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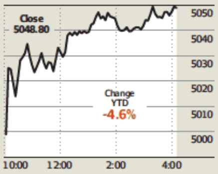
Market snapshot

S&P/ASX 200 Index (points)



S&P/ASX 200 stocks Wednesday

Best	Close ($)	Change (%)
WorleyParsons	6.23	+10.46
Beach Energy	.71	+8.40
Fortescue Metals Grp	3.19	+7.77
Whitehaven Coal	.67	+7.20
Mesoblast	2.61	+6.97

Worst		
Northern Star Res	3.48	-5.69
St Barbara	2.26	-3.42
Mantra Grp	4.24	-3.42
Evolution Mining	1.68	-2.61
Greencross	7.12	-2.47

Indices	Close (points)	Change
ASX 200	5054.7	+79.1
Nikkei	16381.22	+452.43
Hang Seng (pm)	21081.70	+579.36
Shanghai A	3209.90	+44.73

Currency		Change
TWI	64.2	+0.4
$A/US¢	76.46	+0.08
$A/¥	83.25	+0.50
$A/€	0.6744	+0.0057
$A/£	0.5377	+0.0023

Rates	Close (%)	Change
Cash rate	2.00	steady
90-day bills	2.29	+0.01
10-yr bonds	2.524	+0.042

Commodities	Close ($US)	Change
Gold (spot)	1248.80	-8.81
Iron ore	58.50	+2.60
Oil WTI	41.41	+1.03

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Third force rising

Fortescue Metals Group production summary (million tonnes*)

	3Q FY2016	2Q FY2016	% change	3Q FY2015	% change
Ore mined	43.40	44.80	-3.0 ▼	35.50	+22.0 ▲
Overburden removed	44.70	49.90	-10.0 ▼	66.70	-33.0 ▼
Ore processed	42.30	41.60	+2.0 ▲	37.00	+14.0 ▲
Total ore shipped incl third party product	42.00	42.10	–	40.40	+4.0 ▲
Cash ($US/wmt**)	14.79	15.80	-6.0 ▼	25.90	-43.0 ▼

Fortescue Metals Group share price, daily ($)

Nev Power
Fortescue CEO

*Tonnage references are based on wet metric tonnes (wmt**). Fortescue ships product with approx 8-9% free moisture.

SOURCE: BLOOMBERG, FORTESCUE METALS GROUP

Fortescue chief insists value trumps volume

Amanda Saunders

Fortescue Metals Group chief Nev Power insists the miner will prioritise value over volume, despite the miner being on track to beat its full-year iron ore guidance.

Fortescue shares jumped 7.7 per cent on Wednesday to $3.19, the highest price for 12 months. It followed iron ore's ascent to a one-month high of almost $US60 a tonne overnight on Tuesday.

The Pilbara miner is also working on refinancing and retiring more of its $US5.9 billion ($7.7 billion) debt load, as conditions improve in the United States debt market, with chief financial officer Stephen Pearce saying it is "likely to do both".

Fortescue has been able to buy its own debt back at big discounts in the past 12 months on US markets, but Mr Pearce said that opportunity has "largely disappeared". Fortescue bought back $US1.1 billion of its debt in the six months to December 31, 2015.

"A stronger debt market ... opens up other opportunities; while you can't buy back debt for less than par, you have seen our whole debt complex trade up, 20 to 30 basis points [since January this year]," Mr Pearce said. "But it opens up other options, whether that be to repay, re-fi[nance] or any combination of the above."

But he wouldn't give an indication on tactics or timing.

"Stronger iron ore prices give you stronger cash flow metrics, credit outlook and potential to deal with debt in a different way," he said.

Fortescue shaved another $US200 million from its net debt pile, to $US5.9 billion in the quarter, helped by a rising iron ore price and lower costs. It has $US2.5 billion in cash on the balance sheet and Mr Pearce said the priority was "absolutely" to deploy any surplus towards debt reduction.

Fortescue said on Wednesday it could beat its full-year guidance of 165 million tonnes after mild weather allowed it to ship iron ore at a faster rate than expected in the March quarter.

It said there was "potential upside" to its guidance, depending on weather over the next three months.

Fortescue shipped 42 million tonnes in the March quarter – a 4 per cent increase on the same time last year – setting its annualised run rate at about 169 million tonnes.

Macquarie analysts said Fortescue's increased shipments were "in contrast to Rio Tinto and BHP, both of which we believe will be lower than expected".

The Fortescue system is capable of shipping about 200 million tonnes but Mr Power on Wednesday said "we are not planning to use that any time soon".

He said the miner's focus was "absolutely, value over volume, it always has been.

"We are deliberately running a

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Healthe in box seat for China move

Tim Binsted

Healthe Care chief executive Steve Atkins says his new Chinese owner, Luye Medical, is primed to export Australian medical expertise to Asia and open up knowledge sharing with Chinese health practitioners.

Luye Medical, a division of the Luye Group chaired by billionaire Liu Dian Bo, on Monday took control of Healthe Care after the Foreign Investment Review Board finally signed off on the $938 million acquisition.

Healthe Care is the nation's third-biggest for-profit private hospital operator. With 17 hospitals and 1800 beds, it is much smaller than listed giants Ramsay Health Care and Healthscope, but it is now backed by an investor with deep pockets and deep connections in China, where foreign healthcare providers have been struggling to build businesses.

"We've been up there [in China] six times in the past 18 months. Ramsay and Healthscope are trying to do things in China. It is very difficult ... [but] we are owned by China. We are in the box seat, I think, to really take advantage of the big growth opportunity in Asia," Mr Atkins said.

In March, Ramsay pulled out of a joint venture play with Chinese company Jinxin in the city of Chengdu, while Healthscope boss Robert Cooke has been on a long search for assets in Asia.

All players are desperate to capitalise on the growing demand for healthcare from China's booming middle class and the Chinese government's aggressive push to privatise and westernise its health system. Luye Medical chief financial officer Charles Wang, who led the due diligence on Healthe Care, said Luye could use its government and industry relationships, and Healthe Care's expertise, to build up the group's Asian healthcare services business.

This in turn will leverage off Luye's existing strength in pharmaceuticals, particularly in oncology and cardiology, via the $US2.5 billion ($3.3 billion) Hong-Kong listed Luye Pharma.

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Oil producers look to Doha as market starts to rebalance

Angela Macdonald-Smith

The bosses of two of the world's biggest oil and gas majors expect oil supply and demand to move better into balance in 2016 but will not predict the reaction of prices before crucial talks this weekend between OPEC and Russia on production.

Global oil prices hit five-month highs on Tuesday, hovering just under $US45 a barrel after a report that top producers Russia and Saudi Arabia have agreed to freeze output ahead of a much-anticipated Organisation of Petroleum Exporting Countries meeting on Sunday.

Total chief executive Patrick Pouyanne said the market would have a close ear to the message coming out of Doha even if no actual production cut was expected, because of the psychological impact on the market.

"It's like a central banker, everyone is listening very carefully to what [US Federal Reserve chairman] Janet Yellen or [European Central Bank president] Mario Draghi are saying because it influences the market," he said. "What will be said in Doha will have some importance," he said.

"You have seen an impact in the market. The price went up in the last month from $US28, $US30 to $US40. Because the market is not expecting any cut from the Doha meeting but if OPEC and Russia give the feeling that they are back into sort of control, even if it's a light control, this will give the feeling to the market that maybe a cut could come later."

Woodside chief executive Peter Coleman was sceptical about the price bounce. "I think what you are seeing is just how much trading is going on in oil at the moment, because oil has gone up almost 10 per cent in the last two days on the back of nothing other than speculation that the Russians and Saudi Arabia have agreed to do exactly nothing, which is to freeze their oil output," he said on Wednesday.

"So there is a lot of speculative trading going on so we may come back on Monday and everybody is not so happy because they didn't reach an agreement – or who knows."

Chevron chief executive John Watson pointed to the supply reductions that have come as a result of "very low" prices, with investments in short term projects now being curtailed as well as in longer-term ones.

"We've now seen prices that are low enough that we are starting to see a response on the supply side," he said on the sidelines of the LNG15 conference in Perth.

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Oil prices surged on news Russia and Saudi Arabia will freeze output. PHOTO: AP