

# The Sydney Morning Herald

SE Business - Trading Room  
HD **Stable interest rates, trade surplus buoy confidence**

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Stocks - Metals and **mining** best sector

Stocks crept higher over the past five sessions as stable interest rates and bigger than expected trade surpluses buoyed confidence.

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The benchmark S&P/ASX 200 Index rose 55.9 points, or 1 per cent, over the past week to 5422.8, while the broader All Ordinaries Index added 1 per cent to 5428.6 amid signs conditions are improving in domestic and US economies.

The top 200 stocks and the All Ords added 0.2 per cent on Friday before the release of US non-farm payrolls data that was expected to show the labour market in the world's biggest economy growing.

"On balance the week's domestic data provided further indications that the handover from **mining** investment is on track," ANZ Banking Group senior economist Felicity Emmett said.

Metals and **mining** was the best-performing sector for the week, gaining 2.8 per cent. Resources giant BHP Billiton led the index up 3.4 per cent to \$37.75, helped on Friday by the report that it has secured tax exemptions for a potential \$20 **billion** demerger of non-core assets including nickel, aluminium and zinc projects.

"That BHP's management is still exploring ways to make the business leaner and more profitable is no surprise," Aberdeen Asset Management head of Australian equities Robert Penaloza said.

He wants more details on how a split would be structured before assessing whether it would be positive for shareholder value, but said early indicators were promising.

"Rio Tinto is in a similar boat as it mulls **coal** synergies with GlencoreXstrata," Mr Penaloza said. Shares in Rio Tinto rose 0.3 per cent to \$63.72 over the week as the spot price for **iron ore**, landed in **China**, strengthened \$US3.20 to \$US115.50 a tonne.

Worries persist about the risk of increased credit defaults and volatility in **China** despite new stimulus measures announced on Thursday. **China**'s official manufacturing purchasing managers index on Tuesday rose 0.1 points to 50.3 in March, pipping expectations for a drop to 50.1.

February trade data for Australia, released on Thursday, showed a bigger than expected surplus as exports to **China** hit new highs.

Junior miner OZ Minerals was the best-performing stock in the ASX 200, climbing 11.4 per cent to \$3.81 on speculation it could be close to finding a partner for its undeveloped Carrapateena **copper-gold** project in South Australia.

**Coal** and **iron ore** explorer Aquila Resources firmed 10.8 per cent to \$2.57. The stock has been building since **Chinese** state-owned steel mill Baosteel Group lifted its **stake** in late 2013 and is now Aquila's second-largest shareholder with about 20 per cent.

Australia's biggest **gold** producer, Newcrest **Mining**, rose 12¢ to \$9.92 despite a dip in **gold**'s spot price to \$US1287.60 per ounce.

The performance of the big four banks was mixed as the Reserve Bank of Australia elected to hold the cash rate at its record low 2.5 per cent on Tuesday.

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