

The Australian

Oversold sharemarket primed to bounce back

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ALL ORDS, DOW JONES, COMMODITY AND CURRENCY TIPS

	All Ords points	Dow Jones points	\$A-US USc	Gold \$/oz	Oil \$/barrel	RBA cash rate %
ALEX MOFFATT	4532	12533	98.43	1725	96.53	4
PETER QUINTON	5000	13500	105	1850	95	4
ANGUS GEDDES	5000	13000	105	2000	110	4
CRAIG JAMES	4650	13150	100	1850	110	4.25
SAM FIMIS	4545	13550	107	1850	104	4.5
GEOFF WILSON	4300	12000	80	1400	80	3.5
SIMON TURNBULL	4550	12400	103	1350	95.5	4.75
BRIAN WESTON	4500	13000	88	1800	105	3.75
PETER WRIGHT	4750	12600	92	1350	90	3.25
ELIO D'AMATO	5050	11200	95	1400	110	3.75
WILL CLELAND	4675	13450	91.5	1600	93	3.75
AVERAGE	4687	12762	97	1652	99	4
DEC 30 2011	4142	12160	101	1600	99	4.25

Our experts' predictions for key indicators.

Source: The Australian

SHAKEN and stirred but unvanquished after a perilous year on the bourse, our panel of expert stock tipsters unanimously expects the market to bounce this year.

But whether investor appetite for speculative risk returns is another issue altogether. When it comes to individual stocks, many of our 12 tipsters are sticking to the "safety" of the household names such as BHP Billiton, Rio Tinto, Telstra and the banks.

On average, the panel expects the All Ordinaries to finish the year at 4686 points, a 14 per cent improvement. Last year, the index declined 15 per cent.

The Dow Jones index is expected to improve 3.5 per cent, having gained 6 per cent last year.

Unlike in previous years, bullion is tipped to advance only modestly.

Even our resident bear, Geoff Wilson of Wilson Asset Management, last year's runaway winner, believes the market is oversold and will rally in the second half. Trade-exposed industrial companies, he says, will get some relief as the Australian dollar moderates when Chinese growth falters.

"The big risk at the moment is having any confidence in earnings," Wilson says. "The way the economy is suffering, it's probably more of an asset play."

Consistent with this, Wilson has selected a number of stocks trading at a significant discount to their net asset backing. These include Queensland property player Sunland Group, property developer Thackral and infrastructure owner Hastings High Yield.

Commonwealth Securities chief economist Craig James remains wedded to the China story, which is why he has chosen BHP Billiton, Rio Tinto, Woodside Petroleum, Fortescue Metals and Alumina. "This is the biggest industrialisation the world has seen and we believe that Chinese demand for resources will continue to outpace supply," James says.

Lincoln Indicators chief executive Elio D'Amato zeroes in on the mining services sector, nominating Tox-Free Solutions, Imdex, Mineral Resources and Forge Group in his 10 stocks likely to fare the best this year.

A similar theme is embraced by reader Brian Weston, who likes oil and gas contractor Worley Parsons and foundry operator Bradken, which has a plant in China.

Sam Fimis, a private client adviser with Paterson Securities, nominates Coalspur, which (most readers would not realise) is building the biggest coalmine in Canada, the 313 million-tonne Vista thermal project.

Fimis also says Echo Entertainment is a "sitting duck" and that it is only a matter of time before James Packer launches a bid.

Bell Potter research head Peter Quinton likes the high-yielding MAp Group - the much-simplified owner of Sydney Airport - and gas pipeline owner APA Group, which is bidding for Hastings Diversified Utilities.

Fat Prophets' Angus Geddes is punting on the competition regulator allowing Foxtel's \$1.55-a-share offer for regional pay-TV operator Austar, which means a quick 30 per cent gain in the bank (and limited downside if the deal is blocked). And just to prove he's no chicken, Geddes tips better times for Collins Foods, last year's float fizzer, which owns the KFC brand in Queensland.

Bizzell Capital Partners' Peter Wright offers a diet of resource-heavy stocks and mining-related plays such as Titan Energy Services, which is exposed to the Gladstone LNG sector.

Further afield, he says it is "easy to mount a sum of the parts argument" that Qantas has been oversold because of last year's industrial relations woes.

This year we have a new participant, Will Cleland of Intersuisse Securities, who nominates the beaten and bruised global retailer Billabong as a takeover target. Cleland also likes diversified global fund manager HFA Holdings, commonly referred to as a listed hedge fund.

Overall, the most popular stocks were Rio Tinto (chosen by six tipsters), BHP Billiton (five), as well as 4WD accessories house ARB, Telstra, Fortescue Metals, Westpac, Wesfarmers and ANZ Bank.