FINANCIAL REVIEW

SE Market Wrap

HD **Business confidence, tasty profits lift ASX**

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Australian shares posted their best day in more than five weeks as a closely watched indicator of business sentiment jumped and a raft of companies beat full-year earnings forecasts.

Globally, jitters over the impact on financial markets of conflicts in Ukraine and Gaza also subsided.

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The benchmark S&P/ASX 200 Index and the broader All Ordinaries Index each jumped more than 1.3 per cent on Tuesday to 5530.3 points and 5523.1 points respectively.

Local shares remained buoyant after taking a positive **lead** from offshore.

"Investors in the United States and Europe fed off easing geopolitical tensions and decided to deploy capital in recently sold-down sectors," Perpetual's Matthew Sherwood said. "Concerns about US Fed policy were put aside given the lack of macro updates and corporate news."

National Australia Bank's monthly business conditions index jumped 6 points to a more than four-year high of 8 points in July. NAB's measure of business confidence also improved, rising 3 points to 11 points, led by strength in retailing and home construction.

The big four banks – Commonwealth, Westpac, ANZ and National Australia Bank – all pushed higher, ahead of CBA's full-year earnings report on Wednesday.

Telstra Corporation lifted 0.9 per cent to $5.46. Australia's dominant telco continued its push into digital media buying a $US270 **million** ($291.7 **million**) **stake** in video streaming and analytics provider Ooyala.

UBS Global Asset Management's Tracey McNaughton remains underweight on Australian equities, with an expectation that it will be difficult for local companies to deliver meaningful earnings growth until the currency weakens. Fairly lacklustre environment "We don't expect the Aussie dollar to fall until the US lifts interest rates, which probably won't happen until 2015," Ms McNaughton said.

"A fairly lacklustre environment for Australian **company** earnings growth is therefore likely to continue, so there will be a lot of focus on outlook statements this reporting season."

Fast food franchise owner Domino's Pizza was the best-performing stock in the ASX 200, climbing 13.5 per cent to $23.39, as it delivered a 50 per cent rise in annual net profit that just beat consensus forecasts. A dividend-hungry market gobbled up news of a 36.7¢ a share full-year dividend, up 18.8 per cent on the previous year.

Mining and earthmoving equipment supplier Bradken jumped 7.9 per cent to $4.66, despite confirming that its full-year net profit had more than halved amid the well-documented downturn in **mining** investment. Investors were heartened to learn of an uptick in orders for big-ticket machinery in the latter half of the fiscal year.

In resources, BHP Billiton lifted 1.5 per cent to $38.58 and main rival Rio Tinto added 1.6 per cent to $67.82. The spot price for **iron ore**, landed in **China**, was 0.4 per cent lower at $US95.30 a tonne. When the ASX closed, futures trading in **China** was tipping another fall in the **iron ore** price overnight.

Food and liquor was the worst performing sector as Woolworths lost 0.4 per cent to $35.74. Rival Wesfarmers, owner of Coles, jumped 1.6 per cent to $43.06.

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