



► **TIP SHEETS**

Bright future for health-care groups

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Optima Trend believes that the health-care industry has a bright future because of the ageing baby boomer population and recommends Sonic Healthcare (SHL) and DCA Group. Sonic is the largest pathology provider in Australia and has taken its expertise overseas to the UK, Germany and the US. DCA operates in diagnostic imaging and aged care.

Fat Prophets likes Indophil Resources (IRN). Indophil is continuing gold and copper exploration in the Philippines. Fat Prophets believes it is a suitable buy at around 57 cents.

After a year of very strong gains wise-owl.com downgraded two of their resource stocks Aquarius Platinum (AQP) and Ausdrill (ASL) from buy recommendations to hold.

Alert Trader believes Patrick Corp (PRK) has completed a corrective decline from a high of \$7.52 and is poised to rally from its current \$6.65 to a new high in coming weeks.

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Bourse slow as traders go with flow to Wall St

Kevin Andrusiak
Equities

FORWARD momentum has all but disappeared from the Australian share market in the worst weekly result since the dark days of October last year.

Shrugging off positive leads from Wall Street and high commodity prices, the benchmark S&P/ASX 200 index dropped 1.5 per cent this week, despite a rash of outstanding profit results from corporate heavyweights, including BHP Billiton and Commonwealth Bank.

The share market has slipped 3.7 per cent from its record high earlier this year.

Market watchers say indexes are being pulled lower as overseas funds transfer out of the Australian exchange.

The March share price index contract on the Sydney Futures Exchange fell 20 points to 4772 on a volume of 16,796.

Next week offers few bright lights for traders as stocks start going ex-dividend.

Much of yesterday's poor result, in which the All Ordinaries fell 18.4 points to 4748.5, was attributed to fears that the next move for interest rates would be up. Four out of the five trading days for the week ended in negative territory as investors hedged their bets that company profits would not get any better by the next reporting season.

Wise Owl analyst Simon Guzowski said the sell-off on the Japanese market added to the negative sentiment on the Australian bourse. The Nikkei lost 2.1 per cent to 15,713.45, Asia's biggest decline for the day, on fears the Japanese central bank will end its policy of holding rates near zero.

"Investors appear concerned that the recent weakness in commodity prices could extend fur-



ther and eat into the record profit results," Mr Guzowski said.

"Investors appear edgy at the moment and we can expect further disappointments over the earnings season to be sold off."

Much of the money flowing out of the market is probably heading for Wall Street. The Dow Jones hit a four-year high on Thursday night. Wall Street investors have turned bullish as the price of oil falls downwards and economic growth strengthens in the US.

BHP was 87c weaker for the week, despite posting a record interim profit of \$5.4 billion. Gold miner **Newcrest** slid 14c yesterday to \$23.53, down \$1.85 for the five trading days.

Most of the local money coming out of the resources sector is rotating through defensive stocks.

Commonwealth Bank posted a 39c gain for the week despite closing 14c weaker at \$43.99 yesterday.

AMP Capital Investors head of investment strategy Shane Oliver said the share market was "well and truly" in correction mode.

"We continue to regard the recent fall-back in Australian shares as just another correction,

much like those in April and October last year which both saw declines of around 8 per cent," Dr Oliver said.

"Key drivers are likely to remain the ongoing correction in commodity prices along with profit-taking around profit reports.

"The correction will provide good buying opportunities.

"This year is already proving to be more volatile than last year and investors should anticipate this to remain the case as profit growth slows down to more sustainable levels."

After showing improvement in the week just gone, the profit reporting season moves into overdrive on Monday, with more than 70 companies due to post earnings over the week.

Those due to report include BlueScope Steel, Axa Asia, Publishing & Broadcasting, QBE, Brambles, CSL and Mirvac.

CSL will attract a lot of investor attention after it climbed 2.1 per cent yesterday having reported "encouraging preliminary results" in a trial of a bird flu vaccine. Its share price rose \$1 to \$48.10.