

MEDIA CLIPPING

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Fifth day in the firing line

Equities

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The sharemarket rebounded strongly from a lurch into technical correction territory yesterday but still ended in the red for the fifth session running amid continued panic about the impact of US economic woes on corporate earnings.

After slipping as low as 6105.10 — beyond the 10 per cent fall that marks a technical correction as read from its November 1 high — the benchmark S&P/ASX 200 Index staged a strong 100-point-plus rebound to close at 6236.90, down 26.60 points, or 0.4 per cent.

The bearish streak has pegged the benchmark index's gain back to just 10 per cent for the year to date, from 17.8 per cent at the start of the latest week-long rout.

Paradise Investment Management portfolio manager Matt Riordan said the strong afternoon rebound suggested the pattern of indiscriminate selling in recent days had little bearing on the earnings prospects of many companies.

"People are taking advantage of buying opportunities in some of the

more severe price moves," Mr Riordan said. "We've actually been going through a list looking at what's really come back, trying to identify buying opportunities.

"A lot of the resource stocks and mining services companies have been hit but if you actually talk to these companies, they're still doing pretty well."

BHP Billiton and Rio Tinto both rebounded from intraday lows of \$39.02 and \$127.31 respectively to \$40.10 and \$129.41, helping the index

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to repair much of the morning's heavy losses. Both stocks still fell on the day, down 27¢ and \$2.44, respectively.

Centro Properties Group and other property trusts were in the firing line for a second day but the picture wasn't as bleak as Monday. Strong rallies in Goodman Group and Valad Property Group helped the S&P/ASX 200 Property Index end the session up 2.9 per cent.

But investors still rattled by Centro's profit warning sold it down to a low of 42¢ before it bounced to 80.5¢, off 40.8 per cent on the day.

MM&E Capital fund manager Rory Luff said investors had started to sift through the casualties from the massive \$12.3 billion property sell-off and were likely to continue to give high-risk stocks with high gearing and large short-term debt commitments a wide berth.

Despite some strong bounces, Mr Luff said the sector remained under a cloud on concern that "we're going to see a lot more Centros".

Valad Property Group — which lost one-fifth of its value in the sell-

down on Monday — rebounded from \$1.26 to \$1.43 after it confirmed its distribution for the half year ending December as 6.25¢ and 12.5¢ in the full year.

Another session of heavy losses on Wall Street, where investors continued to fret about credit market troubles, spread through global markets. The UK's FTSE index fell 119.20 points, or 1.86 per cent, overnight. In Japan, the Nikkei was down 65.96 points, or almost half a percentage point. But the Hang Seng bucked the trend, rising 136.29 points or 0.51 per cent.

In Australia, resource stocks bore the brunt of investors' worries about the deteriorating health of the global economy as well as heavy losses in most traded metals.

Newcrest and Fortescue Metals were the largest drags on the index after BHP and Rio, down 4 per cent and 4.2 per cent, respectively to \$30.38 and \$59.50.

Sally Malay Mining and Zinifex experienced the steepest percentage losses, down 5.6 per cent and 5.3 per cent at \$4.74 and \$12.40, respectively.

Market watchers pointed out that many "quality" companies were also in the crossfire as investors lightened their portfolios of stocks with high price-earnings ratios amid concerns about earnings sustainability.

Cadence Asset Management managing director Karl Siegling said stocks such as ABC Learning and JB Hi-Fi and a number of others were beginning to look like good shorting opportunities.

Three companies made their debut, with all but one improving on its listing price. IT consultancy Ingena Group added 1¢ to its 50¢ listing price, Jameson Resources ended 7¢ higher at 27¢ and West Australian tin and metal explorer Bellevue Resources closed at 27¢ after listing at 20¢.