

Westfield holding its own on lore of averages

TECHNICAL ANALYSIS ROD MYER



FRANK Lowy has come a long way since he and partner John Saunders opened a deli in western Sydney back in the 1950s. Today his Westfield Group is a \$61 billion enterprise with 111 major shopping centres in Australia, New Zealand, the United States, the United Kingdom and Brazil. It services 23,400 retailers in 10 million square metres of retail space.

The Lowys like to keep things in-house as they have worked out over decades of experience how to run their assets optimally. So today Westfield manages all aspects of the shopping centre business from design and construction through

to leasing, management and marketing. The Lowys hold about 7.8 per cent of Westfield (they had 28 per cent but US investors got leery of an arrangement whereby the Lowys earned development profits while the public owned the shopping centres in listed trusts and forced a restructure).

This week Paul Ash, Victorian president of the Australian Technical Analysts Association, went hunting for a stock showing some investment potential and came up with Westfield.

Remarkably while the general market has tanked as investors are swamped with doubt, Westfield has been on an upward trajectory since last October. The strength of this rise is indicated by the red 30-day moving average line, which until last month was climbing.

Even in May, when the All Ordinaries Index fell 8 per cent,



Westfield held its own with the 30-day moving average line moving sideways. While conditions for property and retail are difficult, Frank Lowy just announced an expected (small) rise in earnings per share and dividends per share for the 2012 year. The stock has a dividend yield of 5.3 per cent.

Ash gives extra weight to

Westfield's strong performance by drawing a rising trend line under the share price since January. This upward blue line on the graph demonstrates that, despite recent weakness, the stock has been making "higher lows", meaning buyers have been putting a rising floor under the price. Ash also observed that an upper resistance

level that had formed at \$9.05 (the horizontal line) was broken in April. It now appears to have morphed into a support level with the price twice falling towards it then bouncing strongly up in May.

What has now become the \$9.05 support level assumes significance for technical analysts, with Ash saying: "If the share price falls below this level then we close our positions."

However, if the price keeps on rising then the next likely resistance level will be at \$9.50, says Ash. That was the high reached on May 9. Watch this level, as Ash says strength should see Westfield break through but be ready to bail if the stock drops through \$9.05.

This column is not investment advice. Would-be investors should seek professional counsel and do some homework. rodmyr@gmail.com

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