

# FINANCIAL REVIEW

SE Market Wrap  
HD **Iron ore** price jitters, jobs data drag on ASX  
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A weaker global growth outlook, another fall in the **iron ore** price and soft local employment figures helped push the Australian sharemarket lower on Thursday.

The benchmark S&P/ASX 200 Index and the All Ordinaries Index fell 0.5 per cent on Thursday to 5428.8 points and 5407.9 points respectively.

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Local shares followed **equity** markets in the United States and Europe lower as investors digested a move by the World Bank to lower its global growth forecast for 2014 from 3.2 per cent to 2.8 per cent. Major markets around Asia traded lower in the afternoon.

In domestic economic news, Australian Bureau of Statistics data showed the unemployment rate in May was 5.8 per cent in line with forecasts. But economists said the labour market is softer than the unemployment rate suggests and that it hides a falling participation rate as more job seekers give up looking for work.

"Employment tends to be a lagging indicator so it does not have a big influence on our **equity** strategy," Zurich Financial Services senior investment strategist Patrick Noble said.

**Mining** was the worst-performing sector, down 0.9 per cent, as the spot price for **iron ore**, landed in **China**, edged down another 0.1 per cent to \$US93.50 a tonne. A steep fall in **iron ore** futures trading in **China** suggested the spot price would fall again on Thursday night.

Resources giant BHP Billiton shed 0.6 per cent to \$35.71, main rival Rio Tinto fell 1.1 per cent to \$58.72 and **iron ore** miner Fortescue Metals Group lost 4.6 per cent to \$4.33. "BHP moved this week to cut more costs in response to softer commodity prices so smaller miners with higher costs must be really feeling the pinch. Expect to see more profit forecast downgrades from the junior **mining** and **mining** services sector," Mr Noble said.

Junior **iron ore** miner Arrium was the worst-performing stock in the ASX 200, down 7.3 per cent at 83¢. BC **Iron** and Mount Gibson **Iron** also lost more than 5 per cent each.

"As investors grow more cautious on the global growth outlook, money is finding its way back in to high yield stocks," Mr Noble said. But the big defensive names were caught in Thursday's sell-off. Banks take a dive

Commonwealth Bank of Australia fell 0.4 per cent to \$81.88, while Westpac Banking Corporation shed 0.5 per cent to \$34.58. ANZ Banking Group lost 0.2 per cent to \$33.83, and National Australia Bank dipped 0.9 per cent to \$33.33.

Telstra Corporation lost 0.8 per cent at \$5.21, Woolworths shed 0.2 per cent to \$36.60, and Wesfarmers, owner of Coles, fell 0.5 per cent to \$41.61.

Ten Network was the best-performing stock in the ASX 200, jumping 5.3 per cent to 30¢, as the government said it would consult on cross-media ownership laws. Southern Cross Media gained 4.9 per cent to \$1.08.

Healthcare was the only major sector to edge higher, up 0.1 per cent. Private hospital operator Ramsay Health Care rose 3.7 per cent to \$46.80 as Credit Suisse upgraded it to "buy" a day after Ramsay sealed a €429 **million** (\$618.5 **million**) French **acquisition**.

Engineering group Leighton Holdings lifted 1.7 per cent to \$20.15 on the news it plans to sell its \$1 **billion** John Holland division. Property **firm** Goodman Group fell 0.8 per cent to \$5.15, despite lifting its annual earnings outlook.

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