

HD **Australia shares slip on banks, investors eye **China** trade data**

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LP

* ASX 200 down 0.5 pct, miners post modest recovery

* 42 shares higher, 144 shares lower, 13 shares unchanged

TD

* Investors eye **China** trade data due later in the day (Adds analysis, quotes, stocks on the move)

By Thuy Ong and Naomi Tajitsu

SYDNEY/WELLINGTON, Oct 13 (Reuters) - Australian shares dropped 0.5 percent on Monday to their lowest point since early February, squeezed by uncertainty over the outlook for banks as investors exercised caution ahead of key trade data from **China**, Australia's largest export market.

The S&P/ASX 200 index lost 28.5 points to 5,159.8 by 0111 GMT, recovering from session lows of 5,122.0. The benchmark lost 2.1 percent on Friday.

Ahead of numbers on **China**'s September trade balance, banks led the way down, with analysts at Macquarie Bank saying the outlook has become less certain as investors consider the impact of interest rate increases in the United States. Commonwealth Bank of Australia lost 0.9 percent, while Westpac Banking Corp declined 0.8 percent.

Broader industry concerns persist. The country's 'Big Four' banks lost an average of 7.7 percent each in September, compared to a broader market loss of 5.9 percent, on speculation that an independent inquiry, due in November, may recommend limits to the use of public funds in the event of a banking crisis.

Other high yielding stocks were moderately lower. Telecom **firm** Telstra Corporation Ltd slipped 0.3 percent, while consumer retail staple Wesfarmers Ltd shed 1.9 percent to 13-month lows of A\$40.06.

Elsewhere, Atlas **Iron** Ltd jumped 2 percent, and Fortescue Metals Group Ltd leaped 5.4 percent as **iron ore** futures in **China** and Singapore rose.

Qantas Airways Ltd dropped 2 percent to match an August low of A\$1.32 after saying as of September 17, foreign investors already held a 47.8 percent **stake** in Qantas, close to the 49 percent allowed under the Qantas Sales Act and indicating little further buying by non-Australian parties.

Meanwhile **mining** and infrastructure **firm** WDS tumbled 67 percent to all-time lows of A\$0.27 after issuing a shock profit warning, saying it now expects net profit after tax to be in the range of just A\$1 **million** to A\$3 **million**.

New Zealand's benchmark NZX50 index slipped 50.6 points, or 0.9 percent, to a three-week low of 5,174.463 in early trade, extending losses from late last week as the market tracked losses in global shares.

Xero fell 6 percent to plumb a one-year low of NZ\$17.75 (\$13.89) on rising concerns that the accounting software developer may report a bigger fall in profits for the year ended September than the NZ\$25 **million** forecast by the **company**.

Refining New Zealand fell 2.6 percent to NZ\$1.68 as investors booked profits on the **company**'s rally to a three-month high after it averted a strike last week. (Reporting by Thuy Ong; Editing by Kenneth Maxwell)

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