

# The Sydney Morning Herald

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HD **Market ends week flat after miners help recoup losses**  
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## STOCKS

The sharemarket finished the week barely changed, down 0.1 per cent, despite featuring the worst one-day fall since September.

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Shares clawed back Tuesday's 1.5 per cent loss, buoyed by renewed interest in **mining** stocks.

The S&P/ASX 200 Index closed at 5305.9 on Friday, a fall of 3.2 points or 0.06 per cent for the session.

The benchmark index has started the year in subdued fashion and shares are down 0.9 per cent since the beginning of the month.

Paladin **Energy** posted a 25 per cent surge in value over the past five days, making it the best performer on the ASX 200 index. The miner achieved important debt refinancing on African mines over the period, persuading investors that it is better placed to meet its repayments. The stock closed up 7¢ at 56¢.

OZ Minerals also outperformed, gaining 16.5 per cent.

The **company** delivered an upbeat production report that beat expectations and put the squeeze on short sellers.

Dragging down the index over the week was Super Retail Group, the operator of sporting chain Rebel, Supercheap Auto and Ray's Outdoors, which reported weak sales numbers for the first half, including the critical Christmas retail period. The shares slumped 16.7 per cent to close at \$10.79.

Fellow consumer discretionary retailer JB Hi-Fi fared little better, down 9.1 per cent for the week.

Widespread selling on the exchange on Tuesday threatened to derail a passive start to the year when stocks shed \$24 **billion** on fears the corporate reporting season in the US would yield poor results and comments from a Federal Reserve official that alluded to a hawkish outlook for monetary policy.

Anticipating and reacting to the Fed's actions was the dominant driver of global markets last year, and this year will probably be no different, HSBC chief economist Paul Bloxham said.

"I still think the big story for 2014 is going to be watching the Fed, because it has implications for bond markets, for **equity** markets, for what's happening with currencies," he said.

"We had a practice run at tapering in 2013 and what we saw is it can have some pretty massive implications for a whole set of emerging economies that rely on foreign capital."

Mr Bloxham was referring to the behaviour of markets last May when the Fed dropped its first hint of a reduction in its \$US3 trillion-plus (\$3.4 trillion) quantitative easing program.

As expectations of a change in policy mounted, markets seized up and foreign capital made a flash exit from developing economies.

"It's still the case that US financial developments dominate financial markets," Mr Bloxham said. "I suspect **China** is going to be very much in focus as well, they look as though they're in the process of reforming their economy in a whole range of areas and that will probably be something that financial markets will respond to."

Consumer discretionary stocks were the weakest-performing group among the ASX 200 stocks over the past fortnight, shedding 2.5 per cent. They were among the biggest winners of last year when interest rates sat at record lows, and they face the threat of policy tightening this year as economies recover.

On Wednesday, the World Bank upgraded its growth outlook for the global economy to 3.2 per cent - up from 2.4 per cent last year.

The World Bank, too, is betting the Fed will continue to unwind its stimulus program over the course of the year.

In the week ahead, the Reserve Bank will release its December quarter inflation data, which could reveal for the first time evidence that the Australian dollar is pushing up the prices of products such as petrol.

Mr Bloxham also said fiscal policy would play a greater role in the economy this year. "One of the key risks to this year is fiscal policy," he said, attributing greater importance to the coming federal budget.

**CO** golpla : OZ Minerals Limited | palrs : Paladin Energy Limited | sucaut : Super Retail Group Limited  
**IN** i211 : Metal Ore Mining | i64 : Retail/Wholesale | i6492 : Automotive Parts/Tire Stores | i654 : Specialty Stores | ibasicm : Basic Materials/Resources | imet : Mining/Quarrying | iretail : Retail | iuran : Uranium Ore Mining  
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