

# The Sydney Morning Herald

SE Business - Trading Room  
HD **Renewed global tensions send share prices into losing streak**  
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After tumbling 1.3 per cent on Friday the Australian **equity** market has erased 3.6 per cent over the past six sessions, shedding \$40.5 **billion** in value. Global markets were rattled on Friday as US President Barack Obama authorised air strikes on Iraq.

The S&P/ASX 200 Index lost 2.2 per cent to 5435.3 points, in what was the worst week for the local sharemarket since March.

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The last time the market recorded a six-day losing streak was in early December, just before the US Federal Reserve started reducing its stimulus.

If the bourse falls for a seventh consecutive session on Monday it will be the market's longest losing streak since an eight-day run of falls more than four years ago that ended on July 2, 2010.

"News of US-ordered air strikes on Iraq just added to the geopolitical risks, coming from Ukraine and Gaza, that have seen volatility return to the market as investors awaken from their complacency," Quest Asset Partners portfolio manager Michael Evans said.

In domestic news, the Reserve Bank elected on Tuesday to keep the official cash rate at its record low 2.5 per cent for the 12th month in a row. The decision was widely expected, but with the release of jobs numbers for July on Thursday showing unemployment at a 12-year high of 6.4 per cent, more economists are pricing in another interest rate cut later this year.

The big four bank stocks, which have enjoyed a two-year rally amid record low interest rates, all moved at least 3 per cent lower over the week. Citing concern about credit growth amid high unemployment, Bell Potter strategist Charlie Aitken advised clients on Friday to sell the big banks and reinvest in cheaper stocks.

Among other industrial blue-chip stocks, Telstra fell 0.9 per cent to \$5.39 over the week. In retail Woolworths lost 2.2 per cent to \$35.67 and Wesfarmers, owner of Coles, shed 2 per cent to \$42.44.

The **company** reporting season delivered mixed results. On Friday, real estate website operator REA Group dropped 8.7 per cent to \$42.78 despite meeting expectations with a 37 per cent surge in underlying net profit.

"With the market's price-to-earnings ratio above average, expectations for results season are high. Meeting guidance is unlikely to be enough to boost stock prices and the focus will really be on looking for stronger outlook statements," Mr Evans said.

A reporting season highlight was Rio Tinto.

Australia's biggest exporter of **iron ore** climbed 1.6 per cent over the week to \$66.43 with investors delighted at the prospect of bigger capital returns early next year.

BHP Billiton fell 1.7 per cent over the week to \$37.74. The resources giant is widely tipped to meet guidance when it reports later in the month.

The spot price for **iron ore**, delivered in Beijing, rose four sessions in a row to \$96. However, when the ASX closed on Friday, futures traders in **China** were tipping a fall that would wipe out the past week's gains.

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