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### Woes for contractors drag down stocks

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WorleyParsonsqadmission that this year's net profit could be as much as 20 per cent below the previous period wiped out stocks across the mining and industrial services sector. **Photo: Michele Mossop**

#### Equities

#### Vesna Poljak

A profit downgrade by contractor WorleyParsons sent Australian shares lower on Wednesday and offset the impact of supportive comments by Federal Reserve chairman Ben Bernanke, who alluded to an environment of ultra-low rates for longer.



The benchmark S&P/ASX 200 Index was down 45.2 points, or 0.84 per cent, to 5307.7 at the close of the session. Worley alone lost roughly a quarter of its market value and the stock closed 25.9 per cent lower.

The contractor's admission that this year's net profit could be as much as 20 per cent below the previous period wiped out stocks across the mining and industrial services sector on fears that Worley's problems are not isolated and could spread to rivals. Monadelphous Group lost 5.3 per cent, Boart Longyear 5.1 per cent, NRW Holdings 4 per cent, and Ausdrill just shy of 4 per cent.

Meanwhile, the outgoing Fed chairman revealed in his annual speech to economists in Washington on Tuesday night that the central bank could keep rates at or close to zero even if the economy meets the Fed's self-imposed employment target.

The Fed had ascribed a 6.5 per cent jobless threshold to the Fed funds rate, implying if US unemployment falls beneath 6.5 per cent and inflation is in check, it would be ready to raise interest rates. Mr Bernanke said the threshold was more a guide than a trigger and the Fed would have good reason to keep rates suppressed even if the jobs market improved.

His speech pushed S&P 500 futures higher, as well as markets in Asia, on optimism that critical policy support for the sharemarket will endure.

## Rolling year records

Highs	New high (\$)	Last week (\$)	Last month (\$)
Alexium Int'l	0.19	0.175	0.175
Analytica	0.033	0.028	0.02
Anteo Diagnostics	0.13	0.117	0.068
Augur Res	0.049	0.03	0.03
Blue Sky Alt Invest	1.86	1.75	1.55
C'wth Prop Office ord unt	1.27	1.21	1.205
Corporate Travel	6.20	5.35	5.54
Energy One	0.175	0.15	0.135
Fiducian Portfolio	1.37	1.25	1.16
Global Health	0.51	0.45	0.435
Greencross	7.40	6.60	7.15
ImpediMed	0.28	0.265	0.18
iShares MSCI SKorea cdi	68.97	67.79	68.44
James Hardie Ind cdi	12.33	12.18	11.00
KIM Diamonds	0.88	0.86	0.67
MOKO Social Media	0.30	0.27	0.25
opt jun15	0.24	0.215	0.19
Rampart Energy	0.073	0.068	0.066
TW Hldgs	0.011	0.01	0.005
Uranex	0.15	0.115	0.09
opt may17	0.065	0.035	0.02
Wolf Pet opt jul18	0.045	0.034	0.039

Lows	New low (\$)	Last week (\$)	Last month (\$)
Acrux	2.51	2.54	2.62
Alternative Invest unt	0.19	0.275	0.28
Ampella Min	0.094	0.096	0.105
Ausenco	1.24	1.325	1.54
AGB Jan18	110.321	-	-
AGB Jun14	104.91	-	-
Chalice Gold Mines	0.14	0.155	0.155
Chesser Res	0.095	0.10	0.105
Chorus	1.645	1.735	2.16
Classic Minerals	0.05	0.06	0.06
Cobar Cons Res	0.067	0.079	0.115
GrainCorp	11.03	11.41	12.12
Growthpoint Prop rts 22nov	0.001	0.033	-
Lemur Resources	0.026	0.035	0.036
Marengo Min cdi	0.017	0.019	0.02
Meridian Energy irs	0.875	0.91	0.935
Market Vectors Emerg Res etf	9.92	10.30	10.18
MOD Resources	0.023	0.024	0.027
Orrex Res	0.02	0.03	0.03
OZ Minerals	3.19	3.23	3.55
Pacific Niugini	0.065	0.07	0.071
PanAust	1.63	1.70	1.867

It comes as CommSec economist Savanth Sebastian deemed the Australian sharemarket to have underperformed its foreign counterparts including the US. However, the All Ordinaries Accumulation Index, which includes dividends paid to investors, is just 1.1 per cent away from a record high, rising by 19.3 per cent in 2013. We expect the sharemarket to continue to lift in coming months on the assumption that the global economy continues to heal and on the expectation that the Australian economy exhibits stronger momentum, the economist said.

Qantas Airways was one of a handful of stocks to gain on Wednesday, rising more than 2 per cent and shrugging off the threat of legal action against Qantas chief executive Alan Joyce from Virgin Australia on the grounds of defamation and market manipulation.

Bank stocks posted small losses, led by ANZ Banking Group.

The Australian Financial Review



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