

The Sydney Morning Herald

SE Business
HD **Market ends week on low note in thin trading**
BY Sally Rose
WC 758 words
PD 4 January 2014
SN The Sydney Morning Herald
SC SMHH
ED First
PG 5
LA English
CY © 2014 Copyright John Fairfax Holdings Limited.
LP

STOCKS

The sharemarket ended the week on a negative note in thin trading after major global **equity** markets kicked off 2014 lower following the release of disappointing **Chinese** factory activity data on New Year's Day.

TD

On Friday, the S&P/ASX 200 Index fell 18.2 points, or 0.3 per cent, to 5349.7 in a broad sell-off that included the biggest banking and resource stocks. Over the week, which included the New Year's holiday, the benchmark index rose 0.4 per cent with metals and **mining** stocks leading the gains.

Price movements were exaggerated by low volumes as the total value of shares traded over the week was about \$956 **million**, compared to an average weekly turnover of about \$3.64 **billion** in the first three weeks of December.

Overseas markets fell on Thursday after major indices in the US, Europe and Asia fell after **China's** National Bureau of Statistics purchasing managers' index dipped 0.4 per cent in December to 51 points, its lowest reading in four months, indicating a contraction in global demand.

"Another issue that could be providing investors with some pause is rising 10-year US bond yields, currently around 3 per cent," said CMC Markets analyst Ric Spooner.

"One of the key issues for markets over coming months will be whether the US Federal Reserve can exit from its quantitative easing strategy without pushing bond yields too high and so dampening the outlook for economic and profit growth."

Three of the big four banks lost ground on Friday, with Commonwealth Bank down 0.3 per cent to \$77.58, NAB 0.4 per cent at \$34.69 and ANZ 1¢ to \$32.21. Westpac was unchanged at \$32.34.

An HSBC proxy for the International Monetary Fund's primary commodity price index reported that global commodity prices increased by 3.5 per cent in US dollar terms through December, and were up 2.4 per cent in 2013.

"Higher **energy** prices provided a boost, with **oil** and natural gas prices rising in 2013, while cereals were a key area of weakness," HSBC economist Adam Richardson said.

"In 2013 Australia's commodity price basket fell 4.1 per cent in US dollar terms, although a lower currency helped the index rise 11.7 per cent year-on-year in Australian dollar terms."

At the local close on Friday the dollar was buying US89.86¢, up from US89.13¢.

Energy stocks were mostly lower after crude **oil** prices dipped following news Libya is to re-open a major oilfield, increasing global supply.

Santos lost 0.8 per cent to \$14.56, while Australia's biggest **oil** producer Woodside Petroleum dropped 1.1 per cent to \$38.13. On Thursday the **company** announced it had lost a multibillion dollar contract to sell 1.5 **million** tonnes a year of liquefied natural gas to Japan.

The news that Woodside had lost its offtake partners following plans to move its proposed processing plant offshore was negative for a range of smaller resources services companies that will be in the running for contracts if the Browse floating LNG project proceeds.

Labour contractor Skilled Group was the worst-performing stock, dumping 7 per cent to \$3.21. Mermaid Marine, the largest supplier of marine logistics and services to the offshore **oil** and gas industry, dropped 3.6 per cent to \$3.25. Engineering services contractor Cardno lost 3.8 per cent to \$6.85.

BHP Billiton fell 1.1 per cent to \$37.77, e Rio Tinto fell 0.5 per cent to \$68.36, and Fortescue Metals dropped 1.9 per cent to \$5.82 as surface **mining** resumed at its Christmas Creek project four days after a man was killed in an accident while working at the site.

Coal explorer Carabella Resources was flat at 44¢ as the **company** directors recommended shareholders accept an off-market takeover from **Chinese**-owned Wealth **Mining** for 45.5¢ per share.

Silver Lake Resources was the best-performing stock for the second day in a row, climbing 8.7 per cent to 69¢ as the spot price of **gold** rose to \$US1231.05 per ounce. Australia's biggest goldminer, Newcrest **Mining**, added 2.6 per cent to \$8.67 despite the risk of a looming shareholder class action.

Cabcharge dropped 3.5 per cent to \$3.87 after news that a surcharge for paying by card will be halved.

CO nlbuch : National Bureau of Statistics of China

NS c1522 : Share Price Movement/Disruptions | m143 : Energy Markets | c15 : Performance | ccat : Corporate/Industrial News | m14 : Commodity Markets | mcat : Commodity/Financial Market News | ncat : Content Types | nfact : Factiva Filters | nfce : FC&E Exclusion Filter | nfcpin : FC&E Industry News Filter

RE austr : Australia | apacz : Asia Pacific | ausnz : Australia/Oceania

PUB Fairfax Media Management Pty Limited

AN Document SMHH000020140103ea140003r