

Investors hang tough as metals fall

Kevin Andrusiak
Equities

INVESTORS stood firm in the face of retreating metal prices yesterday to steer the Australian equities market to a modest loss, its third retreat in a row.

Leading indexes were down marginally as key resource stocks took a belting because of weaker prices for copper, zinc and oil, which unsettled many market watchers.

BHP Billiton, Woodside Petroleum and Rio Tinto led the market lower, contributing 20 points to the fall in the All Ordinaries. It closed 22.2 points lower to 5170.2 while the S&P/ASX 200 index retreated 16.7 points, about 0.3 per cent, to 5217.4. The S&P/ASX 200 index futures contract for June fell 19 points to 5217.

BHP shed 72c to close at

\$29.93 and Woodside Petroleum was \$1.78 weaker at \$44.12. Zinifex, the world's number two zinc producer, slumped \$1.37 to \$11, with nearly 16 million shares changing hands as zinc prices had their biggest decline since October 2004. Junior zinc explorer Kagara Zinc dipped 66c to \$3.67.

Analysts said both higher commodities prices and the strong run on the bourse this year had combined to continue the bout of selling on the local front.

Wise-Owl analyst Simon Guzowski said commodity prices could reach levels that would bring the global economy to a halt.

"We are in relatively uncharted territory and to call a top in the commodities boom would

leave us on shaky ground," Mr Guzowski said. "There remains little evidence of a slowdown in global growth and until a slowdown becomes clear it would be a bold move to call a top. It is natural for markets to have a breather after a strong run and the sell-off has actually created a good long-term buying opportunity in a period of both strong economic and earnings growth."

Financial stocks kept the equities market to a minimal loss as part of a sector rotation of money out of resource companies. Insurer QBE led the charge. It gained 91c to \$23.10 with more than 2.1 million shares traded.

AMP added 20c to \$9.85 with more than 6.2 million shares changing hands.

Westpac added 18c to \$24.03 and Commonwealth Bank im-

proved the same amount to \$45.69.

Macquarie Bank, which delivered a record annual profit, remains in a trading halt ahead of a possible announcement of a \$700 million capital raising. It last traded at \$69.65.

Speculation of an off-market share buyback for Coles Myer helped it add 24c to \$11.16 to be the seventh leading mover on the All Ordinaries. Rival Woolworths added 29c to \$19.14.

Gold stocks fell after the spot price for the yellow metal shed \$US41.10 an ounce. Newcrest closed \$1.59 lower at \$23.01 and Lihir pared 38c to \$3.03.

Market turnover was 1.57 billion shares worth \$5.43 billion.

YESTERDAY'S BIG MOVERS

Coles Myer	\$11.16	+0.24	Rumours of share buyback
BHP Billiton	\$29.93	+0.72	Base metal prices fall
Tabcorp	\$15.55	+0.23	Reaches TVN deal
Hillgrove	\$0.265	-0.03	Upgrades Kanmantoo job
Wattyl	\$3.55	+0.07	Takeover bid progresses
APT	\$4.36	+0.07	Proposes NT gas pipeline
M2	\$0.24	-0.02	Replaces chairman
Newcrest	\$23.01	-1.59	Gold price tumbles