



Banks are caned over property trust loans



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MARKETS

Australian banks lost as much as 3.5 per cent on the sharemarket yesterday on investor concerns over billions of dollars loaned to the property sector.

Westpac led the declines, plummeting \$1.01, to \$27.79 and helping to pull the S&P-ASX 200 financials index down 43.8 points, or 0.6 per cent, to 6698.3 against broader market losses of 0.3 per cent.

The financial sector's woes were compounded by comments by the world's biggest investment bank, Goldman Sachs, which warned it was "cautious" about the near-term outlook in the face of diminishing global credit.

Commonwealth Bank lost \$1.47 to \$58.33, **ANZ** shed 39¢ to \$26.85 and **NAB** slipped 16¢ to \$36.75 amid reports the country's banks could have \$4 billion of exposure to property trust **Centro Properties Group**, which has been hammered since it revealed on Monday that it was struggling to roll over \$3.9 billion of debt.

St George lost 86¢ to \$32.60

despite assuring the market its loans to **Centro** were secured.

Centro pulled back some of its losses yesterday, storming 40¢, or 49 per cent, higher to \$1.20 and listed satellite **Centro Retail Group** was 10¢ higher at 75¢. However, they are still well down on their highs last week.

The S&P-ASX 200 finished down 20.5 points at 6216.4 for a sixth straight loss, despite the bourse being up around midday. The all-ordinaries index lost 11.8 points to 6280.8. The S&P-ASX 200 has lost 6.9 per cent over the past six days, reducing its 2007 gain to 9.6 per cent.

This week's resurgence of sub-prime fallout fears has seen some analysts cast doubts on the market's ability to rally to the end of the year, despite December historically being its strongest month.

But AMP's Shane Oliver remains cautiously optimistic. "I think we probably will see a bit of a rally towards year end but (recent market moves) do raise question marks about how high that will be and for how long," he said.

Sold-down property stocks had some relief as investors swooped on bargains, driving **Goodman Group** 50¢ higher to \$4.90 and **Westfield Group** up 31¢ to \$20.60. Resources also fared better, buoyed partly by

higher zinc and nickel prices.

Rio Tinto gained 93¢ to \$130.34 while **BHP Billiton** slipped 5¢ to \$40.05 despite early gains as it said it would develop the Kipper gas fields in Bass Strait. Project partner **Santos** lost 47¢ to \$13.12.

In a see-sawing market Perth-based coal junior **East Energy Resources** was a clear winner, soaring 78 per cent on its market debut before closing at 40¢, up 60 per cent on its 25¢ issue price. Fellow Perth debutant **Bathurst Resources** was 4¢ higher at 24¢.

Takeover rumours hovered around Michael Kiernan's **Territory Resources**, driving it 3¢ higher to \$1.30, as it raised its stake in mineral sands miners Matilda Minerals, from 8 to 13 per cent, and Olympia Resources, from 13 to 19 per cent.

Retailers were mixed, with **Woolworths** down 73¢ to \$33.17 as it vowed to oppose the NZ Commerce Commission's appeal against a High Court ruling clearing the way for it to bid for **Warehouse Group**, which gained 10¢ to \$4.90.

In other WA stocks, **Woodside Petroleum** lost 90¢ to \$46.40 and **WA Newspapers** firmed 5¢ to \$11.87.

• The **Australian dollar** closed up slightly. At the Perth close, it was trading at **US86.07¢**, up from **US85.98¢** previously.