

KEY INDICES

Equities	Close	Change	%
FTSE 100 Index	4181	-219	-4.97
Dow Jones	8200	-248	-2.94
HKSE	13705	37	0.27
NASDAQ	1490	-57	-3.67
NZ 50	2787	12	0.44
S&P/ASX 200	3687	32	0.89
S&P 500	843	-29	-3.35
Nikkei 225	8438	25	0.29

EXCHANGE RATES

Currency	Close	Change	%
NZ \$/US \$	0.5415	-0.0174	-3.21
NZ \$/YEN	48.21	-1.44	-2.99
NZ \$/GBP	0.3716	-0.0146	-3.93
NZ \$/Aust \$	0.8216	-0.0138	-1.68
NZ \$/CA \$	0.6757	-0.0029	-0.43

KEY COMMODITIES

Commodities	Close	Change	%
Lead	1130	-33	-2.80
Copper	3285	-80	-2.38
Gold	810.00	-11.05	-1.35
Nickel	10700	-450	-4.04
Zinc	1265	-40	-3.07
Aluminium	1490	-25	-1.65
Oil	37.28	-0.50	-1.32

MARKET MOVERS ASX

Best	%	Worst	%
Fortescue Metal	6.49	ING Office Fund	-6.34
Aus Wldwide Exp	6.22	ING Ind Fund	-5.41
Boart Longyear	6.00	Newcrest Mining	-4.70
Paladin Energy	5.99	CommPropOffice	-4.42
Orica Ltd	5.79		

MARKET MOVERS NZX

Best	%	Worst	%
Goodman Fielder	6.90	Kingfish	-3.70
ANZ Bank Gp	6.30	TeamTalk	-2.40
Lion Nathan	6.10	Turners Auction	-2.10
Abano Health	5.70	Lyttelton Port	-2.00
Pan Pac Petrol	5.30	Port Tauranga	-1.80

MARKET ANNOUNCEMENTS

CCC	Cavotec Wins Twin Deals For Airports	Click Here For Full Announcement
	Wall Street Slides 3pc On Citigroup Worries	Click Here For Full Announcement
	Westpac Sees OCR Bottoming At 2.5pc	Click Here For Full Announcement
	z Other Market Announcements	Click Here For Market Announcements
	zz Key Dividend Dates	Click Here For Dividend Dates

NZ MARKET REPORT

Kiwi slides in overseas trading

The New Zealand dollar took another tumble overnight.

The NZ dollar was buying US54.02c at 8am, having fallen below US54c overnight from US55.60c at 5pm yesterday.

Late trading in London pulled the NZ dollar down before New Zealand demand stepped in, ANZ economist Philip Borkin said.

"Further support tests may come for the NZD throughout today as markets remain on edge."

The NZ dollar was also down slightly against the Australian dollar at A81.88c at 8am from A82.40c at 5pm yesterday.

The Australian dollar was down to US65.92c from US67.42c.

The New Zealand dollar slipped against the euro from 0.4192 to 0.4104, the Japanese yen 49.73 to 48.05 and British sterling 38.20p to 37.05p.

The trade weighted index was at 53.90 from 55.16 yesterday.

Australian Market Report -Local Shares in for a Rough Ride

Local shares are in for a rough session after dire news around the globe sent offshore markets into a spiral.

Ahead of the local open the March SPI futures were 104 points (2.80%) lower at 3,561.

Market and Company News | Wednesday 14 January 2009 - close

Rio Tinto (RIO) said it will stop producing diamonds from its Argyle mine in Western Australia for three months and slow work on the US\$1.5bn development of an underground operation at the mine in response to global market conditions. The underground project is to be slowed to only critical development activities, resulting in a workforce reduction and a demobilisation of contractors. "Given global market conditions, we will also reduce diamond production by taking an extended maintenance shutdown of the diamond processing facilities for up to three months, commencing in March," said Kevin McLeish, chief operating officer of Rio Tinto subsidiary Argyle Diamonds. The transformation of Argyle, in the remote Kimberley region of Western Australia, from an open pit to an underground mine was due for completion in December 2010 and designed to extend the life of the mine beyond 2018. Rio Tinto would not say how many jobs would be lost at the mine but said the vast majority would be among contractors, with its employees to be redeployed to maintenance, training and other activities where possible. Engineering contractor Macmahon Holdings (MAH), which is carrying out the work on the underground project, said it expects to have to cut its workforce at the mine to about 140 from about 360 currently. A spokeswoman for Macmahon said it would also look to redeploy workers, but given the slowdown in the mining sector was expecting about 200 redundancies. Macmahon said its contract will be realigned to take into account the revised development program now being pursued at Argyle and this will reduce its contract revenue to just under \$20m a year from \$80m a year, until development activities recommence. RIO increased 26 cents (0.64%) to \$40.61 whilst MAH fell 3 cents (7.5%) to \$0.37.

Wesfarmers (WES) said it expects first-half net profit between \$850m and \$880m, incorporating up to \$140m of writedowns, and warned it might not be able to pay the previously guided \$2-a-share dividend for the full year. Wesfarmers' forecast for net profit in the six months to Dec. 31 would be a significant improvement on \$601m in the same period a year earlier but the year-ago figure included little more than one month of profits from Coles, which Wesfarmers purchased in November 2007. The firm expects Coles to contribute \$420m to \$430m of earnings before interest and tax, or EBIT, in the first half. Wesfarmers' first half writedowns, expected around \$150m before taxes and between \$130m to \$140m after taxes, include property writedowns at the Coles division; reductions in the value of investments in private equity funds, property trusts and other portfolio investments; provision for the closure of one Kmart distribution centre; and higher worker compensation provisions.

Overall, Wesfarmers said "underlying performance will be close to market expectations". Yet the diversified conglomerate warned it might not be able to pay its previously guided \$2-a-share dividend, saying its full-year outlook is "particularly dependent" on retail conditions, coal price negotiations and the broader economic climate. "I think (the dividend statement) is just more about the earnings outlook for the second half than anything," one analyst said, citing the potential for a slowdown on the retail side of the business. Wesfarmers said preliminary division results for the first half indicate "strong" performance results at retail business units like Coles, Bunnings and Target, despite the global economic downturn. Bunnings is expected to contribute \$370m of EBIT, 13% higher than the year ago period, and Target is seen contributing \$215m of EBIT. The strength in retail in the first half offset some weakness in other divisions like chemicals and fertilisers, one analyst said.

On the debt side, Wesfarmers has upcoming maturities of \$1.2bn in December and a \$1bn revolving debt facility that management has said it should be able to rollover this year. The company is also facing a \$5bn debt maturity in 2010. Wesfarmers reiterated that it is considering a range of refinancing options, but gave no further details. Analysts said the company could be warning about its dividend in an effort to conserve cash ahead of these maturities, possibly in order to pay down some of its debt. WES fell 50 cents (2.86%) to \$16.99.

Oil Search (OSH) sold stakes in four gas exploration licenses in Papua New Guinea to Nippon Oil, for an undisclosed sum. The fields could help generate feed stock for a proposed Exxon Mobil-operated liquefied natural gas, or LNG, processing plant near Port Moresby in which Oil Search and Nippon Oil are stakeholders. Oil Search confirmed that it farmed out interests of between 10% and 20% in the four licenses to a fully owned subsidiary of Nippon Oil. In a separate deal, Oil Search said it also lifted its holdings in another two PNG gas fields by 10% each after buying the interests from Gedd (PNG) Ltd. "The farm-downs (to Nippon Oil) have taken our interest in licenses where we already have material positions to a more optimal level in terms of risk management," Oil Search's chief executive, Peter Botten, said in a statement. "They have reduced our expenditure commitments going forward to a more manageable level given the current lower oil price environment." Oil Search said an active exploration drilling program is planned to commence in the licenses in late 2009. OSH fell 5 cents (1.13%) to \$4.37.

Caltex Australia (CTX) said its annual 2008 operating profit, which smoothes out movements in the oil price, will beat its previous guidance but still be significantly lower than in 2007. A stronger Australian dollar and improved refiner margins helped Caltex post an unaudited net operating profit of \$185m, higher than its guidance delivered just a month ago of a figure between \$135m and \$155m. The company's operating profit in 2007 was \$444m and has been whittled down to \$185m by slowing demand for fuel caused by the global financial crisis, and unplanned maintenance work earlier in 2008 at its Kurnell refinery in Sydney. Caltex said that its historic cost net profit, which includes oil price volatility, has not been finalised pending a determination of the value of its stockpiles. CTX rose 42 cents (5.61%) to \$7.90.

Energy Resources of Australia (ERA) said its uranium production for the fourth quarter rose 5% on year to 1,634 metric tonnes. The miner said production from its Ranger mine in Australia's Northern Territory for 2008 was 5,339 tonnes, roughly in line with company guidance and down 1% on 2007. The miner said its average realised price for 2008 was US\$32.53 per pound, up from US\$25.06 per pound in 2007 but still below the spot price, which it said was US\$52.50 a pound at the end of December. ERA sells the bulk of its uranium into long term contracts, meaning its realised price is well below spot prices due to legacy contracts signed when prices were lower. ERA rose 36 cents (2.01%) to \$18.28.

Gindalbie Metals (GBG) has received conditional approval for a US\$1.2bn loan from China Development Bank that will underpin the development of its Karara project in Western Australia. Gindalbie had previously flagged that it was in talks with the bank on the loan, which has been made possible by its equity deal with Chinese steelmaker Anshan Iron & Steel Group, or AnSteel. The commitment from the bank follows the completion of due diligence on the Karara project carried out in 2008, which led to approval by its loan review committee. Final approval of the facility is subject to Gindalbie winning environmental approvals for Karara, finalising equity contributions, confirming a valuation report and completing detailed term sheet negotiations.

Gindalbie last year finalised an equity funding deal with AnSteel that will see the Chinese steelmaker take a half stake in Karara in return for it making payments totalling \$372.1m and fully underwriting the debt component of the project's funding. "The financial strength of AnSteel, which is owned by the Chinese government, underpins this debt structure which is being provided by China's most important bank," Gindalbie Chairman George Jones said in a statement. "Because of the size and scale of AnSteel, and their relationship with China Development Bank, the joint venture is in a privileged and unique position in being able to receive formal commitment given the current global credit market." Gindalbie said the equity funding for Karara was progressing to plan, with AnSteel so far making three payments totalling \$228.4m. GBG improved 3 cents (4.41%) to \$0.71.

In economic news, Australian retailers experienced strong sales through the critical pre-Christmas period in 2008, with many saying demand was stronger than that experienced at the same time a year earlier. According to a survey by the Australian Retailers Association, 62% of retailers reported that demand in the Christmas 2008 period was as good or better than in the corresponding period in 2007. The result is strong evidence that interest rates cuts and hefty fiscal stimulus helped to bolster the economy in the fourth quarter as the global financial crisis deepened. According to ARA Executive Director Richard Evans, \$37bn was spent over the Christmas period, with 44% of retailers saying trade over the period was better than they anticipated. "Australians were cashed up for gift giving this Christmas after successive interest rates cuts and reductions in petrol prices, but retailers are thanking the Rudd Government for the successful festive trading period, with 57% of retailers reporting the economic stimulus package made an impact on trade," Evans said. "Retailers are working hard to stimulate consumer spend with post-Christmas sales continuing for longer than usual, but earlier indicators show the traditional three week post-Christmas sale period has been the same or better than last year for 68% of retailers."

Finance approvals for homes in Australia rose for the second month in a row in November reflecting rapidly falling interest rates and government stimulus measures aimed at bolstering first home owner demand. The number of housing-finance approvals in Australia rose a seasonally adjusted 1.3% in November from October, the Australian Bureau of Statistics said. Economists had expected a rise of around 1.5%. The figures were a mixed bag with the number of new dwellings for which finance was approved rising 9.8% in the month, while the value of finance approved for investor purchases crumbled 6.1%, the bureau said. Despite signs of a modest rebound in housing demand overall, economists expect the Reserve Bank of Australia will continue to cut interest rates after its next policy meeting Feb. 3.

Overseas Market Report -US Stocks Lower, Weighed Down by Banks

US stocks remained beaten down by upheaval in the banking sector and dire trade and retail data that hinted at an economy likely to continue to damp corporate outlooks for quarters to come.

The Dow Jones Industrial Average weakened 248.4 points (2.94%) to 8,200.1, the Standard and Poor's S&P500 fell 29.2 points (3.35%) to 842.6 and the Nasdaq weakened 56.8 points (3.67%) to 1,489.6.

And while stocks slid, volatility skyrocketed with the CBOE Volatility Index up 14%, with traders noting the big sell-off has confirmed many of their fears that the market would retest long-held areas of support and possibly even break through them.

Setting off the tone on banks was a series of developments that underscored the feeling that the financial industry's woes aren't in the rear-view mirror. Dow component Citigroup plunged 19% after saying it would sell a majority stake in its brokerage unit for \$2.7bn to Morgan Stanley. The move is part of what will likely be a broader dismantling of the "financial supermarket" model that has long defined Citi's business strategy.

The Citi move is "a wake-up call for the financial industry. I think we're going to see more merging and merging and merging until a few very strong firms survive," said Joe Kinahan, chief derivatives strategist at thinkorswim.

All told, the Financial Select Sector SPDR Fund, a basket of brokers and lenders, was off nearly 5%, with the sector also hit by a warning from Deutsche Bank that it would post a fourth-quarter loss of about \$6.33bn.

Traders also continued to fret over when the government will release the second phase of its promised \$750bn in aid to troubled banks, whether lawmakers will approve additional bailout funds as recommended by Federal Reserve Chairman Ben Bernanke, and what conditions might be attached, including possible restrictions on dealmaking.

And while banks sold off, the tone on the economy wasn't much better as the Federal Reserve's regional survey found economic activity continued to weaken, as deep discounts failed to revive consumer spending.

Also on the economic front, the Commerce Department said US retail sales fell 2.7% in December, worse than an expected 1.2% decline. Moreover, evidence of a slowdown in commercial activity showed up in trade numbers that revealed exports and imports in the US slowing sharply from July to November. Among commodities and industrial stocks, aluminium maker Alcoa and General Electric fell more than 5% each.

Commodity prices also fell, with energy and materials stocks declining broadly as a result.

For Australian ADRs listed on the NYSE, BHP Billiton weakened \$2.61 (6.33%) to US\$38.60, Rio Tinto Plc dropped \$8.93 (9.71%) to US\$83.00, ResMed gained 50 cents (1.33%) to US\$38.10, Telstra Corporation shed 47 cents (3.77%) to US\$12.00, Telecom Corporation of NZ lost 32 cents (4.62%) to US\$6.60 and Westpac dipped \$1.86 (3.36%) to US\$53.51.

In economic news, US retail sales tumbled for the sixth straight month in December, falling a larger-than-expected 2.7% as consumers slashed spending. US import prices declined 4.2% in the month, while business inventories fell 0.7% in November.

Minneapolis Fed President Gary Stern said the US economy is likely to contract into the summer, before mounting a modest recovery. Stern said "there is reason to think that improvement is not too far off."

The price tag of the two-year economic stimulus bill has grown close to \$850bn after negotiations that tilt the package toward investments meant to spur job creation and soften the blow of the downturn on families and local governments.

At 7:45 AM (AEDST), the 10-year Treasury note was yielding 2.20%. The five year note was yielding 1.35%.

European shares fell back to levels last seen in 2008 on Wednesday, with a critical brokerage note on HSBC Holdings and a profit warning from Deutsche Bank putting shares on course for a sixth consecutive session of losses.

The pan-European Dow Jones Stoxx 600 index lost 4.4% to 192.87, the biggest one-day drop for the index this year. With this latest pullback, tentative gains made in the first sessions of 2009 have been wiped out.

The UK's FTSE 100 index closed down 5% to 4,180.64, the German DAX 30 index dropped 4.4% to 4,422.35 and the French CAC-40 index skidded 4.6% to 3,052.00.

Shares extended losses in the afternoon after data showed that US retail sales fell 2.7% in December. US stocks staged a broad, sizable retreat in early trading.

Closer to home, industrial output fell 1.6% in the 15 nations that made up the euro in November, a statistical agency reported. On an annualised basis, production fell 7.7%. Economists had been expecting a steeper monthly drop of 2.1%, according to a survey, but the year-on-year decline exceeded forecasts for a 6.7% annual fall.

Also on traders' radar screens, the European Central Bank will announce a decision on euro-zone interest rates Thursday.

Banks were by far the sharpest decliners in Wednesday's European action, as worries about profits and capital hit some of the biggest names in the sector.

Shares of HSBC Holdings, Europe's biggest bank by market capitalisation, skidded 8%. Analysts said HSBC needs to raise another \$20bn to \$30bn in capital and to halve its dividend.

Shares of Deutsche Bank, meanwhile, fell 9%. The German lender said it expects to report a loss of around 4.8bn euros in the fourth quarter of 2008 due to a weak performance in credit trading, higher provisions on its exposure to bond insurers and measures to reduce its exposure to risky assets.

Deutsche Bank also restructured its deal to buy a stake in Deutsche Postbank from Deutsche Post. The total cash value of the deal is 4.9bn euros (US\$6.5bn), for which Deutsche Bank will receive a 62.3% stake. Deutsche Postbank shares slumped 17.4%, while Deutsche Post also fell, off 2.5%. A reworking of the deal was widely expected, but the details came as a disappointment to Postbank shareholders. The structure means Deutsche Bank won't breach the 30% threshold which would force it to make an open bid for Postbank for at least three years.

In London, shares of Barclays fell 14.4% amid reports that the lender will cut more than 4,000 jobs. Late Tuesday, Barclays said that it was looking at cutting staff in investment banking and investment management, with reports pegging the prospective losses at about 2,100 jobs. Another 2,100 jobs are under review in retail banking and commercial banking, a spokeswoman said on Wednesday.

On the FTSE 100, Rio Tinto slid 175.00 pence (11.25%) to 1,380.00 pence and BHP Billiton slipped 108.00 pence (8.55%) to 1,155.00 pence.

Most Asian markets advanced Wednesday after a tentative start, with Chinese banking shares leading the rebound in Shanghai and Hong Kong despite news that another multinational bank had sold shares of Bank of China Ltd.

Hong Kong's Hang Seng Index gained 0.3% to 13,704.61 for its first positive close in seven sessions. On mainland China, the Shanghai Composite surged 3.5% to 1,928.87. Earlier in the day, China revised its gross domestic product growth rate upward for 2007 to 13%, indicating it may have overtaken Germany as the world's third-largest economy.

Japan's Nikkei 225 erased an early, mild fall to end up 0.3% to 8,438.45.

New Zealand shares continued to hold firm Wednesday with the market underpinned by falling bond yields that have emphasised the relative attraction of the nation's high yielding equities, brokers said. In a sluggish, featureless session the benchmark NZX-50 Index closed up 0.4%, or 12.14 points, at 2,786.78. Volume was very light.

Base metals on the London Metal Exchange were lower Wednesday weighed by crude oil weakness and continued concerns about demand troubles.

Base metals on the LME finished down. Aluminium fell \$25 (1.65%) to \$1,490 while copper weakened \$80 (2.38%) to \$3,285 and nickel dropped \$450 (4.04%) to \$10,700. Zinc shed \$40 (3.07%) to \$1,265 and lead lost \$33 (2.80%) to \$1,130. Comex copper was last quoted at 147.30 US cents per pound.

Gold futures faltered Wednesday as softer equities, a lower euro and falling crude prices pressured the metal. Spot gold was last quoted at \$810. Comex gold futures slipped \$11.90 (1.45%) to \$808.80. Spot silver was last quoted at \$10.52.

West Texas Intermediate was last quoted at US\$37.28 per barrel.

The dollar rebounded against the yen and retreated significantly from its earlier strength against the euro in mid-day trading Wednesday.

At 08:06 a.m. (AET) the US dollar was quoted at 0.7604 euros, 89.09 yen and 68.67 pence.