

SE Business
HD **Banks bounce bourse back to black**
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Stocks

In a dramatic turnaround, the sharemarket has posted a gain for October, led by the banks, and is now 3.4 per cent ahead for the year.

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The month began with shares spiralling towards a technical correction, having wiped out all the gains of 2014 in a September slump.

The S&P/ASX 200 Index lifted 4.4 per cent in October, to 5526.6 points, while the All Ordinaries Index added 4 per cent to 5505 points, despite weak commodity prices weighing on the resource sector as the big four lenders rallied into bank reporting season. On Friday, the market added 0.9 per cent.

The market has shadowed the performance of **equity** markets in the US, the focus on rising global interest rate expectations. On Wednesday, the US Federal Reserve announced a long-awaited move to conclude its program of extraordinary asset purchases, known as quantitative easing.

"It was good to see the US Federal Reserve end QE and sounding more positive about the economy," Quay Equities head of trading Tristan K'Nell said. "But while the US economy is improving, **China**, Japan, Europe, and even Australia, are struggling a bit and that is driving investors back in to safe yield plays."

ANZ added 0.7 per cent to \$33.50 on Friday after reporting a 10 per cent lift in full-year cash earnings to \$7.12 **billion**, buoyed by continuing strength in its domestic mortgage lending business. The result was in line with an accidental disclosure that prompted a brief trading halt earlier in the week. ANZ recorded an 8.3 per cent gain for the month.

National Australia Bank began bank reporting season on Thursday, when it showed a 10 per cent fall in cash earnings to \$5.18 **billion** and confirmed it is looking to sell its poorly performing British division. NAB shares added 7.5 per cent over the month to \$34.99.

"We expect another clean, predictable high-quality result from Westpac Banking Corporation when it reports full-year result on Monday," UBS banking analyst Jonathan Mott said. In October, Westpac rose 8.2 per cent to \$34.78.

Commonwealth Bank, which will report quarterly earnings on Wednesday, rose 6.9 per cent over the month to \$80.48.

Macquarie Group added 2.2 per cent to \$61.17 on Friday as its interim profit jumped 35 per cent to \$678 **million**, beating forecasts. Telstra closed October 6.2 per cent ahead at \$5.63.

BHP Billiton edged up 0.3 per cent to \$33.96, while Rio Tinto added 1.4 per cent to \$60.41, and Fortescue Metals Group rose 0.6 per cent to \$3.50. Newcrest **Mining** shed 11.7 per cent to \$9.32 over the month as the **gold** spot price slipped to \$US1193.67 an ounce.

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