

**July 2009**

### Australian economy

At their June meeting, the Reserve Bank of Australia (RBA) again left rates on hold after observations that the financial markets were stabilising.

On the data front, May economic data which was released in June was mixed. The unemployment rate reached 5.7%, up 0.2% from April. Total dwelling unit approvals fell 12.5%, having risen for the past four months. Retail Sales figures, on the other hand, rose 1% in May with most industries recording increases.

### Global economy

Economic data from the US, like Australia, was also mixed. Retail sales rose 0.5% while unemployment increased to 9.5%. The US, Japan and China are showing some positive signs, however Europe remains in a very deep recession, with few signs that the economy is on a path to a meaningful and sustainable recovery.

### Equity markets

Equity markets gave back some of their gains in June, after rallying from the March low. Investors in markets are a long way down on a year ago. The Dow Jones Industrials Index declined by 25.6% for the 12 months ending 30 June while the All Ordinaries Price Index declined by 26%. The good news, however, is that returns have bounced back in the June quarter; one of the better quarters recorded for stock markets over recent years with returns ranging from 8.2% (FTSE 100) to 35.4% (Hang Seng).

### Australian dollar (AUD)

The Australian Dollar (AUD) appreciated during June, rising against the US dollar and finishing the month at US 80.6c. After hitting an eight-month high of 82.6c during the month, it appears that all the good news from investors pricing a global economic recovery is reflected in the AUD/USD exchange rate.

### June market performance

Equity Markets – Price Indices		At Close 30/6/09	% Change 1 Month	% Change 12 Months
Australia	All Ordinaries	3947.79	3.5%	-26.0%
Japan	Nikkei	9958.44	4.6%	-26.1%
Hong Kong	Hang Seng	18378.73	1.1%	-16.8%
UK	FTSE 100	4249.21	-3.8%	-24.5%
Germany	DAX	4808.64	-2.7%	-25.1%
US	Dow Jones	8447.00	-0.6%	-25.6%
EMU*	Euro 100	1821.18	-1.4%	-27.8%
World**	MSCI – Ex Aus	698.36	-0.4%	-28.4%

Property – Price Index		At Close 30/6/09	% Change 1 Month	% Change 12 Months
Listed Trusts	ASX A-REITS	749.03	2.7%	-46.9%

Interest Rates		At Close 30/6/09	% Change 1 Month	% Change 12 Months
Aust 90 day Bank Bills		3.19%	0.0%	-4.6%
Australian 10 year Bonds		5.63%	0.2%	-0.8%
US 90 day T Bill		0.19%	0.1%	-1.5%
US 10 year Bonds		3.54%	0.1%	-0.4%

Currency		At Close 30/6/09	% Change 1 Month	% Change 12 Months
US dollar	A\$/US\$	0.8064	0.6%	-15.9%
British pound	A\$/STG	0.4899	-1.0%	1.8%
Euro	A\$/euro	0.5745	1.4%	-5.6%
Japanese yen	A\$/yen	77.69	1.8%	-23.7%
Trade-weighted Index		64.70	2.2%	-11.9%

\* Top 100 European stocks trading on the FTSE

\*\* Source : www.msci.com

Source : Iress Market Technology

Past performance is not a reliable indicator of future performance.