

Stocks close lower

November 18, 2008 - 7:37AM

The Australian share market has closed 3.5 per cent down at fresh four-year lows, wiping \$34 billion from the value of the market following a weaker performance on Wall Street overnight.

At the 1615 AEDT close, the benchmark S&P/ASX200 index was 129.8 points, or 3.55 per cent lower at 3523.2, while the broader All Ordinaries lost 126.4 points, or 3.47 per cent to 3513.1 led down by resource and banking stocks.

At 1615 AEDT on the Sydney Futures Exchange, the December share price index contract was 173 points lower at 3523, on a volume of 34,217 contracts.

The S&P/ASX200 closed at its lowest level since 25 August 2004 and the All Ordinaries was at its weakest since 20 August 2004.

Tuesday's fall wiped \$31 billion from the value of stocks listed on the All Ordinaries index and \$34 billion from the value of stocks listed on the Australian stock exchange.

Austock Securities senior client adviser Michael Heffernan said Macquarie Bank's interim profit announcement helped to momentarily buoy the market before it slipped into the red.

"The fact that Macquarie maintained its dividend at \$1.45 and cut employment costs by 40 per cent, even though profit was down compared to this time last year, that is very character building" Mr Heffernan said.

"That set the tone to the middle of the day, then we just wilted as we usually do.

"It was a mixture of the big boys - the banks and the resources - taking no prisoners again - that weighed on the market."

The local market opened lower after a weak lead from Wall Street overnight, with the Dow Jones Industrial Average losing 223.73 points, or 2.63 per cent, to close at 8,273.58.

Locally, the big miners were weaker, with BHP Billiton shedding 90 cents, or 3.59 per cent, to \$24.20 and rival Rio Tinto losing \$5.44, or 7.41 per cent, to \$68.00.

BHP Billiton said on Tuesday that it had restarted work on the Yeelirrie project after the Western Australian government lifted a six-year ban on uranium mining.

The banking sector was mixed, with National Australia Bank adding 22 cents to \$19.15, ANZ dropping 20 cents to \$13.04, Commonwealth Bank falling \$1.23 to \$30.10 and Westpac dipping 77 cents to \$15.55.

Macquarie Group put on \$3.40, or 16.5 per cent, to \$24.00 after the bank revealed strong capital and cash positions that should buffer it against global financial market turmoil despite a 43 per cent fall in interim profit.

Brewer Lion Nathan dipped 35 cents to \$8.30 and said its offer to buy Coca-Cola Amatil was "compelling", as it looked forward to earnings growth this financial year despite the challenging economic environment.

Coca-Cola Amatil shed 20 cents to \$9.11.

Housing finance broker Mortgage Choice was steady at 80.5 cents after the company said profit in fiscal 2009 was likely to fall by as much as 45 per cent on the previous year, but in line with analysts' forecasts.

Austock Group dipped one cent to 18 cents after the company said its credit exposure to the financially troubled ABC Learning Centres was about \$4.4 million.

The retailers were mixed, with Wesfarmers gaining 62 cents to \$18.21, Harvey Norman adding three cents to \$2.30, David Jones putting on four cents to \$2.86 and Woolworths falling \$1.65, or 5.91 per cent, to \$26.25.

The media sector was mixed, with Fairfax losing 6.5 cents, or 3.94 per cent, to \$1.585, News Corp retreating 32 cents, or 2.78 per cent, to \$11.18, its non-voting shares dropping 46 cents, or 4.11 per cent, to \$10.72 and Consolidated Media Holdings was steady at \$2.13.

The energy sector was weaker, with Woodside giving up 81 cents to \$34.99, Santos losing 40 cents to \$12.75 and Oil Search falling 39 cents to \$4.80.

The spot price of gold was lower and trading at \$US738.80 an ounce by 1623 AEDT, down \$US2.95 on Monday's local close of \$US741.75 an ounce.

The gold miners were weaker, with Newcrest dipping \$1.91 to \$18.99, Lihir retreating 4.5 cents to \$1.75 and Newmont giving up 14 cents to \$3.55.

Queensland Gas Company was the most traded stock by volume, with 65.28 million shares changing hands, worth \$375.3 million.

The coal seam gas producer, which has agreed to a takeover by BG Group Plc, dropped one cent to \$5.75.

Preliminary market turnover reached 1.29 billion, worth \$4.59 billion, with 240 stocks up, 776 stocks down and 300 unchanged.

Source: <http://news.theage.com.au/business/stocks-close-lower-20081118-69by.html>