

ASX ends session on flat note

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The Sydney Morning Herald

Wednesday 14th July 2021

393 words

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EQUITIES

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The Australian sharemarket failed to capitalise on heightened deal-making activity and the ongoing strength in iron ore prices to close the session flat.

Gains made at the start of the day faded by the afternoon, leaving the benchmark S&P/ ASX 200 index 1.3 points lower at 7332.1 points.

Iron ore miner Fortescue gained 2.1 per cent to \$25.18 and Rio Tinto added 0.6 per cent, however, BHP dropped 0.7 per cent to \$50.70 on reports China's imports of the raw material were plateauing.

The big banks ended the day lower with Commonwealth Bank, Westpac, and ANZ all in red, but NAB finished 0.1 per cent higher.

The corporate news flow started with Berlin-listed HelloFresh lobbing a generous offer for Youfoodz, which has struggled since listing on the ASX last year. Youfoodz

HOW THE MARKET MOVED

Tuesday (%)

Industrials	+0.86
Utilities	+0.83
Cons staples	+0.43
Health care	+0.37
Comms	+0.30
Materials	+0.16
Cons disc	+0.14
IT	-0.05
Financials	-0.43
Energy	-0.62
Real estate	-0.85

Percentage moves in the 11 sectors that make up the S&P/ASX 200 Index. SOURCE: BLOOMBERG

shares gained 77.5 per cent higher at 90.5¢, a price not seen since February. Meanwhile Wesfarmers, which on Monday announced a \$687 million offer for Australian Pharmaceutical Industries, added 0.2 per cent to \$58.43.

Bell Direct market analyst Jessica Amir said company takeovers were common in periods of economic recovery because business valuations were lower.

"There is plenty of low hanging

fruit there," she said.

However, she added analysts may downgrade companies that do make acquisitions, because it means less capital available for dividends or share buybacks.

"It is not good for shareholders now - it is good for shareholders very long-term."

Markets are looking forward to the upcoming US reporting season, which could see as much as a 65 per cent jump in earnings for US companies, Ms Amir added.

"We know when the US jumps, we pretty much jump as well. It is all about companies rebounding from COVID-19."

However BetaShares ETFs chief economist, David Bassanese, said the ASX has not been following global themes lately. "Our tech sector seems to have not done as well as the global tech names," he said. "The main theme at the moment is that bond yields have come down and that has favoured growth over value."