

HD Australian Market Wrap: Miners lead rises, retailer Myer takes a dive

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The Australian sharemarket continued to power ahead today, lifting another 47 points or 0.88% to 5368.80. The materials sector performed strongest led by Newcrest **Mining** which rallied 5.3% to \$10.53.

Iron ore miner Fortescue Metals managed to claw back losses made earlier in the session to close the day 2.21% higher at \$2.77. **Mining** giant Rio Tinto added 2.07% to close at \$59.18 and fellow **mining** major BHP Billiton was up 1.48% to \$30.89.

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The banks are also gaining strong momentum: Westpac rallied today by 1.71%, ANZ Bank lifted 1.42%, National Australia Bank added 1.17% and Commonwealth Bank ended the day 0.84% higher.

Gains in the **energy** sector was capped by explorer Santos, which postponed a hybrid issue and announced cuts to investments. Fellow explorer Woodside Petroleum continued its recovery, rallying 2.27% to close at \$36.45. Oilsearch added 11 cents or 1.42% to \$7.83.

Property and construction **company** Leighton Holdings (LEI) today announced its subsidiary John Holland won a \$150 **million** contract to expand Sundrop Farms innovative agricultural production. Sundrop has contracted for a 20 hectare state-of-the-art glasshouse that will grow truss tomatoes. Using **solar energy** they will desalinate seawater, generate heat to maintain temperature and produce electricity to power the facility. This news **lead** to LEI driving market gainers for the day, with a 6.7% to \$21.18.

Engineering **firm** Monadelphous (MND) was up 3.37% to \$8.90 today after announcing its **acquisition** of Water Infrastructure Group. The group has staff of 120 and annual turnover of approximately \$60 **million**, and the **acquisition** came at the cost of \$6 **million** plus **purchase** price adjustment for the final net assets in February 2015. This net **acquisition** cost is expected to be immaterial to financial year results.

Santos turnaround

Santos (STO), in a surprise turnaround in the day, closed down by a mild 3.85% to \$8.73. After free falling 9.8% to \$8.13 after the open, Santos then fought its way back throughout the day to close where it began. It appears that the **energy company** took the market a little time to digest its joint Monthly Drilling Report with Beach Petroleum and realize all was not as bad as first thought.

Myer (MYR) in a shock daily performance fell 3% to \$1.615. The retailer's performance was surprising given that sales for October, which were released today, were up 0.4% **m/m** compared to market expectations of 0.1% **m/m**. Woolworths, Wesfarmers, Harvey Norman, JB Hi-Fi, The Reject Shop and Domino's Pizza were all positive following the retail sales data release, which was an interesting outcome.

Banks and miners have led the SPI higher for the third straight session. The SPI rallied on the back of the better than expected retail sales and trade balance figures, but it pulled back when it touched the down trend line during the afternoon. The SPI then climbed towards its intraday high in the last few hours. With the Nikkei and **China** indexes soaring through fresh highs, the SPI still looks relatively undervalued. The European Central Bank is expected to announce positive comments about QE, which should add bullish market sentiment for all stock markets.

The Aussie dollar made an intraday high of 0.8428 when both retail sales and trade balance came out beating expectation, but these gains were short lived and sold off to make a fresh low of 0.8377. Further downside pressure remains towards the next support level of 0.8315, while tonight's ECB decision could reverse the current down trend.

CO aanzb : Australia and New Zealand Banking Group Limited | ambol : Fortescue Metals Group Ltd | leiho : Leighton Holdings Ltd | wodpet : Woodside Petroleum Ltd | rtz : Rio Tinto PLC | craaus : Rio Tinto Ltd | hocht : Hochtief AG | ocisa : ACS Actividades de Construcciones y Servicios SA

IN i211 : Metal Ore Mining | i22 : Primary Metals | i221 : Iron/Steel/Ferroalloys | ibasicm : Basic Materials/Resources | imet : Mining/Quarrying | i1 : Energy | i13 : Crude Oil/Natural Gas | i1300003 : Crude Petroleum Extraction | i502 : Heavy Construction | i814 : Banking | i81402 : Commercial Banking | ibnk : Banking/Credit | iconst : Construction | icre : Real Estate/Construction | iextra : Natural Gas/Oil Extraction | ifinal : Financial Services

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