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SE Business
HD **Australian shares get a Beijing bounce on Chinese factories**

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Stocks

A rebound in the big banks and a better than expected reading of Chinese factory activity powered a rally in Australian shares.

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The local market bounced back after trading below its 2013 closing price the morning after the spot price of iron ore fell below \$US80 a tonne for the first time in more than five years.

The S&P/ASX 200 Index jumped 1 per cent on Tuesday to 5415.7 points while the All Ordinaries Index jumped 0.9 per cent to 5416.1 points.

In China, the latest HSBC flash manufacturing purchasing managers index read 50.5, roundly beating consensus expectations it would retreat to the neutral reading of 50.

Baillieu Holst equity partner Richard Morrow said the recovery in the sharemarket was driven by the positive indicator of China's economy. "In many ways [the Australian sharemarket] is a surrogate for investing in China. It's a lot easier to short sell in Australia than to short sell Chinese stocks," he said.

The big four banks led the gains. ANZ rose 1.4 per cent to \$31.65, and National Australia Bank rose 1.2 per cent to \$33.51. Commonwealth Bank and Westpac were up 1.1 per cent to \$77.30 and \$32.77, respectively.

Iron ore fell through \$US80 a tonne and hit a fresh five-year low at \$US79.80 a tonne on Monday night, which put further pressure on the big miners in the morning session but they recovered in the afternoon.

BHP Billiton was up 0.3 per cent to \$34.95 following its announcement it will cut 700 workers across its Queensland metallurgical coal mining business. Rio Tinto was up 0.3 per cent to \$60.20 while iron ore miner Fortescue Metals Group was up 2.2 per cent to \$3.66.

When the ASX closed on Tuesday the dollar was fetching US89.16¢.

Among other major stocks on Tuesday, Telstra gained 1.7 per cent at \$5.44, Woolworths 0.6 per cent to \$34.99, and Wesfarmers, owner of Coles, 1.2 per cent to \$43.15.

Crop protection group Nufarm was the best performing stock in the ASX 200, climbing 12.2 per cent to \$4.52 after reporting a 51 per cent drop in its headline net profit after tax to \$37.71 million.

But \$48.7 million in one-off costs associated with the company's previously announced restructure and asset rationalisation program.

Internet services provider TPG Telecom jumped 6.1 per cent to \$7 after exceeding analyst earnings expectations reporting \$171.1 million.

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