

FINANCIAL REVIEW

SE Market Wrap
HD **ASX gains as results continue to deliver**
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Shares lifted for the third day in a row as investors mulled a swag of **company** results. Despite a disappointing trading update from National Australia Bank – and impairment charges hitting the profits of Ansell, Newcrest **Mining** and Aurizon Holdings – strategists said they are positive about how August reporting season is shaping up.

The benchmark S&P/ASX 200 Index and the broader All Ordinaries Index each gained 0.4 per cent, on Monday to 5587.1 points and 5580.6 points respectively. Shares recovered after slumping in the middle of the session.

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Local shares took a mixed **lead** from offshore as tension between Ukraine and Russia continued to simmer. In the US on Friday, the NASDAQ Composite Index posted a gain, but the S&P/500 was flat, while the Dow Jones Industrial Average lost ground. Major markets around Asia provided more mixed cues on Monday afternoon.

"Reporting season is around one-quarter complete, and so far the market has responded positively to dividend surprises and buybacks as investors continue to search for yield," UBS **equity** strategist David Cassidy said.

Ord Minnett senior market analyst Craig Turton said it was encouraging Australian companies had been doing a better job of hitting guidance numbers than companies in the US and Europe. "While top-line revenue growth is still scarce, cost-cutting programs and slow wages growth have helped local companies maintain their margins, facilitating higher dividends or special capital returns," Mr Turton said.

Glove and condom maker Ansell jumped 4.3 per cent to \$19.81 despite showing a 70 per cent dive in annual net profit, dragged down by write-downs and restructuring costs. The **company** guided for a 7 per cent lift in net profit for the current financial year.

National Australia Bank dipped 1.4 per cent to \$34.22 amid news it plans to set more capital aside. As the bank reported a 7 per cent rise in third-quarter profit, new chief executive Andrew Thorburn said it will make additional provisions at the full-year result related to a troubled division in Britain, citing lower market income.

Shares in Commonwealth Bank of Australia rose 0.3 per cent to \$81.40, as the biggest of the banks launched a highly anticipated \$2 **billion** hybrid security offer. Westpac Banking Corporation and ANZ Banking Group each gained 0.5 per cent to \$34.25 and \$32.55 respectively.

Among other blue-chip stocks, Telstra Corporation gained 0.5 per cent to \$5.61. Woolworths rose 0.9 per cent to \$36.46, and Wesfarmers, owner of Coles, rose 0.6 per cent to \$43.81. Mixed results for miners

Australia's biggest **gold** producer, Newcrest **Mining**, lost 0.8 per cent to \$11.11 after narrowly beating analyst estimates to show an underlying annual profit of \$432 **million**. The miner posted another big

full-year loss of \$2.2 billion after taking a fresh round of writedowns on its beleaguered Lihir operations in Papua New Guinea.

The spot price for iron ore, landed in China, firmed 2 per cent to \$US93.40 a tonne. Resources giant BHP Billiton rose 0.3 per cent to \$39.15 on the eve of handing down its full-year result.

"BHP revealed de-merger plans on Friday and we think it has scope to announce some capital returns on Tuesday, which is all positive," Mr Turton said.

Rio Tinto edged up 0.1 per cent to \$65.35. The company said it may sell its majority stake in the Bougainville Copper project amid increased intervention in the island's laws from Papua New Guinea. Separately, Rio Tinto also announced a new copper joint venture in Mexico.

Aurizon Holdings lost 3 per cent to \$4.88. The industrial rail freight provider warned of potential disruption from industrial action as it reported a 43 per cent fall in full-year net profit.

CO qrntnl : Aurizon Holdings Limited | ncbnk : National Australia Bank Ltd | newmoh : Newcrest Mining Ltd

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