

Tech stocks, fall in jobs push ASX higher

Equities

William McInnes

Australian shares rebounded yesterday from a loss in the previous session after a surprise increase in the unemployment rate supported gains on the local sharemarket.

The S&P/ASX 200 Index advanced 36.7 points, or 0.6 per cent, to 6735.1.

The rise came on the back of a mixed night on Wall Street with reports the US and China had hit a snag over farm purchases in negotiating a trade deal.

"You can see why [US President] Trump wants to make a trade deal on the purchase of agricultural products because he needs to shore up his supporter base in the mid-west and the farmers are hurting right now," said Swell Asset Management chief investment officer Lachlan Hughes.

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Ben Udy, Capital Economics

"The problem you've got is both the US and China don't want to be seen to be providing too much in the way of concessions."

While the local sharemarket got off to a mixed start, a disappointing October jobs report pushed it higher through the middle of the session, with the market tipping another rare cut was likely in the next six months.

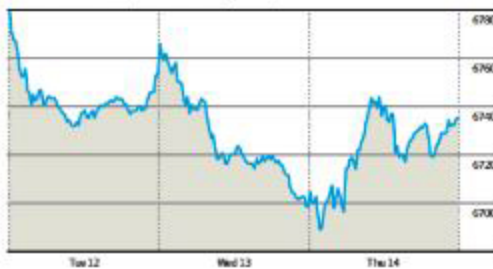
"The sharp fall in employment will be causing concern for the RBA and we think the unemployment rate has further to rise in the coming months," said Capital Economics economist Ben Udy.

"We reiterate our forecast that the unemployment rate will climb to 5.5 per cent by early next year, which should force the RBA to cut rates to 0.5 per cent in February."

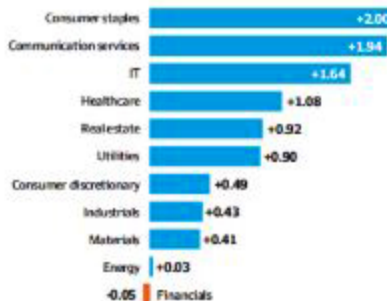
"And given our expectation that weaker wage growth will result in inflation falling further below the RBA's target, we don't think the bank will stop there."

The surprise report caused the Aus-

STOCK MARKET S&P/ASX 200 Index (points)



MARKETS Sector performance, Thursday (%)



tralian dollar to fall 0.6 per cent to US67.984, while the Australian 10-year bond yield dipped 9 basis points to 1.79 per cent. The fall in yields pushed investors into bond proxies and high-growth stocks, with technology companies among the market's best performers yesterday.

Nearmap shares rose 1.41 per cent to \$2.84 after guiding its total annualised contract value would be up to 33 per cent higher than the previous year.

Afterpay Touch firmed 7.5 per cent to \$31.57 a day after announcing plans to expand into new markets, and deals with Mastercard and eBay Australia. The news was well received by the market, with sell-side analysts

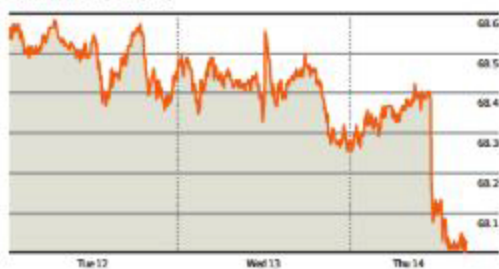
increasing their price targets on the stock.

Other growth stocks were also moving higher yesterday. Appen rose 1.4 per cent to \$22.97, A2 Milk advanced 3.3 per cent to \$12.00 and Treasury Wine Estates closed the session 1.2 per cent higher at \$18.53.

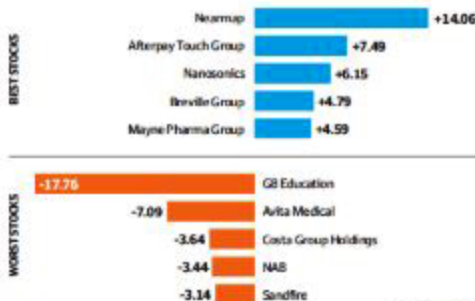
BLIP Group recorded a modest gain after it announced Mike Henry would replace outgoing chief executive Andrew Mackenzie. Its shares rose 0.1 per cent to \$36.81.

GrainCorp shares declined 4 per cent to \$7.73 after reporting a full-year statutory net loss after tax of \$13 million, down from a \$71 million profit in 2017-18. Chief executive Mark Palm-

CURRENCIES \$A/US\$ (US¢)



COMPANIES Stock performance, Thursday (%)



SOURCE: BLOOMBERG

BEST STOCKS

WORST STOCKS

quist blamed the loss on the drought and a prolonged probe by the ACCC into the sale of its Australian bulk liquid terminals business.

Bond proxy real estate investment trust and infrastructure stocks were among the market leaders as the Australian 10-year bond yield recorded its biggest intra-day fall since late August. Transurban shares rose 0.7 per cent to \$15.01, Goodman Group advanced 1.2 per cent to \$14.48 and APA Group climbed 2 per cent to \$11.07.

Index heavyweights were also supported by the fall in bond yields. CSL rose 1 per cent to \$289.67, Woolworths was up 2.4 per cent to \$38.72, Westfarmers firmed 1 per cent to \$41.36 and

Telstra closed 2.6 per cent higher at \$3.58.

The major banks were also slightly firmer yesterday. Commonwealth Bank rose 0.7 per cent to \$79.77, Westpac advanced 0.5 per cent to \$26.57 and ANZ firmed 0.5 per cent to \$25.32.

NAB shares dropped 3.4 per cent to \$27.80 as it traded ex-dividend.

GB Education shares were hit after a second profit downgrade in three months. Chief executive Gary Carroll revealed occupancy rates were growing by about 1 per cent, and not the 1.5 per cent needed to deliver a previously lowered forecast made in August. Its shares dropped 17.8 per cent to \$21.3.