

## AAP MARKETS WRAP for Friday, November 20, 2009

SYDNEY, Friday, November 20, 2009, AAP:

### STOCK MARKETS:

Dow Jones	-93.87	10,332.44
S&P500	-14.90	1,094.90
Nasdaq	-36.32	2,156.82
FTSE	-74.43	5,267.70
Shanghai	+17.38	3,320.61
Hang Seng	-197.17	22,643.16
Nikkei	-127.33	9,549.47
NZSX 50	+12.8	3,141.2
S&P/ASX200	+10.2	4,749.2
All Ords	+8.2	4,767.8
SPI contract*	-45	4,713

### CURRENCIES\*:

AUD/USD	0.9190
EUR/USD	1.4917
USD/YEN	89.02
NZD/USD	0.7308

### METALS:

Gold \$USoz	+0.70	1,141.90
Silver/\$USoz	+0.040	18.455
Copper/\$USlb	-0.0295	3.0810

### OIL:

CRUDE/\$USbbl	-2.12	77.46
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\* - still trading

\*\* - preliminary closing figure

(Oil, gold, silver and copper all are the December contracts on the New York Mercantile Exchange.)

NEW YORK - A stronger dollar and more discouraging signs of a subdued US economic recovery triggered a broad sell-off in stocks on Wall Street overnight.

Major indices tumbled more than one per cent on Thursday, including the Dow Jones industrials, which fell about 133 points by midday.

Energy and material stocks showed the biggest losses as a jump in the dollar sent commodity prices tumbling. Meanwhile, an analyst's downgrade of the chip sector pulled technology shares sharply lower.

Analysts said the dollar was the biggest force behind Thursday's trading, as it has been in recent months. A stronger dollar makes commodities more expensive to foreign buyers, and companies that produce the commodities make less money from them.

The stronger dollar also makes US goods and services more expensive, and theoretically harder to sell overseas. And US companies that do business abroad make less money when their earnings are translated from other countries' currencies into dollars.

The latest data on the economy gave investors little incentive to hold stocks.

A private forecast of economic activity rose less than expected in October, signaling slow growth next year. The Conference Board said its index of leading economic indicators, which forecasts activity over the next six months, rose 0.3 per cent last month, less than the 0.5 per cent gain economists anticipated.

The index climbed one per cent in September.

There was also disappointing news on housing. The Mortgage Bankers Association said more than 14 per cent of American homeowners with a mortgage were either behind on their payments or in foreclosure at the end of September.

The industry group's quarterly report fed fears that a nascent recovery in the housing market could be upended by a continuing surge in loan defaults, especially as unemployment keeps rising.

The Dow fell 93.87, or 0.90 per cent, to 10,332.44. The Standard & Poor's 500 index lost 14.9, or 1.34 per cent, to 1,094.9, while the Nasdaq composite index declined 36.32, or 1.66 per cent, to 2,156.82.

Bonds rallied as stocks fell. The yield on the benchmark 10-year Treasury note, which moves opposite its price, fell to 3.34 per cent from 3.37 per cent late Wednesday.

LONDON - Europe's main stock markets took a hit on Thursday amid renewed concern about the strength of recovery from the worst global economic crisis in decades after some mixed data and forecasts.

The Organisation for Economic Cooperation and Development (OECD) said growth in Europe had returned earlier than expected but warned the recovery would be slow and could be undermined by

financial sector instability and unemployment.

The OECD also urged developed nations to keep economic stimulus measures in place, warned governments to tackle mounting debt and said growth was "likely to fluctuate around a modest underlying trend for some time to come."

London's key FTSE 100 index fell 74.43 points, or 1.39 per cent, to 5,267.7.

FRANKFURT - The Dax 30 lost 85.43 points, or 1.48 per cent, to 5,702.18.

PARIS - The CAC 40 fell 67.94 points, or 1.77 per cent, to 3,760.22.

TOKYO - Japanese shares fell, depressed by a weak performance on Wall Street and worries about Mitsubishi UFJ's plans to issue new shares, dealing a blow to domestic financial stocks.

The benchmark Nikkei-225 index dropped 1.32 per cent, or 127.33 points, to 9,549.47.

HONG KONG - Hong Kong shares closed 0.86 per cent lower, falling for a third straight day after a loss on Wall Street.

The benchmark Hang Seng Index fell 197.17 points to 22,643.16.

WELLINGTON - The New Zealand sharemarket rose when other markets faltered and Fisher & Paykel Healthcare's interim result was well received.

The benchmark NZSX-50 index closed up 12.78 points, or 0.41 per cent, at 3141.18. Turnover was worth \$NZ53 million (\$A42.6 million).

SYDNEY - Australian shares are likely to slump on Friday after US equities fell on a stronger dollar and more signs of a subdued US economic recovery.

Metals prices were higher, but the oil price fell.

At 0817 AEDT on the Sydney Futures Exchange, the December share price index contract was down 45 points at 4,713.

In company related news, Australian Securities and Investment Commission chairman Tony D'loisio will address an Australia-Israel Chamber of Commerce luncheon on "Post GFC - Understanding the key issues that have emerged and how ASIC is responding to them".

Sims Metal Management Ltd, AVJennings Ltd, Spotless Group, Macquarie Radio Network Ltd, Mirabela Nickel Ltd and National Hire Group Ltd hold annual general meetings.

On Thursday, the Australian share market inched higher on the back of a stronger resources sector.

The benchmark S&P/ASX200 index closed up 10.2 points, or 0.22 per cent, at 4,749.2 points, while the broader All Ordinaries index gained 8.2 points, or 0.17 per cent, to 4,767.8 points.

NYMEX

A global selloff on equity markets dragged down crude prices by nearly three per cent on Thursday, the first decline this week.

The price for a barrel of crude dropped by more than \$US1 immediately when US markets opened, with the Dow Jones industrials giving down 130 points. Markets in Asia and Europe fell early in the day.

Also pushing oil prices lower was a strengthening dollar. Crude prices have risen steadily this year as the dollar lost value against the euro. Because oil is bought and sold largely in dollars, someone holding euros can essentially buy more crude for less.

Since the beginning of February, the dollar has lost more than 16 per cent of its value against the euro. The dollar gained one cent against the euro on Thursday which created less of an incentive to buy crude.

Benchmark crude for December delivery gave up \$US2.12 to \$US77.46 a barrel with one day remaining for the contract on the New York Mercantile Exchange. Most of the trading already moved to the January contract, which lost \$US1.87 to \$US78.23.

With oil near \$US80 per barrel, consumers are starting to feel the pinch. Refiners must buy crude at higher prices even though demand for jet fuel, diesel and gasoline is weak. So they have cut operating rates to below 80 per cent.

That is more in line with operations after a hurricane hits refiners on the Gulf Coast.

That may already have put a floor under fuel prices, which could play out in the spending and saving rates for consumers.

In other Nymex trading, heating oil fell 5.22 cents to \$US1.9964 a gallon. Gasoline for December delivery fell 4.19 cents to \$US1.9695 a gallon. Natural gas for December delivery added 8.8 cents to \$US4.342 per 1,000 cubic feet.

In London, Brent crude for January delivery dropped \$US2.29 to \$US77.18 on the ICE Futures exchange.

COMEX

In New York trade overnight, gold for December delivery settled up \$US0.70 at \$US1,141.90 per fine ounce.

December silver settled up four US cents at \$US18.455 per fine ounce, while December copper fell, by 2.95 US cents to \$US3.0810 per pound.

INTERNATIONAL NEWS

WASHINGTON - A gauge of future US economic activity and a report on unemployment benefits

signaled that the recovery likely will remain weak in the coming months.

NEW YORK - A private forecast of US economic activity over the next six months edged up less than expected in October, signaling slow, bumpy growth next year.

HOFFMAN ESTATES - Sears Holdings Corp said it lost money for the second consecutive quarter as customers spent elsewhere even as the retailer offered a series of early holiday season promotions to bring them back to its brands.

PARIS - China, Asia and the United States are pulling the world out of an economic vortex with surprising if "modest" speed, the OECD declared.

BRUSSELS - European Union regulators said they have charged US credit ratings agency Standard & Poor's with monopoly abuse, alleging that the company unfairly demands payment for securities information numbers in databases.

PARIS - France unveiled a budget-busting euro 35 billion (\$A56.32 billion) plan to make its economy more competitive - a move that flies in the face of widespread warnings on debt and which risks the ire of EU neighbors who are tightening their belts.

LONDON - SABMiller PLC, the world's second-largest brewer, reported a 32 per cent drop in net profit as revenues were hit hard by unfavourable currency movements and lager volumes declined by 1 per cent.

LONDON - The British government published proposals for tough new banking laws that would give the country's main financial watchdog the power to claw back bonuses that breach internationally agreed rules.

LONDON - The OECD has urged action as new data shows Britain plunging ever deeper into debt, one day after Prime Minister Gordon Brown pledged a new law to fix public finances.

AMSTERDAM - The Dutch government announced a new euro 4.4 billion (\$A7.08 billion) bailout package for nationalised bank ABN Amro, intended to help the bank restructure and return to a strong financial position ahead of an eventual sale or return to the stock market.

#### LOCAL NEWS

CANBERRA - The federal Liberal Party appears even more divided on emissions trading, with key frontbencher Tony Abbott abandoning Opposition Leader Malcolm Turnbull's push to try to amend Labor's scheme.

#### STOCKS TO WATCH ON THE AUSTRALIAN STOCK EXCHANGE ON FRIDAY:

FFF - FIRSTFOLIO LTD - up 1.5 cents, or 31 pct at 6.3 cents

Mortgage and financial services group Firstfolio is in negotiations to acquire up to \$6 billion in loan assets from three separate companies.

AMC - AMCOR LTD - up four cents at \$5.65

Amcorsaid it will raise \$US850 million (\$A918 million) by issuing fixed coupon notes to US private investors, allowing the company to diversify the sources of its \$3.4 billion of net debt.

MGR - MIRVAC GROUP - down 2.5 cents at \$1.55

Property company Mirvac, which posted a net loss for 2008/09, has faced strong criticism from shareholders angry about full year pay rises for its directors.

NWS - NEWS CORPORATION - down eight cents at \$15.86

NWSLV - NEWS CORPORATION NON-VOTING - down 13 cents at \$13.44

Britain's Times newspaper plans to charge for digital content from next spring, its editor said, two weeks after his boss Rupert Murdoch said such plans may be delayed beyond next June.

FMG - FORTESCUE METALS GROUP LTD - steady at \$4.30

Fortescue Metals Group says it expects iron ore prices will rise steadily next year and remains hopeful it will eventually gain access to rail owned by mining giant Rio Tinto in Western Australia's Pilbara region.

SHL - SONIC HEALTHCARE LTD - up two cents at \$14.20

Pathology and radiology services provider Sonic Healthcare re-affirmed its guidance of 10 to 15 per cent growth in net profit after tax for the 2010 full year.

BPT - BEACH PETROLEUM LTD - steady at 83.5 cents

Beach Petroleum has entered into a non-binding deal with a US-based synthetic fuels technology company with a view to joint development and commercialisation of Beach's large gas resources in South Australia.

HST - HASTIE GROUP LTD - up 1.5 cents at \$1.865

Building services provider Hastie Group says it has expanded its coverage of the northern Queensland and northern NSW markets with two acquisitions.

FPH - FISHER & PAYKEL HEALTHCARE CORPORATION LTD - up 10 cents at \$2.53

Fisher & Paykel Healthcare reported a 31 per cent rise in half year net profit to \$NZ37 million (\$A29.67 million).

BBP - BABCOCK AND BROWN POWER LTD - suspended from trading, last traded at 7.6 cents

Securities in Babcock and Brown Power will remain suspended on the Australian stock exchange while the company continues talks with North West Shelf gas sellers and their banks over gas contract arbitration in Western Australia.

DJS - DAVID JONES LTD - down six cents at \$5.73

Retailer David Jones says it has secured exclusive department store rights to the fashion labels of designer Carla Zampatti and her daughter, Bianca Spender.  
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