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HD **Keep calm and concentrate on the long-term picture**

BY John Durie
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AUSTRALIAN investors have plenty of reason to be nervous, but on a longer basis the market will start to offer more opportunity than fear, according to leading Australian fund manager Andrew Sisson.

The Franklin Templeton manager is working on the theory that when the market gets really worried it's time to buy and when it's relaxed it's time to sell, which of course is the right theory but not so easy to enact.

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Volatility has re-emerged as a factor, which simply means the market has returned to some normalcy — even as it closed down 2 per cent, or more than 100 points, for the first time in more than 15 months. At 5188.3 points, it was at its lowest for eight months.

The local bourse is in price terms down for the year, but on a total return basis including dividends is up just 3 per cent.

This follows two consecutive years of more than 20 per cent gains and there is no rule book that says the stockmarket must guarantee 20 per cent returns every year.

The market over the last three years has also re-rated trading now at around a long-term average price earnings multiple of 14 times forecast earnings, up from 12 times three years ago.

Markets adjust and Macquarie's Tanya Branwhite argues investors should get used to a wider distribution of returns, leaving her to settle on five top picks in no particular order — CSL, Lend Lease, Ramsay, Brambles and Amcor.

Heading into last night's trading, the Dow Jones Industrial Average has moved more than 200 points in either direction in the past three days. The last time it moved by that amount in four straight days was back in 2011, after rating agency S&P downgraded US debt.

The broader S&P 500 index went 60 days earlier this year without a 1 per cent move, but now it has broken that barrier on six of the past 10 trading days.

The list of fundamental concerns start with **China** and a slowing economy, a dysfunctional Australian parliament, fragile consumer and hence business confidence, the immediate fallout from the collapse of the dollar and lower **iron ore** and other commodity prices.

While the US Fed gets close to closing down its subsidies, Japan is still going full tilt and the ECB is about to start increased bank regulation, which will hit earnings.

That's a fair list of worries and they are not short-term concerns either, so if you are Sisson and take a three to five-year view then the path is clearer than if you want to play the short-term swings.

This is a much needed breather in a market that is still headed higher. Cooper cracks down BT'S Brad Cooper was cited as the chief architect behind the Financial Services Council's extraordinary plea to the federal government to help set minimum planner standards.

But come Monday, Cooper will show he is leading from the front and will launch BT's attempt to actually clean up its own mess.

Cooper will launch a public register of all BT advisers and set higher education standards to lift the game.

Both are welcome initiatives that fall in line with the Australian Securities & Investments Commission and Finance Minister Mathias Cormann's own push for a national register so punters can check who is a registered planner.

The industry must **lead** the clean-up of its self-created mess, which leaves some planners' reputations in the gutter. Cooper's moves can only be supported.

Harbour city leads THE G20 is to announce shortly that Sydney will be the centre of the global infrastructure facility that will be aimed at setting best practice for global infrastructure.

The issue is on the agenda for this weekend's G20 finance ministers meeting. It would obviously be a boon to have the organisation based in Australia, if for no other reason that locals would be up with the latest global initiatives.

The idea was one of the recommendations from Telstra boss David Thodey's B20 infrastructure group.

Brick economies THE fate of Australian manufacturing will be centre stage at the Australian Competition & Consumer Commission next week as it considers the proposed Rheem **acquisition** of Dux water heaters from GWA and the proposed CSR and Boral brick joint venture.

There is, of course, also talk that the long-mooted follow-up court action against either Coles or Woolworths on house brand supplies and unconscionable conduct could also be unveiled this week.

ACCC chief Rod Sims has flagged the action on several occasions, the last time being at last week's Australian Food and Grocery Council meeting in Canberra.

He has declined to comment on the timing of the litigation.

Amid the Harper review of the law, and indeed the commission's **operations**, some would conclude that the ACCC has been active of late.

This helps keeps its name in the lights while the panel is finalising its deliberations over coming months.

Ian Harper and Michael O'Bryan will be presenting today at the University of South Australia competition law conference, which will also feature King & Wood Mallesons Caroline Coops and Frontier's Phillip Williams.

Today's session also features the role of the Federal Court, with Chief Justice James Allsop, Justice Andrew Greenwood and Justice Alan Robertson presiding.

Some in the brick game argue the ACCC has become almost irrelevant as market regulator because it is really the **company** auditor who is determining the future of the industry.

Brick production peaked in 1981 and since then, according to the proposed joint venturers, brick's share of the cladding market has fallen by 48 per cent, and of the detached housing market by 41 per cent.

The argument is while the brick game would essentially be a CSR/Boral and Brickworks duopoly, the former would have no real pricing power because if you increased brick prices then builders would use alternatives.

But on the most bearish view — given the brickworks have traditionally been on valuable land — the auditor will tell the **company** its best to shut the brickworks and reap full value for the land as a housing development.

This would achieve the added benefit of offering up more detached housing to buy the bricks.

UBS analyst David Leitch has stated clearly that Boral's best alternative would be to walk from the industry.

Instead the joint venture, which will have combined sales of about $350 **million** and employ 540 staff, is seen as an exit strategy for Boral's Mike Kane.

Indeed, the same could be said about CSR's Rob Sindel, even if he will control 60 per cent of the joint venture.

The folk at Brickworks, the clear market leader, see the combined operation as being an obviously better competitor but privately may question its commitment to invest to expand the industry.

The entire venture will start by cutting the number of sites from five to three. The key market concerns will be in NSW and Queensland, because CSR is not a player in the Victorian market. Leitch suggests that in NSW the combined **operations** will have about 45 per cent of the market, with Brickworks holding the rest, and 60 per cent in Queensland.

Gilbert & Tobin's Gina Cass-Gottlieb is representing the merger parties before the commission.

Both chiefs played down synergy benefits at between $7m and $10m a year, while Leitch suggested the benefits were more like $20m for a full national merger.That assumes ACCC approval and for both cases highlighted here the expectation is that the commission will issue a statement of issues raising concerns on both.

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