

**HD** Australian shares get a Beijing bounce on **Chinese** factories

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Australian shares get a Beijing bounce on **Chinese** factories

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A rebound in the big banks and a better than expected reading of **Chinese** factory activity powered a rally in Australian shares. The local market bounced back after trading below its 2013 closing price the morning after the spot price of **iron ore** fell below \$US80 a tonne for the first time in more than five years. The S&P/ASX 200 Index jumped 1 per cent on Tuesday to 5415.7 points while the All Ordinaries Index jumped 0.9 per cent to 5416.1 points. In **China**, the latest HSBC flash

manufacturing purchasing managers index read 50.5, roundly beating consensus expectations it would retreat to the neutral reading of 50. Baillieu Holst **equity** partner Richard Morrow said the recovery in the sharemarket was driven by the positive indicator of **China's** economy. "In many ways [the Australian sharemarket] is a surrogate for investing in **China**. It's a lot easier to short sell in Australia than to short sell **Chinese** stocks," he said. The big four banks led the gains. ANZ rose 1.4 per cent to \$31.65, and National Australia Bank rose 1.2 per cent to \$33.51. Commonwealth Bank and Westpac were up 1.1 per cent to \$77.30 and \$32.77, respectively.

**Iron ore** fell through \$US80 a tonne and hit a fresh five-year low at \$US79.80 a tonne on Monday night, which put further pressure on the big miners in the morning session

but they recovered in the afternoon. BHP Billiton was up 0.3 per cent to \$34.95 following its announcement it will cut 700 workers across its Queensland metallurgical **coal mining** business. Rio Tinto was up 0.3 per cent to \$60.20 while **iron ore** miner Fortescue Metals Group was up 2.2 per cent to \$3.66. When the ASX closed on Tuesday the dollar was fetching US89.16½.

Among other major stocks on Tuesday, Telstra gained 1.7 per cent at \$5.44, Woolworths 0.6 per cent to \$34.99, and Wesfarmers, owner of Coles, 1.2 per cent to \$43.15. Crop protection group Nufarm was the best performing stock in the ASX 200, climbing 12.2 per cent to \$4.52 after reporting a 51 per cent drop in its headline net profit after tax to \$37.71 **million**. But \$48.7 **million** in one-off costs associated with the **company's** previously announced restructure and asset rationalisation program. Internet services provider TPG Telecom jumped 6.1 per cent to \$7 after exceeding analyst earnings expectations reporting \$171.1 **million**.

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