

**HD** Market nosedives as investors offload bank shares

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Market nosedives as investors offload bank shares

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The market tumbled on the first day of May as investors sold banking stocks despite strong first-half earnings by ANZ, while miners fell after the **iron ore** price plunged further. The S&P/ASX 200 Index lost 40.3 points, or 0.7 per cent, on Thursday to 5448.8, while the All Ordinaries also lost 0.7 per cent to 5430.4, with all sectors in the red. A more optimistic outlook for US economic growth from the Federal Reserve helped lift the Dow Jones index to a record close but it was not enough to buoy the local market. A report commissioned by the government sparked fears of a tough

federal budget that could curb domestic growth at a time when the value of Australia's most important export, **iron ore**, is under pressure. The market rose briefly when trade began following **equity** markets in the US, which lifted after the Federal Reserve concluded its April meeting with the announcement it will cut its monthly stimulus by another \$US10 **billion** as flagged. "The commentary was more upbeat than last meeting and I think that's appropriate," said BlackRock Australia's head of fixed income, Steve Miller. ANZ dropped 1.2 per cent to \$34.07 despite beating analyst forecasts to report an 11 per cent rise in half-year profit, lifting its interim dividend more than expected by 14 per cent to 83½¢ a share, and showing the bank's controversial strategy to expand in to Asia is on track. The other big banks were also lower. Commonwealth Bank fell 0.3 per cent to \$78.64, Westpac lost 1.2 per cent to \$34.70 and National Australia Bank shed 1.7 per cent to \$34.71. Telstra declined 0.4 per cent to \$5.20. Insurance stocks were mostly higher, with QBE Insurance, AMP and Suncorp advancing. **Mining** was the worst-performing sector, down 1.1 per cent, as **iron ore** prices approached a 12-month low, **Chinese** data showed demand for

Australia's biggest export is growing more slowly than hoped, and the world's biggest producer, Brazil's Vale SA, posted a steeper decline in first-quarter profit than expected due to weaker **iron ore** prices and tipped them to fall further. **China's** official manufacturing purchasing managers index rose 0.1 points in April to 50.4 points, missing expectations for a rise to 50.5. The spot price for **iron ore**, landed in **China**, fell 2.7 per cent to \$US105.40 a tonne. Australian resources giant BHP Billiton lost 0.7 per cent to \$37.50, main rival Rio Tinto fell 1.5 per cent to \$60.79 while **iron ore** miner Fortescue Metals Group dropped 4 per cent to \$4.85.

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