

# FINANCIAL REVIEW

SE Market Wrap  
HD **Rosy trade and retail data drive ASX rally**  
BY Equities Sally Rose  
WC 574 words  
PD 7 February 2014  
SN The Australian Financial Review  
SC AFNR  
ED First  
PG 22  
LA English  
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Local shares have rallied on better than expected official domestic trade and retail data, with the big banks and Woolworths leading the charge.

The benchmark S&P/ASX 200 Index rose 61.1 points, or 1.2 per cent, on Thursday to 5131.4. Shares got momentum from the positive local news to shrug off a weak **lead** from the US.

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Markets in the US drifted lower after a disappointing private sector employment survey was considered a negative indicator ahead of the important official US non-farm payrolls data due for release after the Australian market closes on Friday. Major Asian markets provided mixed cues for the local market in the afternoon session.

"After the past week's selling, a really great set of local economic data showed the pessimism about the local economy was overdone," AMP Capital head of asset allocation Nader Naeimi said.

Shares and the dollar both rose after better than expected Australian Bureau of Statistics figures supported the Reserve Bank of Australia's move earlier this week to drop its "easing bias".

ABS data showed seasonally adjusted retail sales grew for the eighth consecutive month, up 0.5 per cent in December.

A separate ABS report showed a \$468 **million** trade balance surplus in December, boosted by rising exports of **coal** and other commodities.

Resources giant BHP Billiton gained 0.8 per cent to \$35.57, while main rival Rio Tinto rose 1.6 per cent to \$65.65. The spot price for **iron ore**, landed in **China**, eased to \$US122.40 a tonne.

The NAB quarterly business confidence survey for the last quarter also showed a bounce of five points. Strong report from Woolworths

Food and household basics retailing was the best-performing sector, up 2.5 per cent on the back of the strong ABS retail sales figures and a strong interim report from supermarket giant Woolworths. The retailer's half-year sales rose 6 per cent and it said it expects 4 per cent to 7 per cent net profit growth this financial year. Woolworths added 2.4 per cent to \$34.72. Rival Wesfarmers, owner of Coles, which is yet to report half-year results, rose 2.7 per cent to \$42.44.

"This reporting season has begun with the best earnings revision momentum in four years," Deutsche Bank **equity** strategist Tim Baker said.

The big four banks all moved higher. Commonwealth Bank of Australia rose 1.4 per cent to \$73.48, Westpac Banking Corporation added 1.7 per cent to \$30.83, and National Australia Bank gained 1.5 per cent to \$32.63. ANZ Banking rose 1.4 per cent to \$29.43.

"Expectations for this **company** earnings season are quite low so it should be pretty easy for some of the bigger companies to provide upside surprise," Mr Naeimi said.

Telecommunications giant Telstra Corporation added 0.6 per cent to \$5.06. The biggest listed utility provider, AGL **Energy**, was down 0.9 per cent at \$14.79 after the Australian Competition and Consumer Commission hinted it would block a takeover bid from Macquarie Power Generation.

Goldminer Independence Group was the best-performing stock in the ASX 200, climbing 8 per cent to \$3.63 after Goldman Sachs and CBA analysts lifted their target prices on the stock following the announcement of a new joint venture last week.

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