

# The Sydney Morning Herald

SE Business - Trading Room  
HD **Shares rise for second week, but seven-session streak ends**  
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A seven-session winning streak on the sharemarket ended with a modest dip on Friday, despite an afternoon rally. However, the market still posted its second consecutive week of gains.

Some better-than-expected factory data out of **China** and guidance-beating quarterly production reports boosted **mining** stocks, despite a drop in the price of **iron ore**.

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The S&P/ASX 200 index added 0.9 per cent over the week to close at 5583.5 points. The broader All Ordinaries Index gained 1 per cent to 5574.2 points; it is flirting with the 5600-point level for the first time since June 2008.

Shares finished 0.1 per cent lower on Friday after the spot price of **iron ore** slid for the seventh straight day to \$US93.60 per tonne.

"Aussie shares have had a good July, up 3.6 per cent month-to-date and that has really been driven by a rally in the **mining** sector, which is up about 8.8 per cent month-to-date," Peter Sumner, a portfolio manager at MLC Investments, said.

"The **mining** sector had retreated about 3 per cent over the June quarter," he said. "This bounce comes as concerns about declining demand growth for **iron ore** and **coal** from **China** abides, while the local producers have delivered some pleasing production updates over the past fortnight."

On Thursday, the HSBC manufacturing purchasing managers index showed **Chinese** factory activity at an 18-month high.

BHP Billiton rose 1.6 per cent to \$39 over the week. On Wednesday, it upgraded its production guidance for the current financial year after showing it beat 2013-14 targets. Rio Tinto rose 1.2 per cent to \$65.09.

Australia's biggest goldminer, Newcrest **Mining**, fell 7.1 per cent to \$10.70 over a week in which it signalled a write-down of up to \$2.5 **billion** after tax, and a shareholder class action was formally commenced over its handling of continuous disclosure obligations last year. The spot price of **gold** retreated over the week to \$US1292.40 per ounce.

Woodside Petroleum rose 1.2 per cent to \$42.70. It spent much of the week drumming up support for its proposed buyback of the remaining Royal Dutch Shell shareholding. Brent crude **oil** remained steady above \$US107 a barrel during the week.

Commonwealth Bank, Westpac and National Australia Bank each added 1.2 per cent to \$82.28, \$34.28 and \$34.59 respectively. ANZ rose 1 per cent to \$33.75

Telstra gained 0.4 per cent at \$5.45 after announcing plans to move nearly 700 jobs to Asia.

Food and liquor was the worst-performing sector over the week, down 0.2 per cent, as Wesfarmers, owner of Coles, fell 0.4 per cent to \$43.28, and Woolworths edged up 0.1 per cent to \$36.

Information technology was the best-performing sector, up 1.9 per cent. Computershare rose 3 per cent to \$12.93 following news of an \$86.3 million British acquisition.

Rare earths miner Lynas Corp was the best-performing stock, rising 27.6 per cent over the five sessions to 18.5¢ as US rival MolyCorp contends with activist shareholders following the downgrading of its debt to junk status.

"If MolyCorp went under then that would take a significant supplier out of the market and may benefit Lynas Corp in the longer term," Patersons Securities head of research Rob Brierley said.

Junior goldminer Beadell Resources was the worst-performer, down 11.4 per cent to 54.5¢. "Beadell downgraded full-year production guidance for FY14 by 10 per cent on Thursday after June quarter output missed guidance," Canaccord Genuity analyst Luke Smith said.

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