

SE MarketWatch
HD **Battered by sell-off as iron ore falls further**
BY Gillian Terzis
WC 579 words
PD 13 December 2014
SN The Australian
SC AUSTLN
ED Australian
PG 37
LA English
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EQUITIES

The sharemarket closed lower yesterday as mining stocks fell after the iron ore price reached a near five-year low and on expectations the Abbott government will make downward revisions to its Mid-Year Economic and Fiscal Outlook, to be released on Monday.

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At the close, the benchmark S&P/ASX 200 index was down 11.4 points, or 0.22 per cent, at 5219.6 points, while the broader All Ordinaries index had slipped 10.5 points, or 0.2 per cent, to 5196.9.

Both indices finished down 2.2 per cent for the week.

The dollar hit a new 4½-year low after the Reserve Bank governor said he wanted the currency to continue to fall in the new year.

At the close, the unit was trading at US82.72c, down from US83.29c on Thursday. The dollar touched a low of US82.15c early yesterday, its lowest point since June 2010, after Glenn Stevens said he wanted it to go as low as US75c. The currency recovered as the day progressed, as the market also digested his comments hosing down speculation of rate cuts in 2015, and an expectation of improvements in the economy.

The benchmark iron ore for immediate delivery to the port of Tianjin in China was trading at \$US68.80 a tonne, down 0.1 per cent from its previous close of \$US68.90 a tonne and scarcely above the five-year low of \$US68.

CMC Markets chief market analyst Ric Spooner said the day was relatively steady, although mixed performances in the US market set a subdued tone for local investors.

Signs of bargain hunting had emerged in the energy sector, Mr Spooner said, affecting stocks such as Woodside Petroleum and Origin Energy.

“Overall, the tone of the market remains relatively nervous, and the sources of that nervousness include the quite significant declines we’re seeing in commodity prices, including oil in recent weeks,” he said.

The price of oil fell below \$US60 for the first time since July 2009. The energy sector lifted 1.58 per cent. Santos was one of the strong performers, trading 2.29 per cent higher at \$7.16. Woodside Petroleum firmed 1.2 per cent to \$34.60 and Origin Energy gained 3.31 per cent to \$10.91.

A falling iron ore price continued to weigh on materials, which gave up 1.42 per cent as a sector.

BHP Billiton retreated 1.86 per cent to \$28.46, while Rio Tinto lost 2.49 per cent to \$53.67.

Financial stocks slipped slightly, with all banks in the red and the sector down 0.09 per cent.

ANZ lost 0.67 per cent to \$31.00, while Commonwealth Bank inched 0.55 per cent lower to \$81.74.

National Australia Bank gave up 0.44 per cent to \$31.95 while Westpac retreated 0.59 per cent to \$32.05.

Consumer staples lost 0.33 per cent. Woolworths lost 0.43 per cent to \$29.86, while Wesfarmers dropped 0.43 per cent to \$41.42.

Leighton Holdings gave up 0.65 per cent to \$21.56 off the back of the **sale** of its John Holland construction business to **China** Communication Construction for \$1.15 **billion**.

Meanwhile, Telstra inched up 0.18 per cent to \$5.70 and Qantas lost 1.64 per cent to \$2.40.business spectator

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AN Document AUSTLN0020141212eacd0004x