

HD Market ends week on negative note in thin trading

BY By Sally Rose

WC 815 words

PD 4 January 2014

SN Canberra Times

SC CANBTZ

PG A015

LA English

CY (c) 2014 The Canberra Times

LP

Market ends week on negative note in thin trading

By Sally Rose

TD

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. 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. ¹/₂ 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. ¹/₂ 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 ¹/₂ 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. ¹/₂ Higher **energy** prices provided a boost, with **oil** and natural gas prices rising in 2013, while cereals were a key area of weakness, ¹/₂ HSBC economist Adam Richardson said.

¹/₂ 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. ¹/₂ At the local close on Friday the dollar was buying US89.86 ¹/₂, up from US89.13 ¹/₂. **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. Embattled **mining** services **company** Forge Group shed 6.6 per cent to \$1.42, as BlackRock, the world's largest money manager, emerged as a new substantial shareholder helping to explain a mysterious spike in the

company's share price over the past fortnight. 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 44½ as the **company** directors recommended shareholders accept an off-market takeover from **Chinese**-owned Wealth **Mining** for 45.5½ per share. Silver Lake Resources was the best-performing stock for the second day in a row, climbing 8.7 per cent to 69½ 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.

RF 52999946

NS c1522 : Share Price Movement/Disruptions | c15 : Performance | ccat : Corporate/Industrial News | ncat : Content Types | nfact : Factiva Filters | nfce : FC&E Exclusion Filter | nfcpin : FC&E Industry News Filter

RE canbrr : Canberra | apacz : Asia Pacific | auscap : Australian Capital Territory | ausnz : Australia/Oceania | austr : Australia

PUB Federal Capital Press of Australia Pty Ltd

AN Document CANBTZ0020140103ea1400043