

FINANCIAL REVIEW

SE Market Wrap
HD **Shares inch higher in choppy trade**
BY Sally Rose
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A bigger than expected trade surplus and news Australia's largest trading partner, **China**, is implementing new stimulus measures lifted shares.

The benchmark S&P/ASX 200 Index added 6.6 points, or 0.1 per cent, on Thursday to 5409.9 after taking a strong **lead** from the United States where the S&P 500 closed at another record high.

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Australian Bureau of Statistics data shows retail sales grew for the fourth month in a row, up 0.2 per cent seasonally adjusted in February.

The result was a touch below consensus forecasts for a 0.3 per cent rise.

The softer than predicted result was nothing to worry about given it followed a 1.2 per cent spike in January, Barclays Australia chief economist Kieran Davies said.

Another ABS report shows the trade balance posted a surplus of \$1.2 **billion** in February, well above median expectations for a surplus of \$800 **million**. It was the third month in a row of surplus after a 22-month stretch of deficits.

Westpac senior economist Andrew Hanlan noted a lift in commodity export volumes offset a decline in commodity prices, which fell 0.7 per cent in US dollar terms.

"Yet another month of better than expected trade data is a sign that despite the **wind**-down in Australia's **mining** boom, its legacy is translating into a new phase of resources production and exports," Credit Suisse Private Banking Australia chief investment strategist David McDonald said.

Resources giant BHP Billiton rose 0.4 per cent to \$37.53 amid speculation the **company** could embark on a massive program of divesting non-core assets. Junior miner Cassini Resources skyrocketed 366.7 per cent to 21¢ on the news it bought BHP Billiton's West Musgrave project for \$10 **million**.

BHP's main rival, Rio Tinto, dipped 0.7 per cent to \$63.68 as the spot price for **iron ore**, landed in **China**, fell 2 per cent to \$US115.30 a tonne.

China's State Council announced plans to spend more on railways and housing for low-income earners and provide tax relief for small business as part of a new stimulus package designed to ensure the government would meet its 7.5 per cent annual growth target this year.

The Markit/HSBC Services Purchasing Managers' Index increased to 51.9 in March from February's 51.0.

"Troubles in **China**'s shadow banking sector and financial industry are cause for concern in the short term but it is important to remember that commodity demand is still likely to grow, just at a slower pace," Mr McDonald said.

Consumer staples was the best-performing sector, up 0.7 per cent, led by a 7.4 per cent recovery in Goodman Fielder's stock to 51¢ as UBS analyst Craig Stafford upgraded his recommendation from neutral to buy because of a dramatic price change.

The packaged food wholesaler bounced on Thursday after dumping 22.1 per cent of its market value on Wednesday after the **company** slashed its full-year profit guidance by \$27 **million**.

Among the biggest supermarket operators, Woolworths lifted 0.6 per cent to \$35.89, while Wesfarmers, owner of Coles, added 0.8 per cent to \$41.66.

National Australia Bank lost 0.5 per cent to \$35.37 after the unexpected announcement chief executive Cameron Clyne will retire in August to be replaced by NAB's head of New Zealand, Andrew Thorburn.

The rest of the big four banks were mixed. Commonwealth Bank of Australia added 0.1 per cent to \$77.03, Westpac Banking Corporation fell 0.4 per cent to \$34.47 and ANZ Banking Group rose 0.3 per cent to \$33.21.

Telstra Corporation lifted 0.6 per cent to \$5.09, despite reports regulatory delays could push back an expected move by the telecommunications giant to boost dividends. Telstra is waiting on approvals from **Hong Kong**'s competition regulator over the proposed **sale** of its **stake** in Asian mobile provider CSL, which is part of a \$2.6 **billion** deal.

Childcare network G8 Education was the worst-performing stock in the ASX 200, down 4 per cent to 20¢. Analysts are in the process of re-rating the stock which has climbed in recent weeks after a major **acquisition**.

Information technology was the worst-performing sector, down 0.4 per cent, as IRESS dipped 1.7 per cent after Eva Dimensions analyst Andrew Zamfotis put a sell call on the financial markets software group.

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