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HD **Shares record second week of gains on optimistic outlooks**
BY Sally Rose
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Equities

A mostly optimistic tone to the annual general meeting season, including well-received updates from AMP, ResMed and Qantas, spurred shares higher on Friday to ensure a second straight week of gains.

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Over the past week, the benchmark S&P/ASX 200 index and the broader All Ordinaries index each lifted 2.7 per cent, to 5412.2 points and 5399.3 points respectively, in a broad-based recovery led by the big four banks. On Friday, the market added 0.5 per cent, again led by financial services.

"Long term, the outlook for the Australian **equity** market remains solid, so it is important investors look through the recent increase in volatility," HOSTPLUS Super chief investment officer Sam Sicilia said.

However, the fund has been reducing its allocation to local shares over the past month to free up capital to deploy towards better opportunities in unlisted assets and global equities, he said.

In local economic news, official September quarter inflation data released on Wednesday saw headline inflation fall to 2.3 per cent year-on-year. Economists said the soft result supported the Reserve Bank of Australia's stance to keep record low interest rates on hold for some time to come.

It was the big four banks that did the most to lift the index over the week, as all rose before the bank reporting season. National Australia Bank rose 3.4 per cent to \$34.27, ANZ Banking Group lifted 3.4 per cent to \$33.02, and Westpac Banking Corp also gained 3.4 per cent to \$34.21. Commonwealth Bank of Australia, which reports on a different calendar to its main rivals, was up 2.9 per cent to \$78.77.

Telstra Corporation rose 2.2 per cent to \$5.50 over the week. At its AGM on Thursday, Australia's dominant telco conceded it expects profit margins to shrink while outlining its plans to push into Asia.

The miners were also stronger, despite a dip in **iron ore** prices, as data released in **China** on Tuesday showed marginally stronger than expected economic growth.

Resources **company** BHP Billiton finished the week 1 per cent higher at \$33.74. On Wednesday its US **oil** and gas division smashed forecasts to show a 49 per cent surge in quarterly production. Rio Tinto gained 1.2 per cent to \$60.05.

New products used in the treatment of sleep disordered breathing, which is associated with snoring, boosted ResMed's sales in the first quarter.

The result suggest some long-awaited new releases are proving popular, which halts a period of sluggish growth and sets the sleep therapy giant up for a strong year, analysts said.

Investors did not snooze on the news, piling into the medical device maker's stock and pushing the share price up 6.5 per cent on Friday. The stock closed up 35¢ to \$5.72, down from a 12-month high of \$5.90 hit last September.

AGL **Energy** was a laggard, down 1.2 per cent to \$13.51 as its AGM on Thursday was marred by protests against its **coal** seam gas projects. Transfield Services was the best performer of the week, surging 27.3 per cent to \$1.91 amid a \$1 **billion** takeover approach from Spain's Ferrovial.

with Jessica Gardner

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