

Economic News

Economic indicators released in April were mixed. Australia's jobless and participation rates stayed steady in March at 5.2% and 65.3% respectively. Unemployment has increased 0.2pts from the same time last year. The ANZ Job Advertisements Series rose 1.0% in March following February's 3.3% rise.

Retail sales rose sharply in March, gaining 0.9% for the month (seasonally adjusted), which is the largest rise since April 2011. Cafes, restaurants and takeaway food services were higher, along with clothing, footwear and personal accessory retailing. However, household goods retailing fell for the month.

Business confidence rose in March, according to the National Australia Bank monthly survey. Confidence increased by two points to a reading of plus three points. This level, however, is still below the long term average of plus six points. According to NAB's business condition survey, mining, transport and utilities were the strongest sectors while conditions in retail and construction were weakest.

For a second consecutive month, Australian home loan approvals fell, according to the Australian Bureau of Statistics. February's 2.5% fall is the biggest drop since March 2011. The figure was primarily driven by a 9.4% slump in NSW. Investor loan approvals were up 6.6% on this time last year with lending for new construction up 88%.

On 1 May, the Reserve Bank of Australia (RBA) Board decided to lower the official cash rate by 50 basis points to 3.75%. The main catalyst for the rate cut was subdued inflation figures with underlying inflation only slightly over 2% in the year to March 2012. The Board also noted that growth in China has moderated and the high AUD has dampened domestic output. The RBA selected a 50 basis point reduction with the aim to

create borrowing rates and financial conditions in line with those prevailing in December.

Economic indicators released in the US in March were generally weaker. Inflation was 0.3% in March, which was below February's 0.4% rise, and brings year to date inflation down to 2.7%. The gasoline index rose 1.7% in March after rocketing 6.0% in February. Over the previous twelve months, the gasoline index and the fuel oil index have risen 9.0% and 5.3% respectively while the natural gas index has declined 9.1%. The food index rose 0.2% after being unchanged in February.

The US Commerce Department reported that retail sales rose 0.8% in March, to be 6.5% above March 2011. Retail trade rose 6.5%, building materials and garden equipment was up 14.1% and nonstore retailers were up 9.3% from last year.

The US participation rate in March was the second lowest in almost three decades. Therefore, despite weak job creation, the US unemployment rate fell from 8.3% to 8.2% in March.

US Consumer confidence declined marginally from 69.5 in March, to 69.2 in April, according to research group The Conference Board. While the board noted consumers are in generally "cautiously optimistic", the slight decline in confidence was attributed to a more pessimistic short term outlook. The Thomson-Reuters/University of Michigan preliminary index of sentiment fell in April from 76.2 to 75.7. The index was expected to remain unchanged at its one year high.

The Australian dollar (AUD) appreciated against the US dollar in April, rising 0.49% to end the month at US\$1.0453. The AUD also ended a two month run of losses against the Euro, gaining 1.30%. The AUD was weaker against the Japanese Yen and the British Pound Sterling, falling 1.84% and 1.34% respectively.

Market moves — as at 30 April 2012

Returns (%) p.a.	1 mth	3 mth	6 mth	1 yr	3 yr	5 yr	10 yr
Australian Equities							
S&P/ASX 200 Accumulation Index	1.43	4.63	4.69	-4.44	9.78	-2.32	7.28
S&P/ASX Small Ordinaries Accumulation Index	-0.92	5.73	4.98	-6.98	12.70	-4.97	7.76
Global Equities							
MSCI World Acc Index with Gross Div (A\$)	-1.55	7.41	9.93	0.84	3.49	-5.54	-1.24
S&P 500 Composite Accumulation Index (A\$)	-1.11	9.31	14.93	10.12	6.36	-3.41	-2.00
FTSE100 Accumulation Index (A\$)	0.85	7.42	8.16	0.34	5.17	-6.99	-0.92
MSCI Emerging Markets Free W/Gross Div (A\$)	-1.66	3.40	6.01	-7.85	5.65	-0.77	6.94
REITS (Listed Property Securities)							
S&P/ASX 300 A-REIT Accumulation Index	5.42	7.16	12.98	6.85	14.48	-13.28	1.70
UBS Global Investors TR Hedged (A\$)*	2.81	8.47	14.04	6.97	27.67	-3.42	n/a
Fixed Interest							
UBS Warburg Composite Bond Index	1.59	2.25	4.98	11.22	7.05	7.46	6.58
UBS Warburg Bank Bill Index	0.38	1.11	2.31	4.87	4.47	5.35	5.45
BarCap Global Aggregate Index Hedged \$A	0.96	1.85	4.96	11.60	9.96	9.02	8.27

Data source: IRESS, Perpetual Funds Management, Morningstar. Returns greater than one year are annualised

* Please note that the Global Property Index has changed from UBS Global Real Estate Investors Index (A\$) to UBS Global Investors TR Hdg (A\$)

S&P/ASX 200 Stock Performance for the Month of April 2012

Best Performers		Worst Performers	
Energy Resources	(+24.81%)	Energy World Corporation	(-26.11%)
Intrepid Mines	(+17.01%)	Seven West Media Ltd	(-24.30%)
Medusa Mining Ltd	(+14.29%)	Macmahon Holdings	(-18.60%)
Charter Hall Group	(+13.51%)	Imdex Ltd	(-17.11%)
Ardent Leisure Group	(+12.61%)	Bathurst Resources	(-14.09%)

Data source: IRESS: S&P/ASX200 top performers

S&P/ASX 200 Stock Performance for the Year to April 2012

Best Performers		Worst Performers	
Senex Energy Ltd	(+181.65%)	Mirabela Nickel Ltd	(-75.13%)
Sigma Pharmaceutical	(+83.90%)	BlueScope Steel Ltd	(-73.04%)
Regis Resources	(+75.83%)	Dart Energy Ltd	(-62.50%)
Telecom Corporation	(+64.55%)	Billabong	(-60.89%)
Aurora Oil & Gas.	(+56.60%)	Linc Energy Ltd	(-58.82%)

Data source: IRESS: S&P/ASX200 top performers

Australian Equities

The Australian share market continued its positive run in April, with the S&P/ASX 200 Accumulation Index gaining 1.43%. The S&P/ASX Small Ordinaries Accumulation Index underperformed the large cap market, posting a loss of 0.92% for the month. However, over three and six month time frames, the small cap market has outperformed the large cap market, returning 5.73% and 4.98% respectively.

Global Equities

Global equities posted a loss in Australian dollar terms for the month, with the MSCI World Accumulation Index falling 1.55%. The S&P 500 Composite Accumulation Index (A\$) posted a loss of 1.11% while the FTSE100 Accumulation Index (A\$) gained 0.85%. Emerging Markets failed to maintain their positive run, with the MSCI Emerging Markets Free W/Gross Div (A\$) falling 1.66% for the month.

Results for Asian markets were mixed in April. In Japan, the Nikkei recorded its worst April performance in seven years falling 5.6%, while the Shanghai Composite and Hong Kong Hang Seng rose 5.9% and 2.6% respectively.

European markets were weaker in April. The German DAX and the FTSE ended the month in negative territory, falling 2.7% and 0.5% respectively. The French CAC40 fell sharply, losing 6.2%.

REITs (Listed Property Securities)

The S&P/ASX 300 A-REIT Accumulation Index gained 5.42%, outperforming the broader domestic equity market for the month. The Index has also outperformed the broader equity market over the year to April 2012, return 6.85%.

The UBS Global Real Estate Investors Index (Total Returns) Hedged (A\$) rose 2.81% in April, on the back of strong performance in March. For the 12 months to April, the Index has gained 6.97%.

Fixed Interest

The Australian bond market posted a gain in April with the UBS Warburg Composite Bond Index rising 1.59% and the UBS Warburg Bank Bill Index rising 0.38% for the month. Over the 12 months to April, these indices returned 11.22% and 4.87% respectively.

The BarCap Global Aggregate Index Hedged \$A rose 0.96% and has returned 11.60% for the year to April 2012.

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