

Australian Market Outlook - 26 October 2021

Australian shares closed higher on Monday, boosted by mining and energy stocks on strong underlying commodity prices, while telco Telstra rose after it agreed to buy Digicel Pacific.

The S&P/ASX 200 index rose 0.3% to 7,441, led by a 2.6% rebound in energy stocks after a four-day losing streak.

Oil prices extended pre-weekend gains to hit multi-year highs as global supply remained tight amid solid fuel demand in the United States and elsewhere in the world.

Beach Energy rose 5.1% to lead gains on the sub-index, while Woodside Petroleum advanced 3.7%.

Origin Energy rose 3.9% after agreeing to sell its 10% stake in the Australia Pacific LNG project for A\$2.12 billion to investor EIG Partners.

Miners rose 1.3% as iron ore futures rebounded after last week's heavy sell-off. Rio Tinto, Fortescue Metals, and BHP Group climbed between 0.7% and 1.5%.

Lithium miner Mineral Resources rose 9% to lead gains on the benchmark index after announcing plans to restart production at its Wodiga lithium mine in the third quarter of fiscal 2022.

The merger will give Santos control of Oil Search's Pikka oil project in Alaska, putting doubt around whether the revised target for a final go-ahead in the June half of 2022 will be reached given speculation Santos may look to sell the asset.

Telstra's advisers on the Digicel deal, Gresham and Gilbert + Tobin were sighted as a duo just last week, advising on ASX-listed engineering firm Cardno's \$US500 million sale of its two largest divisions, among other advisers.

Gilbert + Tobin is also advising on human services group APM's planned \$3.25 billion floats, while Barrenjoey's towing Brookfield into AusNet Services and working to float Ventia.

Bond traders escalated their war with the Reserve Bank over its forward guidance, dragging the key three-year government bond yield further from its target rate, and challenging its assurance of no rate hikes until 2024.

The Federal Court of Australia has granted the competition regulator an interlocutory injunction to block the finalization of the purchase of Adora Fertility by Virtus Health from rival provider Healius until the regulator's concerns are resolved.

Top Gainers

| Company | Last Price | Change% |
|------------------------------|------------|---------|
| MINERAL RESOURCES LTD | 42.91 | 9.0% |
| BEACH ENERGY LTD | 1.45 | 5.1% |
| RAMELIUS RESOURCES LTD | 1.62 | 4.9% |
| UNIBAIL-RODAMCO-WESTFIEL/CDI | 5.20 | 4.4% |
| ORIGIN ENERGY LTD | 5.38 | 3.9% |

Top Losers

| Company | Last Price | Change% |
|----------------------|------------|---------|
| PERPETUAL LTD | 38.83 | -5.2% |
| KOGAN.COM LTD | 10.55 | -5.0% |
| NANOSONICS LTD | 5.56 | -4.1% |
| NEARMAP LTD | 2.16 | -3.6% |
| AURIZON HOLDINGS LTD | 3.52 | -3.6% |

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