

# Auctions steady but ASX tipped for fall

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MELBOURNE'S auction market passed its first big test of the year yesterday just as the US economy hit more trouble.

As the Standard & Poor's 500 index fell for the third week in a row after a major cash crisis at one of America's biggest securities firms, Melbourne's clearance rate held steady at 67%, the same as last weekend.

The result came despite a record-breaking increase in stock — a massive 1221 homes were auctioned, more than double the number at the same time last year.

"It's a clear indication that the market is holding steady, albeit at a level lower than we're used to," Real Estate Institute of Victoria chief executive Enzo Raimondo said.

Among yesterday's winners were Daniel Coyle and Camille Abbott-Coyle, who saw the value of their two-bedroom Yarraville house grow nearly 25% in just over 2½ years.

Their home at 17A Avoca Street passed in for \$510,000 after attracting only one bid but sold later for \$516,000. "It's a pretty strong result for such a short time," said Biggin & Scott auctioneer Renzo Tomasino, who had quoted the Edwardian replica at \$490,000-\$530,000.

But the result surprised buyer's advocate Peter Rogozik, who built and sold the 122-square-metre property in August 2005 for \$415,000. He had expected it would go in the mid-to-high \$500,000 range.

"In September or October (it) would have sold under the hammer, and likely for much more. It's a reflection of how far things have cooled this year thanks to the repeated interest rate hikes," he said.

As Melbourne's auction market held the line, Wall Street was reeling after a cash crisis at Bear Stearns saw the investment firm get an emergency injection of funds, sparking concerns that more firms may lack cash.

President Bush said the US economy was having "a tough time". "You know it's important not to over-correct. If you over-correct, you end up in a ditch."

Mr Bush spoke soon after the US Federal Reserve stepped in to help Bear Stearns stave off collapse, securing financing through JPMorgan Chase for up to 28 days.

Democrat Senator Chuck Schumer slammed Mr Bush for not intervening more aggressively. "When the President said that everything is fine, when the President says he will not do simple things like deal with the foreclosure crisis, he's not going to make the economy much better. The bottom line: it seems as if the President is on a different economic planet than most Americans."

Australian stocks, especially bank shares, are likely to be hit by the new US crisis. The ASX is expected to fall up to 40 points when the market opens tomorrow.