

# FINANCIAL REVIEW

SE Market Wrap  
HD **iron ore** price slump fuels share tumble  
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Australian shares fell for the third day in a row after fears of oversupply in **China**'s property market prompted the biggest fall in **iron ore** prices in almost six months.

The benchmark S&P/ASX 200 Index and the broader All Ordinaries Index each lost 0.6 per cent on Wednesday to 5368.8 points and 5352.5 points respectively. Positive leads from the United States, where the S&P 500 hit a new five-year high, and from Europe, were overshadowed by worries about weakness in commodity markets.

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"We are staying out of the **iron ore** miners. The commodity price is likely to cycle lower still over the coming years as it returns to the marginal cost of production for the biggest suppliers," Auscap Asset Management portfolio manager Tim Carleton said.

**Iron** miners tumbled after the spot price for **iron ore**, delivered in **China**, on Tuesday evening lost 4.4 per cent to \$US71.80 a tonne, a fresh five-year low. When the ASX closed, futures trading was tipping another big fall overnight.

Small, high-cost producers were the hardest hit. BC **Iron** was the worst-performing stock in the ASX 200, sinking 12.2 per cent to 57.5¢ – its lowest point this year. Australia's biggest **iron ore** miners, which are typically less exposed to daily fluctuations in the commodity price, were also lower.

Resources giant BHP Billiton lost 1.5 per cent to \$32.67, while Rio Tinto shed 2.5 per cent to \$57.98. Fortescue Metals dropped 7.7 per cent to \$2.74.

Australia's biggest **oil** producer Woodside Petroleum fell 1.1 per cent to \$38.41 as it confirmed plans to develop its Browse gas fields off the Kimberley coast. Brent crude **oil** was 0.7 per cent weaker at \$US78.48 a barrel.

The big four banks were mixed after a number of crossbench senators threatened to unravel the government's plans to **wind** back elements of the Future of Financial Advice reforms.

Commonwealth Bank of Australia lost 0.5 per cent to \$80.54, while Westpac edged up 0.1 per cent to \$32.79. Australia and New Zealand Banking Group fell 0.2 per cent to \$31.77, and National Australia Bank dropped 0.7 per cent to \$32.13.

Telstra shed 0.2 per cent at \$5.75.

Woolworths fell for the eighth session in a row, down 2.2 per cent to \$32.26, a day after UBS analyst Ben Gilbert cut his recommendation from "buy" to "sell". "Aldi and Costco are gaining acceptance and winning share at an accelerating rate," Mr Gilbert said.

Wesfarmers, owner of Coles, slipped 1.8 per cent to \$42.89.

Orica lost 4.1 per cent to \$18.47 after the **company** said it will slash around 700 jobs as it showed a \$602.5 **million** annual profit and announced the **sale** of its non-**mining** chemicals division to private **equity** giant Blackstone for \$750 **million**.

Building materials supplier James Hardie added 4.3 per cent to \$12.52 as it showed a stronger than forecast 66 per cent jump in interim net operating profit, despite a slower than expected recovery in the US housing sector.

Nine Entertainment Co added 0.5 per cent to \$2.06 as shareholders at the annual general meeting were told to expect a more than doubling in first-half net profit.

Virgin Australia fell 1.3 per cent to 39.5¢ as the airline said it will strengthen ties with Singapore Airlines frequent flyer program.

IPH Ltd, the holding **company** for patent attorneys Spruson & Ferguson defied the market gloom, jumping 47.6 per cent on its ASX debut to \$3.10.

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