

# FINANCIAL REVIEW

SE Market Wrap  
HD **Shares slide despite surprise Qantas lift**  
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Australian shares fell as the penultimate day of August **company** reporting season delivered some soft results, the **iron ore** price kept falling and official statistics showed the economy's transition from **mining** to non-**mining**-led business investment is still struggling.

The benchmark S&P/ASX 200 Index and the broader All Ordinaries Index each lost 0.5 per cent on Thursday, to 5624.4 points and 5621.3 points respectively.

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Surprisingly, Qantas Airways was the standout performer of the day. The stock flew ahead despite revealing a massive blowout in its annual loss.

Local shares took a soft **lead** from the United States, where the S&P 500 ended flat on Wednesday night, after closing above 2000 points for the first time in the previous session.

Major markets around Asia fell in the afternoon session amid heightened geopolitical risk as ongoing conflicts in Ukraine and Iraq-Syria escalated.

In local economic news, Australian Bureau of Statistics data showed business investment was stronger than forecast – helped by a lift in outlays by services firms. June-quarter capital expenditure rose 1.1 per cent. Consensus expectation was for a 0.9 per cent fall. The Australian dollar got a spike from the news, but shares remained depressed.

"The mix of the capex survey was encouraging, but we think the contrast between falling **mining** and improving non-**mining** investment might end up more stark," Barclays economist Keiran Davies said.

CIMB **equity** strategist Shane Lee said the capex data was disappointing overall, despite the better-than-expected headline result. Qantas posts biggest-ever loss

Qantas lifted 7 per cent to \$1.39, despite a much bigger-than-forecast \$2.8 **billion** annual net loss, the biggest in its history, amid heavy write-downs on its fleet.

The size of the loss approaches the \$3 **billion** value of the **company** as measured by market capitalisation. But investors chose to focus on the lower-than-expected operating loss and on the airline's more optimistic outlook.

"Nothing was announced about what the **company** plans to do with its frequent flyer business. There is hidden wealth locked up in that division, so Qantas is not a lost cause yet," Zurich Financial Services senior investment strategist Patrick Noble said.

"While there have been a few disappointments, overall August reporting season has delivered a pretty solid batch of results."

Television broadcaster Nine Entertainment Co dropped 3.3 per cent to \$2.03, despite beating its prospectus forecasts to show a rise in full-year net profit to \$144.2 **million**.

Private hospital operator Ramsay Health Care gained 1.4 per cent to \$52.06 as it revealed a 14 per cent rise in full-year net profit. Miners, banks languish

The biggest miners were weaker as the spot price for **iron ore**, landed in **China**, fell to a new two-year low at \$US88.20 a tonne, posting its eighth straight day of losses. BHP Billiton fell 1.2 per cent to \$36.88, while Rio Tinto lost 1.7 per cent to \$63.06.

The big four banks were flat to lower. Commonwealth Bank of Australia edged up 2¢ to \$81.14, while Westpac Banking Corporation lost 0.3 per cent to \$35.01. ANZ Banking Group fell 0.5 per cent to \$33.37, and National Australia Bank slipped 0.1 per cent to \$34.77.

Telecommunications was the only sector to finish higher, as Telstra Corporation rose 0.2 per cent to \$5.54.

Woolworths edged down 1¢ to \$36.95, ahead of showing its full-year results on Friday. Rival Wesfarmers, owner of Coles, was unchanged at \$44.76.

<b>CO</b>	qntas : Qantas Airways Ltd
<b>IN</b>	i211 : Metal Ore Mining   i22 : Primary Metals   i221 : Iron/Steel/Ferroalloys   ibasicm : Basic Materials/Resources   imet : Mining/Quarrying   i75 : Airlines   i7501 : Scheduled Passenger Airlines   iairtr : Air Transport   itsp : Transportation/Shipping
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