

**HD** **Australia shares flat as employment takes a hit, gold stocks support**

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**LP**

\* Benchmark index flat as banks flounder, gold, construction stocks tick higher

\* 77 shares higher, 110 shares lower, 13 shares unchanged (Adds analysis, quotes, stocks on the move)

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By Thuy Ong and Gyles Beckford

SYDNEY/WELLINGTON, August 7(Reuters) - Australian shares traded flat on Thursday, as an extremely weak employment report hit the confidence of investors already cautious over increasing tensions in Ukraine, though a gain in bullion prices buoyed some resource stocks.

Australian employment was unexpectedly feeble in July as the jobless rate jumped to its highest in almost 12 years at 6.4 percent, a disappointing report that could revive speculation about another cut in interest rates.

"In terms of jobs growth, it's been patchy and soft for a while, we've got stagnant hiring," said Ben Jarman, economist at JP Morgan.

Banks traded lower as investors **sold** out of the financial sector. The country's top lender by assets National Australia Bank declined 0.6 percent, while top bank by market capitalisation Commonwealth Bank of Australia slipped 0.2 percent.

The S&P/ASX 200 index dipped 2.1 points to 5,509.9 by 0223 GMT.

The benchmark index hit a six-year high of 5,644.2 on July 31, but has slumped nearly 150 points as investors fret that the U.S. Federal Reserve may raise interest rates earlier than expected, and in the face of the conflicts in Ukraine and Gaza.

Russia said it will ban all imports of food from the United States and all fruit and vegetables from Europe, the state news agency reported on Wednesday, a sweeping response to Western sanctions imposed over its support for rebels in Ukraine.

Traders said investors were also focusing on the reporting season, which are "likely to revolve around dividend income".

"Questions are starting to rise around what can be expected after dividends are priced in," Chay Flack, equities dealer at CMC Markets Stockbroking said in a note.

World No.2 miner Rio Tinto Ltd is due to report its first-half results after the close on Thursday.

Gold miners also rose after climbing 1.6 percent overnight on safe haven buying and a weak undertone in global equities. Beadell Resources Ltd soared 8.6 percent, while Australia's top miner Newcrest Mining Ltd jumped 3.8 percent.

Elsewhere, a survey of Australian construction activity showed the sector expanding at the fastest pace in eight months thanks to strength in homebuilding and a pick-up in the **commercial** sector.

This supported stocks in the construction sector, with cement and building products manufacturer James Hardie Ltd and **property group** Stockland Ltd both climbing 1.5 percent.

Bookmaker Tabcorp Holdings Ltd jumped 3.5 percent to a 1-1/2 month high of A\$3.56 after reporting its net profit after tax had increased by 2.6 percent to A\$129.9 **million** compared to the prior corresponding period.

Investors **sold** out of Integrated Research Ltd which slumped 16.1 percent to four-week lows of A\$1.02 after issuing profit after tax guidance in the range of A\$8.3 **million** to A\$8.7 **million**, compared to the prior year's A\$9.1 **million**.

New Zealand stocks turned flat with support for selected leaders and small-cap stocks helping buoy the benchmark NZX 50 index at 5,091.7.

There were modest gains for leading stocks, including Fletcher Building and Telecom, which changes its name on Friday to Spark

The main price action was among smaller stocks, with **Chinese**-controlled Synlait **Milk** 3 percent higher at NZ\$3.45, while new entrant Gentrack **Group** gained 5.6 percent to NZ\$2.25, as it clawed back losses incurred after last week's profit warning.

Investors remain cautious ahead of the reporting season which starts next week. (Editing by Eric Meijer)

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