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# SHARES CLIMB TO NEW HEIGHTS

The Courier Mail, Wednesday 22 June 2005.

Stocks broke through to record highs yesterday as an expected 25 per cent profit growth for this reporting season spurred investors to make a pre-emptive strike.

Despite a negative show by US shares on Friday, the benchmark S&P/ASX200 index closed above 4400 for the first time.

The major banks and resource stocks were higher, while energy stocks soared, buoyed by oil prices going over \$US62 a barrel.

ABN AMRO Morgans director of equities Bill Chatterton said the reporting season had been very encouraging so far.

"The indications from the early days of reporting season are very strong," he said.

Analysts expect a 25 per cent surge in aggregate profits in this round of reports, which begins properly this week. The mining sector is predicted to deliver profits at least 50 per cent higher than a year ago.

Investors were also encouraged by the Reserve Bank taking the prospect of further interest rate rises off the agenda, setting the scene for a low-rate regime for the foreseeable future.

The RBA, in its quarterly statement on monetary policy, said that there had been "a number of favourable developments" in the economy, which was growing at a "reasonable but not excessive pace".

HSBS Australia and New Zealand chief economist John Edwards said the statement indicated that the bank would leave its official cash rate at 5.5 per cent for an extended period.

At the close of trade, the benchmark S&P/ASX200 index was 30.6 points higher at 4407.9. The All Ordinaries index was up 32.1 points to a record 4365.2, breaking the previous record of 4347.6 on July 27.

Woodside Petroleum led the buoyant energy stocks, climbing \$1.53, or 5 per cent, to \$31.92, after it announced it would speed up plans to develop its Pluto gas field in Western Australia.

Mosaic Oil shares took an unexpected 15.8 per cent leap on news that an unnamed investor had made an unsolicited takeover offer for the oil and gas junior.

Mosaic's board said it was in "confidential discussions and is providing due diligence to a potential investor following an unsolicited approach from that investor".

Mosaic has oil and gas interests in southeast Queensland and Papua New Guinea as well as on the North West Shelf, off WA. Its main interests are in the Surat/Bowen Basin in Queensland, where it owns, or part-owns, a number of gas fields.

Its proven and probable reserves are estimated at 2.49 million barrels of oil and 55.3 petajoules of gas.

Mosaic's shares fell in January, when it warned it could not meet 2006 revenue forecasts because a gas well had failed, preventing it from delivering on a sales contract. But yesterday its shares closed up 3c at 22c.

The big four banks dined on the news of continued low interest rates, with Commonwealth Bank climbing 68c to \$39.38, ANZ ending up 18c stronger at \$21.60, NAB rising 27c to \$31.12 and Westpac spurring 11c to \$19.64.

News Corporation was 35c higher at \$22.65 before its annual profit announcement due early on Thursday morning, while its non-voting stock climbed 28c to \$21.27. Dominant telco Telstra, which is expected to post another record annual result on Thursday, was up 7c to \$5.03.

Wesfarmers rose 43c to \$40.58 after an analyst's report said high coal prices could boost the company's earnings enough to compensate for slower growth in its Bunnings stores.

US stocks fell on Friday after strong jobs figures heightened worries that the Federal Reserve would continue to raise interest rates.

The Dow Jones industrial average slipped 52.07 points to 10,558.03 and the Standard & Poor's 500 index fell 9.44 points to 1226.42.