

SE Business - Trading Room
HD **Market defies plunge in iron ore price**
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Stocks

A rally in the big banks and Telstra offset continued losses in the mining sector, taking the sharemarket to a flat close, despite investors being spooked by a dramatic fall in the iron ore price and a disappointing reading of domestic business conditions.

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The benchmark S&P/ASX 200 Index finished just 2.3 points, or less than 0.1 per cent higher, on Tuesday at 5413.8, while the broader All Ordinaries edged down 1.5 points to 5429.3.

The biggest banks and Telstra lifted the benchmark index into the black, while commodity price weakness sent junior miners tumbling to drag the All Ords lower.

Shares bounced at the day's open despite a weak lead from offshore after equity markets in the US moved lower and a drastic fall in the value of Australia's largest export. The spot price for iron ore, landed in China, plummeted 8.3 per cent to a 23-month low of \$US104.70 a tonne. It was the biggest one-day fall since March 2009.

But iron ore stocks were less drastically affected having already suffered heavy falls on Monday in anticipation of a slide in the commodity price.

Despite trading higher during the session, BHP Billiton ended 0.6 per cent lower at \$35.93, after a 4.1 per cent fall the day before. Rio Tinto rallied off Monday's 5.8 per cent dive to eke out a gain of 0.03 per cent to \$61.22. Fortescue Metals Group declined 1.8 per cent to \$4.83, having lost 9.4 per cent on Monday.

A monthly National Australia Bank survey found that business conditions fell sharply in February, down from a three-year high in January.

Telecommunications was the best-performing sector, up 0.9 per cent, as Telstra rallied 1 per cent to \$5.08.

The big four banks all rallied. Commonwealth Bank rose 0.7 per cent to \$76.25, while Westpac added 1.5 per cent to \$34.29. ANZ edged up 0.1 per cent to \$32.34 and National Australia Bank gained 0.4 per cent to \$34.77. Other major stocks that rallied off Monday's falls included Australia's biggest insurer, QBE, up 2 per cent at \$12.87, and shopping centre operator Westfield, up 2.4 per cent at \$10.44.

The biggest food and liquor sellers slipped. Wesfarmers, owner of Coles, fell 0.3 per cent to \$43.46, while Woolworths was down 0.1 per cent to \$36.64. Coca-Cola Amatil lost 0.9 per cent to \$11.27 despite subsidiary SPC Ardmona sealing a \$70 million, five-year contract to supply canned fruit to Woolworths.

CO tcoma : Telstra Corporation Ltd

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