

**HD** Stocks shrug off mixed economic data

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Shares lifted as the Reserve Bank of Australia held interest rates steady while sharing a modestly more optimistic outlook for the economy.

The benchmark S&P/ASX 200 Index rose 19.2 points, or 0.4 per cent, on Tuesday to 5481.4, while the broader All Ordinaries Index also added 0.4 per cent to 5462.7.

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A rallying Westpac Banking Corporation led the market higher despite disappointing trade balance data amid a worsening outlook for **iron ore** and **coal** prices.

Local stocks had a mixed **lead** from offshore after equities in the United States rose on a report showing the US services industry is expanding, while European markets fell amid fears of escalating political tensions in Ukraine and slower growth in **China**.

But the ASX started trading higher ahead of the monthly monetary policy decision from the central bank. As expected the RBA board elected to hold the official cash rate at its record low 2.5 per cent for the ninth month in a row, while upgrading its view on the domestic economy.

Other domestic economic news was less supportive of shares. Australian Bureau of Statistics data showed the trade surplus narrowed by more than expected in March as exports fell.

"Exports posted the largest decline since August 2012, although demand from **China** unexpectedly rebounded to a new record high," Barclays economist Kieran Davies said.

However, he is tipping falling spot prices for **iron ore** and **coal** to put pressure on exports in April.

Meanwhile, the ANZ Bank - Roy Morgan consumer sentiment indicator showed consumer confidence slumped to a five-year low as anticipation builds for a tough Federal Budget.

"Trade data that is a bit weak and poor consumer confidence numbers are just two more pieces of news that will weigh on the market in what is a traditionally soft period," Fairmont Equities portfolio manager Michael Gablesaid.

Telstra Corporation added 0.4 per cent at \$5.23 on Tuesday while the big four banks were mixed.

Westpac did the most to lift the bourse as it rallied 0.7 per cent to \$34.69 after falling 1.2 per cent the previous day despite meeting forecasts to report a record interim profit.

Commonwealth Bank of Australia added 0.4 per cent to \$79.29, while ANZ Banking Group gained 0.3 per cent to \$34.08. National Australia Bank shed 0.3 per cent to \$34.11 ahead of showing its half-year profit results on Thursday.

Bendigo and Adelaide Bank lost 1.7 per cent to \$11.20 after emerging from a trading halt to announce a capital raising to fund the \$1.78 **billion purchase** of Victoria's Rural Finance.

The biggest miners were mixed as heavyweight BHP Billiton lifted 0.5 per cent to \$37.66, while main rival Rio Tinto fell 0.2 per cent to \$61.50 as the spot price for **iron ore**, landed in **China**, dipped 0.1 per cent to \$US105.90 a tonne.

RBC Capital Markets **equity** analysts lowered their forecasts for Rio Tinto earnings due to reports the prices the miner fetches for its **iron ore** have been declining in May.

Rare earths producer Lynas was the worst performing stock in the ASX 200, dumping 9.1 per cent to 15 after emerging from a trading halt to update the market on plans for a \$30 **million equity** raising and debt restructure.

Despite the poor consumer confidence reading, retailers were mostly higher. Woolworths rose 1 per cent to \$37.19, while Wesfarmers, owner of Coles, added 0.2 per cent to \$43.32.

Department store chain David Jones added 0.3 per cent, to its highest price since July 2011 at \$3.96, after it reported stronger than expected quarterly revenue figures boosted by surging online sales and as the Foreign Investment Review Board approved a planned \$2.15 **billion** takeover by South African retailer Woolworths. David Jones' main rival Myer Holdings added 0.5 per cent to \$2.16.

Apparel group Pacific Brands, was the top stock in the ASX 200, up 6.1 per cent to 52.5. One retail sector analyst said the **company** may have got a bump from the better than expected sales results of customer David Jones which carries many of its labels including **Bonds**.

**CO** wstpac : Westpac Banking Corporation Limited

**IN** i814 : Banking | i81402 : Commercial Banking | ibnk : Banking/Credit | ifinal : Financial Services

**NS** c1522 : Share Price Movement/Disruptions | e1105 : Consumer Sentiment | c15 : Performance | ccat : Corporate/Industrial News | e11 : Economic Performance/Indicators | ecat : Economic News | ncat : Content Types | nfact : Factiva Filters | nfce : FC&E Exclusion Filter | nfcpin : FC&E Industry News Filter

**RE** austr : Australia | apacz : Asia Pacific | ausnz : Australia/Oceania

**IPD** Financial Services

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