

FINANCIAL REVIEW

SE Market Wrap
HD **Shares rise 12.4pc for FY14 after June falls**
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Australian shares have posted double-digit returns for the second financial year in a row, up 12.35 per cent over the 12 months to June 30, 2014, fuelled by record low interest rates.

At Monday's close the benchmark S&P/ASX 200 Index was trading at 5395.7 points, while the broader All Ordinaries Index sat at 5382 points, with the biggest banks and miners higher over the 12-month period.

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But it was a lacklustre end to the fiscal period. The market lost 0.9 per cent in quiet trade on Monday, to finish the month of June down 1.8 per cent.

New listings included iSentia Group, Gentrack Group, Asaleo Care and Monash IVF Group.

"While there was a rush of IPOs [initial public offerings] coming to market in June, most of the buying was funded by institutions selling down existing holdings. So the benefit to the overall value of the index was limited," Arnhem Investment Management head trader Simon Twiss said.

"A fall in the **iron ore** price to a 23-month low pulled the biggest miners down, with a big negative impact on the overall performance of the ASX 200 over the past month," he added.

A decline in the value of resources giant BHP Billiton was the biggest drag on the index over June, as the miner lost 3 per cent to \$35.90 amid a weak outlook for **coal** and **iron ore** prices. Main rival Rio Tinto edged up 0.01 per cent to \$59.31, while **iron ore** miner Fortescue Metals Group lost 1.4 per cent to \$4.35.

The spot price for **iron ore**, delivered in **China**, sunk to \$US89 per tonne in June, before ending the month higher at \$US94.90 a tonne. **Iron ore** is trading 30 per cent lower since January 1.

The big four banks declined over the month. Commonwealth Bank of Australia lost 0.9 per cent to \$80.88, while Westpac Banking Corp fell 1.6 per cent to \$33.88. National Australia Bank shed 2.1 per cent to \$32.78, and ANZ Banking Group fell 0.5 per cent to \$33.34.

Telstra Corp was another heavy weight on the bourse, losing 2.4 per cent to \$5.21, despite getting a boost after unveiling a new \$150 **million** deal with NBN Co last week. Retailers tumble

In the wake of May's tough federal budget announcement, June was plagued by downgrades from the retail sector. Kathmandu Holdings and Super Retail Group were among the retailers to tumble after lowering their full-year profit guidance.

Food and liquor was the worst-performing sector for the month, down 4.6 per cent, as the biggest supermarkets struggled amid weak consumer spending. Woolworths lost 6.2 per cent to \$35.22, while Wesfarmers, owner of Coles, shed 3.5 per cent to \$41.84.

Plasma products exporter CSL was another laggard, down 5.7 per cent to \$66.55, as the Australian dollar lifted above US94¢.

Utilities was the best-performing sector, falling a modest 0.2 per cent, as investor sentiment turned defensive. Electricity and gas retailer AGL **Energy** added 0.5 per cent to \$15.48.

Despite global **oil** prices climbing in response to an insurgent uprising in Iraq and Syria, most Australian **energy** producers were pushed lower over June. Australia's biggest **oil** producer, Woodside Petroleum, fell 2.6 per cent to \$41.07, while West Texas Intermediate crude **oil** lifted 2.4 per cent to \$US105.21 a barrel.

Oil Search was the standout performer in the **energy** sector, up 2.6 per cent to \$9.67, having lifted its annual guidance after starting production at a major Papua New Guinea gas project.

Karoon Gas Australia was the best-performing stock in the ASX 200, climbing 24.8 per cent to \$3.07, as the **company** finalises an \$800 **million** asset **sale** to Origin **Energy**.

Paladin **Energy** was the worst-performing stock in the ASX 200, dumping 24.4 per cent to 29.5¢, hurt by ongoing weakness in the **uranium** price since the Fukushima disaster.

After struggling to gain shareholder approval, Frank Lowy's newly structured Westfield empire was warmly received. Scentre Group, the new entity for Westfield's shopping malls in Australia and New Zealand, rose 3.9 per cent to end the month at \$3.20, while the international business Westfield Corp lifted 1.4 per cent to \$7.15.

Household appliance maker GUD Holdings, owner of the Sunbeam label, added 17.1 per cent to \$6.22 after pledging to raise prices to offset falling profits. Travel insurance provider Cover-More Group lost 19.8 per cent to \$1.89 as sentiment toward the stock was hurt by a decline in consumer confidence.

CO mivfpl : Monash IVF Group Ltd | mmonit : iSentia Group Ltd | qlhkne : Asaleo Care Ltd | rtiyhw :
Gentrack Group Ltd | peprt : Pacific Equity Partners | scahld : Svenska Cellulosa Aktiebolaget

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