

## Australia Stocks Decline on Lower Commodities

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Australian stocks fell after commodity prices tumbled to a four-year low, led by declines in oil, copper and grains, on increased speculation a global economic slowdown will reduce demand for raw materials

BHP Billiton Ltd., the world's largest mining company, slumped 9.4 percent, while Rio Tinto Group, the third biggest, plunged 15 percent. Goodman Group, the nation's biggest industrial real estate investment trust, sank 17 percent as the cost of protecting investors in Australian corporate bonds from default soared to a record. Australia & New Zealand Banking Group Ltd. fell 5.2 percent after reporting lower earnings.

The S&P/ASX 200 Index slid 181.70 points, or 4.4 percent, to 3,974.40 at the close in Sydney, extending yesterday's 3.4 percent loss. The S&P/ASX 200 Index futures contract due in December slipped 3.2 percent to 4,028. The broader All Ordinaries Index slid 180.80, or 4.4 percent, to 3,939.30.

"There's still some unwinding and liquidation taking place across the board, not just on commodities," said Paul Xiradis, who manages the equivalent of \$11 billion as chief executive officer of Ausbil Dexia Ltd. in Sydney. "Investors prefer to look at the glass as half empty rather than half full."

Australia's benchmark index has lost 37 percent this year as prices for raw materials declined and the global credit crunch cut demand for financial assets. The U.S. Standard & Poor's 500 Index yesterday dropped to the lowest level since April 2003 on concern a worsening global economic slump will damp profits.

BHP lost 9.4 percent to A\$24.70. Rio Tinto declined 15 percent to A\$66.95, its first loss in four days. Woodside Petroleum Ltd., operator of Australia's A\$25 billion (\$17 billion) North West Shelf liquefied natural gas venture, lost 1.9 percent to A\$40.08, adding to yesterday's 3.9 percent drop.

The Reuters/Jefferies CRB Index of 19 raw materials plunged 4.5 percent to 266.14 yesterday, the lowest since July 27, 2004. A measure of six metals traded on the London Metal Exchange fell 5.9 percent, with zinc down 2.2 percent and copper dropping 7.6 percent. Crude oil fell more than \$5 a barrel to a 16-month low and gasoline tumbled as weakening fuel consumption outweighed prospects of a production cut by OPEC at a meeting this week.

Separately, European Union regulators told lawyers for BHP Billiton that its \$76 billion hostile bid for Rio Tinto Group may break antitrust rules, two people close to the case said.

Goodman sank 17 percent to A\$1, after plunging 22 percent yesterday. ING Industrial Fund, a real estate investment trust, tumbled 28 percent to 70 Australian cents, the biggest loser in the S&P/ASX 200 Index.

The Markit iTraxx Australia index of credit-default swaps was quoted 50 basis points higher at 350 as of 11:40 a.m. in Sydney, BNP Paribas SA data show. Prices rise as perceptions of creditworthiness decline.

Australia & New Zealand Bank, Australia's third-largest lender, dropped 5.2 percent to A\$18.01. Second-half profit fell 35 percent to A\$1.36 billion as provisions for delinquent loans surged. The shares are down 34 percent this year, the worst-performing Australian bank stock.

"Nobody knows where the bottom is," said Donald Williams, who helps manage \$1.6 billion as chief investment officer at Sydney-based Platypus Asset Management Ltd.

The following is a list of companies whose shares are among the most active in Australian trading. Stocks symbols are in parentheses after company names.

Babcock & Brown Ltd. (BNB AU), an Australian manager of infrastructure assets, jumped 17 cents, or 12 percent, to A\$1.57. The company, which is overhauling corporate governance and fees at two of its funds to address concerns of transparency and accountability, said it's been approached by companies that it didn't identify about forming a "strategic relationship."

Biota Holdings Ltd. (BTA AU), which gets almost half its revenue in royalties from GlaxoSmithKline Plc's Relenza flu drug, fell 8.5 cents, or 20 percent, to 33 Australian cents, its lowest since May 1991. Quarterly income from the medicine

dropped almost 60 percent. The stock posted its biggest loss since Oct. 24, 2005.

GPT Group (GPT AU), an Australian real estate investment trust, jumped 5.5 cents, or 5 percent, to A\$1.15, its highest close since Oct. 10. Chief Executive Officer Nic Lyons resigned as the company announced a A\$1.8 billion rights offer to repay debt after property values declined.

Newcrest Mining Ltd. (NCM AU), the nation's biggest gold producer, plunged A\$3.43, or 17 percent, to A\$17.01, its most since Oct. 27, 1997. Gold declined for a third day to the lowest in more than a year as the dollar gained, eroding the appeal of the metal as an alternative investment. Gold for immediate delivery fell as much as 1.4 percent to \$719.92 an ounce, the lowest since Sept. 18, 2007.

Oil Search Ltd. (OSH AU), Papua New Guinea's biggest oil producer, fell 16 cents, or 4.4 percent, to A\$3.50. The company said it signed documentation for a \$435 million five-year revolving credit facility. The line of credit is secured against cash flows from oil production and will primarily be used to support the company's share of equity funding for a proposed \$11 billion liquefied natural gas project.

Qantas Airways Ltd. (QAN AU), Australia's largest carrier, fell 24 cents, or 8.4 percent, to A\$2.61, its most since March 28, 2003. The company said it filled 77.7 percent of seats in August, lower than the 79.7 percent posted a year ago. Jetstar Asia, which is backed by Qantas, filled 79.6 percent of seats compared with 83 percent a year ago, the airline said.

Santos Ltd. (STO AU), Australia's third-biggest oil and gas producer, slumped 83 cents, or 7.1 percent, to A\$10.89. Production dropped 12 percent from a year earlier to 13.2 million barrels of oil equivalent in the three months ended Sept. 30, the company said.

Tabcorp Holdings Ltd. (TAH AU), Australia's biggest gambling company, fell 31 cents, or 4.3 percent, to A\$6.95. First-half earnings before items will rise ``modestly" on higher revenue from betting shops, the company said, adding that it expects tough conditions for casinos for rest of the year.

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