



Dim outlook triggers sell-off

Equities

THE Australian sharemarket closed down 3 per cent yesterday in its biggest one-day sell-off in almost six weeks amid a worse than expected outlook for world growth.

The benchmark S&P/ASX200 index was 121.3 points, or 3.1 per cent lower at 3796.9, while the broader All Ordinaries fell 117.8 points, or 3.01 per cent, to 3793.

Yesterday's fall was across the board and the biggest one-day drop in percentage and points terms since May 14.

Both major indices closed at their lowest level since May 28.

The drop followed Wall Street's biggest loss in two months after a bleaker than expected forecast for the global economy by the World Bank.

Resource stocks were among the hardest hit, amid falling commodity prices.

Shares in **BHP Billiton** finished down \$1.45, or 4.11 per cent, to \$33.80 and **Rio Tinto** was \$1.39, or 2.78 per cent, weaker at \$48.61.

Shaw Stockbroking head of research Tim Buckley said a downgrading in the World

Bank's outlook for global growth this year played a part in spooking investors.

"There was not any obvious catalyst to trigger this other than the World Bank revising downward its growth numbers," Mr Buckley said. He said the market did not typically take its lead from GDP revisions, but said that, coupled with commodity price falls, some investors now feared the recovery might not be as smooth as was thought two weeks ago. "Markets have a herd mentality and confidence has taken a bit of a hit," Mr Buckley said.

"Stocks have been sold off quite aggressively pretty well across the board. Almost every stock of substance is down today."

Energy stocks were down, amid a fall in oil prices to below \$US67 a barrel in Asian trade.

Shares in **Woodside Petroleum** ended down \$1.03 to \$40.27. **Oil Search** was off 19c at \$5.29.

Shares in oil and gas company **Santos** fell 57c to \$14.13 and **Origin Energy** finished down 31c, to \$14.21.

Media shares were off, too, with **News Corporation** shares declining 58c to \$12.99 and its non-voting scrip off 41c to \$11.59.

Fairfax Media ended down 3c at \$1.185 and **Consolidated Media** was steady at \$2.29. Retailers generally declined by less than the overall market. **Woolworths** shares were off 28c at \$25.49, **Wesfarmers** ended down 42c at \$21.23 and **Harvey Norman** finished 1c weaker at \$2.91.

David Jones shares dropped 23c, or 5.48 per cent, to \$3.97.

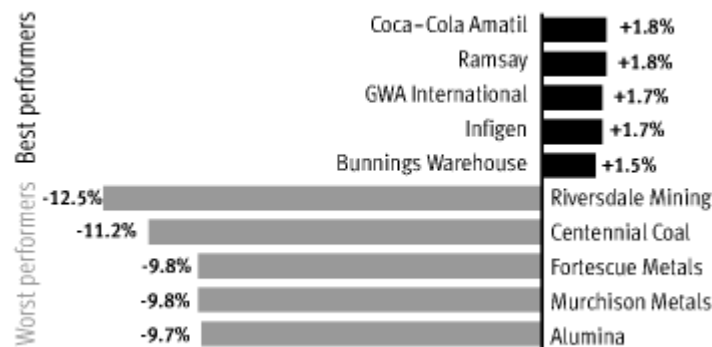
Lakes Oil was the most traded stock by volume, with about 129.94 million shares changing hands worth \$1.27 million. Its shares jumped 37.5 per cent, or 0.3c, to 1.1c.

Japan's Nikkei and Hong Kong's Hang Seng both dived by 2.8 per cent yesterday.

However, European exchanges were slightly higher in early trade last night and US stock futures edged higher after a pounding in the previous session.

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Source: Bloomberg