral elections in six municipalities, including Taipei, in late November. The Nikkei Stock Average fell 0.4% to 15329.91 as the dollar appeared to be losing some momentum against the yen.

Base metals on the LME all advanced with nickel up 5.2%. Copper futures closed up 1.1%, finding support from continued mine-strike concerns and a softer dollar. Gold was firmer at US\$1,228/oz and WTI crude advanced 0.5% to US\$81.42/bbl. The AUD is buying US\$0.885.

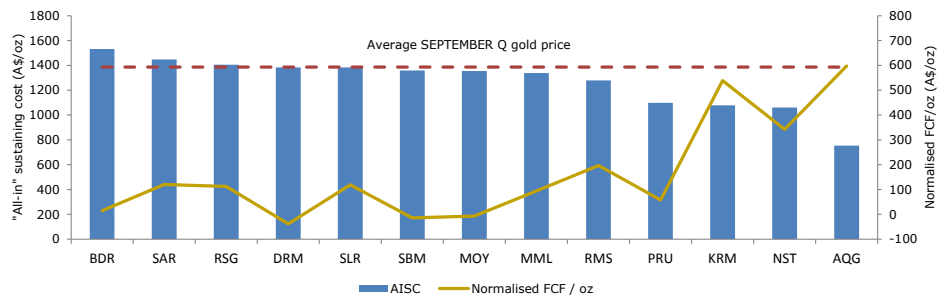
## Thought for the day

### Gold sector September Q to date

Argonaut compiled the "all-in" sustaining cost (AISC) for gold producers reported to date. Although many companies reported better production figures, cost across the

industry remains high at an estimated ~A\$1,263/oz produced and normalised FCF / oz produced was A\$164/oz.

Although capital discipline is observed with fewer companies reporting large normalised negative FCF, an increasing trend is the reporting of negative working capital adjustments, often related to creditor movements.



Source: Argonaut

Balance sheets across the sector have arguably deteriorated, with several higher cost producers potentially needing additional working capital in the near / medium term.

Highlights from reported Companies include:

- NST – A record Q of 148koz @ AISC A\$1,043/oz sold post the incorporation of Jundee. Normalised FCF was A\$50m. Given high grades, scale (2nd largest by production), liquidity, and exploration momentum, NST remains a key pick in the gold space.
- PRU – A much improved Q based on production and costs, exceeding Argonaut’s expectation. With a sizable production profile, relatively high costs and an undemanding market cap, the stock offer excellent leverage to the gold price.
- AQG – Strong Q as anticipated with production beating Argonaut’s estimate. Cash Eq position improved by US\$27.7m and working capital increased by US\$24.6m.
- KRM – A ramp up Q but AISC is already below US\$1,000. With the ramp up activities in full swing and the stoping of the high grade splay vein, Argonaut anticipates continued improvement in ounces produced and reducing costs.

[Thought for the day pdf >](#)

## In This Issue

**Argonaut’s Stock Coverage & Recommendations**

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## Recent Contacts & Presentations

Otto Energy (OEL), Target Energy (TEX), Sino Gas & Energy (SEH), Carbon Energy (CNX), Santos (STO), Sun Resources (SUR), SCEE (SXE), Avanco Resources (AVB), RMG Limited (RMG), Troy Resources (TRY), Austal (ASB), Mineral Resources (MIN), Ausdrill (ASL), Mincor (MCR), Fortescue Metals (FMG), Talisman (TLM), Empired (EPD), Pacific Energy (PEA), Global Construction (GCS), Peet (PPC)