

Commodities give lift to Asian shares

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Asia-Pacific shares rose on Monday as commodity prices were robust and the US economy shed fewer jobs than expected on Friday, increasing speculation that the US Federal Reserve may pause or even halt interest rate cuts. Australia led the gains.

Trading was quiet as markets in Japan, South Korea and Thailand were closed for holidays.

The MSCI Asia Pacific index, which excludes Japan, was 0.2 per cent higher at 498.88 by mid-afternoon Hong Kong and close to its highest levels since mid-January.

Oil was little changed from its New York close on Friday. Nymex light sweet crude was trading 12 cents higher at \$116.44 per barrel for delivery in June. Gold for immediate delivery was 0.9 per cent higher at \$863.73 an ounce.

The dollar was slightly weaker against the yen at Y105.29, a fall of Y0.11. The currency has rallied by 8 per cent since hitting a low of Y97.33 in the middle of March.

In Australia, the S&P/ASX 200 index was 0.5 per cent higher in Sydney at 5,730.30. A rise in metal prices thanks to production problems in many mines across the world meant resources companies were the biggest gainers.

BHP Billiton, the world's biggest miner, rose by 1.6 per cent to A\$44.12 and Rio Tinto, its takeover target, gained 0.5 per cent to A\$138.95. Newcrest Mining rose by 2.5 per cent to A\$28.30.

Woodside Petroleum rose by 3.9 per cent to A\$59.22 and Queensland Gas advanced 3.2 per cent to A\$5.50.

Anzon Australia, the oil and gas producer, fell by 20.5 per cent to A\$1.16 after Nexus Energy abandoned a takeover bid for the company. Nexus rose by 9.0 per cent to A\$1.64.

The freight company Toll Holdings rose by 4.4 per cent to A\$8.38 after the New Zealand government agreed to buy the country's rail and ferry services from Toll for NZ\$665m.

The fertilizer company Incitec Pivot rose as much as 2.8 per cent to A\$173.73 after saying profits for the first half of its financial year had tripled but then sank as profit-taking took hold. Incitec closed 0.3 per cent lower at A\$171.00.

In Shanghai, the Shanghai composite index made its highest close since late March: up 1.8 per cent at 3,761.01. The market has risen by a fifth since Beijing slashed a tax on share trading in mid-April.

The oil refiner Sinopec led the market higher after saying it would expand capacity at its processing plant in Zhenhai to cope with expanding demand for energy. Sinopec closed 4.9 per cent higher at Rmb13.17. That helped to lift the rest of the energy sector. PetroChina rose by 0.6 per cent to Rmb18.17 and China Coal Energy gained 1.3 per cent to Rmb19.84.

A rise in gold prices pushed both Zhongjin Gold and Shandong Gold Mining to jump by 10 per cent – the maximum allowed by exchange rules. Zhongjin closed at Rmb65.54 and Shandong at Rmb130.90.

Airlines had a good day on speculation that jet fuel prices would continue their 5 per cent fall over the past few days. Air China, China Eastern and China Southern Airlines all jumped by 10.0 per cent. Air China closed at Rmb16.31, China Eastern at Rmb130.90 and China Southern at Rmb13.92.

In Hong Kong, the Hang Seng index closed 0.2 per cent lower at 26,183.95 and the main sub-index of mainland companies listed in the territory was flat at 14,625.28. A rally started by news that Beijing would allow more mainland fund companies to operate in the territory fizzled out.

Angang Steel rose by 4.2 per cent to HK\$20.30 after ArcelorMittal said it wanted to buy a stake in its Chinese rival.

Property was the only sector to rise. Sun Hung Kai Properties rose by 1.4 per cent to HK\$142.50 and the developer advanced by 1.7 per cent to HK\$126.60.

Shares in the internet auction company Alibaba.com, which is 39 per cent owned by Yahoo, fell by 5.9 per cent to HK\$15.24 after Microsoft abandoned its bid for Yahoo.

Shares in Maoye, a mainland Chinese department store chain, fell on their debut. The initial public offering had been postponed from earlier this year because of poor market conditions. Maoye was 1.9 per cent below its offer price at HK\$3.04.

In India, the Sensex was 0.3 per cent higher by mid-afternoon in Mumbai at 17,643.74.

Larsen & Toubro, a machinery maker, rose by 2.1 per cent to Rs3,201.00 after announcing a Rs3.44bn order from Power Grid. Tata Steel, which is reportedly negotiating to buy a stake in the state-owned Krakatau Steel of Indonesia, rose by 1.1 per cent to Rs806.50.

In Taiwan, the Taiex closed 1.4 per cent lower at 8,837.07 as big technology companies suffered broker downgrades. Foxconn Technology, which makes PCs and monitors for big US computer companies, fell by 6.8 per cent to T\$170.50 after Deutsche Bank cut the stock to "sell" from "buy". Hon Hai Precision, the parent of Foxconn, fell by 3.6 per cent to T\$163.00

Vanguard International Semiconductor plunged 6.9 per cent to T\$22.10 after both Credit Suisse and Citigroup lowered their ratings.

Other high tech companies suffered as a result. Taiwan Semiconductor Manufacturing fell by 1.2 per cent to T\$67.20 and AU Optronics, a maker of LCD and plasma displays fell by 1.3 per cent to T\$60.80.

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