

Australia shares slip, New Zealand posts strong results
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Australian shares slipped 0.6% today morning, as investors booked profits in pricey financial sector stocks on the back of recent analysts' downgrades, hitting the likes of ANZ bank even as it boasted strong first half earnings.

Big-cap mining stocks also weighed on the market, although a largely in-line China manufacturing survey for April had only a muted impact.

BHP Billiton Ltd slipped 0.4 percent, Rio Tinto Ltd lost 1.1%, and Iluka Resources Ltd fell 1%, mainly dragged by lower metal prices overnight, with copper, iron ore and gold all losing ground.

The S&P/ASX 200 index was down 32.8 points to 5,456.3 by 0230 GMT. The benchmark, which finished a tick higher yesterday, hit a near 6-year high of 5,554.5 on April 29 but has since drifted lower.

The early focus fell on Australia and New Zealand Banking Group Ltd, which reported an 11% rise in cash profit, boosting its dividend as strong growth in its Asia business helped it beat analysts' expectations.

ANZ shares dropped 1.4%, Westpac Banking Corp lost 1%, while Commonwealth Bank of Australia was flat, as investors worried the banks' share prices were running too far ahead of their ability to grow future earnings.

"Overall the banks' value are pretty high, their net active balance is about 22-25 percent higher. In the last year, the prices have kept going up and hitting record highs," said Biyi Cheng, head of Asia-Pacific dealing at City Index.

He said recent analysts' downgrades of banks' outlooks were also keeping sentiment in check.

"There's a current market pressure to push prices down at the moment."

The three top-tier banks had reached all-time highs in previous sessions driven by record earnings and strong dividend yields of between 4.8% to 5.4%.

China's factory activity inched up in April, a hopeful sign of some stability in the world's second-largest economy following a loss of momentum in recent quarters. China is Australia's biggest export market.

The official Purchasing Managers' Index rose to 50.4 in April from March's 50.3, the National Bureau of Statistics said today, and only a touch below expectations for a rise to 50.5, which led to investors largely shrugging off the result.

A handful of defensive stocks climbed with Wesfarmers Ltd bouncing 1.2% and blood products maker CSL Ltd adding 0.6%.

Woolworths dropped for another session, shedding 1.7% after saying its third quarter sales from continuing operations rose less than analysts had expected.

New Zealand's benchmark NZX 50 index fell 0.5% to 5,206.5. – Reuters, May 1, 2014.

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