

MARKET WRAP

Rio drags down results

THE Australian share market closed in negative territory, dragged down by a 6 per cent fall in **Rio Tinto** and broad-based weakness across the resources sector on falling commodity prices and a weak US lead.

At 4.15pm, the benchmark S&P/ASX200 was down 56 points to 5060, while the broader All Ordinaries had lost 64.5 points to 5130.5.

The September share price index futures contract was 69 points lower at 5072 on volume of 34,753 contracts.

Takeover target **Rio Tinto** led the losses, down \$7.45, to \$112.52 after the European Commission suspended its review of the takeover offer by **BHP Billiton** due to a shortfall in paperwork submitted by the companies.

BHP Billiton fell \$1.34 to \$37.95.

Crude oil prices finished near \$US110 a barrel on reports that the Gulf Coast and its oil facilities were spared heavy damage from Hurricane Gustav.

Heavy falls across the energy sector had **Santos** lose \$1.21 to \$18.19, **Oil Search** closed 24¢ weaker at \$5.65, and **Woodside** down \$2 to \$56.50.

Major lenders finished the day stronger after Tuesday's 0.25 percentage point cut to the official cash rate by the Reserve Bank of Australia.

Commonwealth Bank

gained 29¢ to \$43.35, **Westpac** added 20¢ to \$24.25 and **National Australia Bank** rose 45¢ to \$25.25. **ANZ** bucked the trend, easing 17¢ to \$16.80.

Westpac takeover target St George rose 45¢ to \$31.30.

In other news yesterday, **Babcock & Brown Ltd** has appointed John Fanning as chief financial officer to replace Michael Larkin. **Babcock & Brown** shares closed up 8¢ to \$2.43.

Infrastructure services provider **Downer EDI Ltd** announced the conditional acquisition of the maintenance and asset management divisions of New Zealand-based **Excell Corporation Ltd**.

Downer shares added 22¢ to \$7.80.

Australand Property Group has raised \$461 million through an entitlement offer. **Australand** shares were 0.5¢ stronger at 61.5¢.

Wesfarmers, owner of **Coles**, added 70¢ to \$32.60, **David Jones** gained 3¢ to \$4.43 and **Harvey Norman** fell 9¢ to \$3.61.

The spot price of gold was \$US802.60 an ounce, down \$US4.10 on Tuesday's Sydney close of \$US806.70 an ounce.

Newcrest lost \$2.24 to \$22.60, **Lihir** dropped 19¢ to \$2.06 and **Newmont** lost 18¢ to \$5.08.

The most traded stock was **Telstra**, with its shares 6¢ higher at \$4.41.

Bank's battle is to avoid a bump: data

By GARRY SHILSON-JOSLING

LATEST economic growth figures confirm the economy is gliding downward and leave the central bank with the difficult task of preventing a hard landing.

Gross domestic product (GDP) rose by 0.3 per cent in the June quarter, in real, seasonally adjusted terms, national accounts data from the Australian Bureau of Statistics (ABS) show.

The long-run average for GDP growth and the pace needed to keep unemployment steady is about 0.8 per cent per quarter.

The tiny quarterly rise

lowered the annual growth rate to 2.7 per cent but the real momentum in the economy is likely to be even weaker than that.

The ABS trend measure for non-farm GDP - a better guide to underlying trends and outlook for employment growth - has undergone a dramatic slowdown to 2.4 per cent on an annualised basis from 5.6 per cent.

It is no surprise that the economy has slowed amid high interest rates, slumping asset prices, rising oil prices and the global credit market crisis.

Households have served as the shock troops in the

war on inflation waged by the Reserve Bank of Australia (RBA) during the surge in economic growth of the past five years or so.

Household final consumption spending recorded a rare decline in the June quarter - the first since 1993 - dropping by 0.1 per cent in real terms.

At the same time, the minerals boom is adding to national purchasing power.

The boom in real income will make the RBA cautious about dropping interest rates too quickly.

Its main worry at the moment is that wages will pick up in response to a long

surge in consumer price inflation, helped along by a tight labour market.

However the labour market responds to output, not spending, and the current pace of GDP growth means employment growth will not be enough to keep unemployment from rising.

That will take the heat out of the labour market over the coming year and should lay the groundwork for more interest rate cuts.

Rather than trying to bring the economy back to earth, the RBA's focus is now shifting toward the avoidance of a crash landing.

Asian group sounds out city links

By GREG ELLIS

A NEW link was sealed between Wollongong and its global gateway recently when members of the NSW-Asia Business Council from Sydney visited the city.

After viewing the Wollongong Innovation Campus and Port Kembla's new port facilities, council chairman Henry Tsang said the well-organised event had impressed the group, which consists of successful Asian entrepreneurs.

Mr Tsang said the delegation was pleased with what it saw after being encouraged to visit Wollongong by mining chief Arun Jagatramka of Gujarat NRE.

"They (the council members) are there to help the NSW Government in delivering its promise of 'open for business'," he said.

"We want to help pave the pathway for business. Wollongong University was a big surprise for us. It is five stars for student experiences, five stars for student employment, five stars in research and innovation."

The visit was co-ordinated by the Illawarra Regional Development Board and the Department of State and Regional Development.

Minister for Police and the Illawarra David Campbell described the university and port as Wollongong icons important to driving the region's economy and future.

He said the university was a jewel in the crown for driving future economic and social potential, attracting students from around the world and moving towards more research and development.

Mr Campbell acknowledged Mr Jagatramka for seeing the potential



Connected: Wollongong Innovation Campus director David Fuller addresses NSW-Asia Council visitors.
Picture: HANK van STUIVENBERG

at Port Kembla and told the delegation how the port was expanding.

"It will become the major hub for the importation of motor vehicles into Australia over the next couple of months," he said. "Some of that is already underway."

Mr Campbell said the NSW-Asia Business Council visit was a great opportunity to show how Wollongong was holding onto traditional industry while moving into new directions.

He said that included taking advantage of the city's great lifestyle and location to grow the education, tourism and the hospitality industries.

Mr Campbell said Wollongong had a strong, dynamic and diverse com-

munity and was keen to capitalise on that to encourage new investment.

He said the university was discussing with the Buddhist community the possibility of joint investment to help more Taiwanese students into the Wollongong university.

He also revealed the university could help Nan Tien Temple establish a university at Unanderra.

Mr Tsang said he would accompany the university on a visit to Taiwan to talk in more detail about such co-operation.

"It basically will open a pathway for people to come and study in Wollongong either directly or through Nan Tien with its own institution," he said.

Broadband bidders to target November date

A NATIONAL broadband network is a step closer with the Federal Government announcing the deadline for bids for the project.

The seven bidders have until November 26 to submit their proposals to provide Australians with high-speed broadband services.

"The national broadband network is part of the Rudd government's plan to drive investment in critical infrastructure," Communications Minister Stephen Conroy said yesterday.

The Federal Government has set aside \$4.7 billion of taxpayers' money to build the network which, it says, will deliver high-speed internet services to 98 per cent of the population.

The winning bidder, who will assume ownership of the network, is expected to make up the rest of the cost.

The Government has been criticised for delays to the tender process, which, in the lead-up to last November's federal election, it promised to have finalised within six months of coming to office.

Confirmed bidders **Telstra** and **Terria** immediately resumed their debate over whether the company that builds the network should be structurally separated.

Most bidders, including **Terria**, say the company that wins the rights to the project must have separate network and retail businesses to ensure competition.

POPULAR STOCKS

AMP	7.24	-0.02	CBA	43.35	+0.29	Qantas	3.64	+0.11	Telstra	4.41	+0.06
ANZ	16.80	-0.17	Fairfax	2.95	+0.04	Rio Tinto	112.52	-7.45	Westpac	24.25	+0.20
BHP-Billiton	37.95	-1.34	Fosters	5.56	+0.12	St George	31.30	+0.45	Westfield	17.98	+0.26
BlueScope	8.88	-0.39	IAG (NRMA)	4.07	+0.09	Singapore Telecom	3.01	+0.07	Wesfarmers	32.60	+0.70
Brambles	7.83	-0.12	NAB	25.25	+0.45	Tabcorp Holdings	8.80	+0.20	Woolworths	27.70	+0.10