

# FINANCIAL REVIEW

SE Market Wrap  
HD **Miners buoy index, offsetting bank slips**  
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Australian shares rose slightly on Wednesday after a slew of positive news from miners helped to offset another day of weakness in banking stocks in the wake of David Murray's interim report into the financial sector.

After a short-lived early rally, the benchmark S&P/ASX 200 Index closed up 0.1 per cent on Wednesday to 5518.9. The broader All Ordinaries Index finished ahead 0.2 per cent at 5504.5.

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Rio Tinto climbed 1.3 per cent to \$63.94 on robust third-quarter results, with analysts saying that the miner was likely to exceed its full-year **iron ore** production target.

Fortescue Metals was also higher, finishing up 6.3 per cent at \$4.58, after it told investors it could produce as much as 160 **million** tonnes in the new financial year, suggesting the capacity of its export system is not limited to 155 **million** tonnes as previously thought.

Resources giant BHP Billiton, meanwhile, ended ahead 0.6 per cent at \$38.25. The sector was also buoyed by positive news from **China**, which reported 7.5 per cent annual GDP growth in the June quarter, slightly ahead of consensus forecasts.

"Those companies with **China** exposure, such as the big resources exporters, tended to outperform, while the domestic sectors were the main underperformers," Credit Suisse's **equity** strategist Damien Boey said.

**Mining** junior Sirius Resources led the best-performing resources sector, surging 14.8 per cent to close at \$3.95, after reporting another promising discovery near the Fraser Range area of Western Australia. It was by far the best-performing stock on the market.

However, not all miners enjoyed the sector rally.

Newcrest continued to submit to weakness in the **gold** price. Its shares closed down 1 per cent at \$10.92, while **gold** fell 0.7 per cent to \$US1298.

The spot price for **iron ore**, landed in **China**, was up 0.1 per cent to \$US98 a tonne in late trade.

Australia's biggest **oil** producer Woodside Petroleum edged up 0.2 per cent to \$41.62 as Brent crude **oil** rose 0.1 per cent to \$US106.10 a barrel.

The **company** reports June quarter production figures on Thursday,

Financials were among the worst-performing sectors, as investor sentiment continued to be affected by Tuesday's paper by the former Commonwealth Bank of Australia boss David Murray, in which he called for higher capital ratios and more competition between the banks, and criticised superannuation fund fees.

Analysts also were concerned by a Westpac-Melbourne Institute index pointing to slower economic growth this year as a contributing factor to weakness in the sector. Consumer staples was the worst performing sector.

Among financials, wealth manager Perpetual was hardest hit, with a 3 per cent fall, to \$47.26.

The big four banks also slipped – some for a second day running – with Westpac Banking Corporation off 0.5 per cent at \$33.89, Commonwealth Bank of Australia down 0.2 per cent at \$81.35, National Australia Bank losing 0.1 per cent to \$33.98 and Australia and New Zealand Banking Group ending the day down 0.2 per cent at \$33.15.

Macquarie Group, however, was among the day's better performers, climbing 1.8 per cent to \$60.08, as buoyancy in global capital markets began to feed through to US investment banks' quarterly earnings.

"Macquarie has become a well-rounded investment bank and wealth management group," said Bill Chatterton, Morgans' senior private client adviser.

"This makes them an attractive investment at the moment."

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