

Economic News

Economic indicators released in November were stronger. According to the Australian Bureau of Statistics (ABS), the unemployment rate increased to 5.8% in October, a marginal rise from the previous month, and the highest level since October 2003.

Retail Sales figures rose 0.3% in October, seasonally adjusted. Industries that recorded an increase included cafes, restaurants and takeaway food services (+1.1%) and food retailing (+0.2%). Clothing, footwear and personal accessory retailing fell 0.1% and household goods retailing was unchanged.

October Building Approvals figures, seasonally adjusted, showed total dwelling unit approvals fell 0.6%, following a rise last month. Private sector housing approvals rose 5.0% for the month, the tenth consecutive monthly rise. Housing credit rose by 0.7% in October and increased by 8.0% over the year, seasonally adjusted.

On 1 December the Reserve Bank of Australia (RBA) Board announced that it would raise the official cash rate by 0.25% to 3.75%. The RBA statement observed that the world economy had resumed growth, and with economic policies remaining expansionary, growth should continue into 2010. The report also indicated that global financial markets continued to improve and should experience good growth into 2010. According to the RBA, whilst spending from policy initiatives has faded, public infrastructure spending and private investment appears to have strengthened. Furthermore inflation has

declined and should continue to moderate in the near term and both headline CPI and underlying inflation are expected to be close to their targets in 2010. The RBA Board believes that the basis for such low rates has passed and it is prudent to gradually lessen the stimulus provided by monetary policy.

Economic indicators in the US were mixed. According to the US Commerce Department; US retail sales rose 0.7% during October. Durable goods orders fell 0.6% in October, whilst an increase in car sales (14%) and a 1.4% increase in retailing, contributed to the rise.

The US unemployment rate fell to 10.0% in November, and the US economy lost 11,000 jobs. The largest job losses were in construction and manufacturing, whilst education and professional and business services sectors added positions.

US headline inflation was higher for October, rising 0.3%, driven by increases in prices in energy (1.5%), food (0.1%), used cars and trucks and for new vehicles (1.7%), airline fares (1.7%) and medical care (0.4%). Prices for shelter were unchanged and apparel and recreation declined. Over 12 months, headline prices have fallen 0.2%. Core inflation (less food and energy) was 0.2% in September, and 1.7% over the last 12 months.

The Australian Dollar (AUD) appreciated slightly during October, rising 0.19% against the US dollar and finishing the month at US\$0.9178. The AUD was down 5.09% against the Japanese Yen, and down 1.25% against the Euro, but 0.11% higher against the British Pound.

Market moves — as at 30 November 2009

Returns (%) p.a.	1 mth	3 mth	6 mth	1 yr	3 yr	5 yr	10 yr
Australian Equities							
S&P/ASX 300 Accumulation Index	1.80	5.94	26.07	32.52	-0.79	8.18	9.07
S&P/ASX Small Ordinaries Accumulation Index	1.77	5.64	26.24	57.22	-4.86	5.78	6.13
Global Equities							
MSCI World Acc Index with Gross Div (A\$)	2.40	-2.37	4.34	-6.01	-9.70	-0.46	-2.78
S&P 500 Composite Accumulation Index (A\$)	4.23	-0.99	4.97	-11.14	-10.44	-2.64	-4.17
FTSE100 Accumulation Index (A\$)	1.67	-1.17	6.58	-3.90	-11.42	-0.66	-2.38
MSCI Emerging Markets Free W/Gross Div (A\$) #							
REITS (Listed Property Securities)							
S&P/ASX 300 A-REIT Accumulation Index	0.96	1.11	26.06	-5.07	-22.53	-7.18	3.92
UBS Global Real Estate Investors Index (A\$)	2.73	4.86	28.94	32.77	-15.67	-0.32	9.85
Fixed Interest							
UBS Warburg Composite Bond Index	1.50	2.16	2.58	3.40	6.59	5.79	6.44
UBS Warburg Bank Bill Index	0.30	0.84	1.64	3.58	5.99	5.93	5.64
BarCap Global Aggregate Index Hedged \$A	1.28	2.81	6.92	11.46	8.03	7.31	8.03

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

Index unavailable at time of publishing

S&P/ASX 200 Stock Performance for the Month of November 2009

Best Performers		Worst Performers	
Aquila Resources	(+52.23%)	Elders Ltd	(-18.92%)
AXA Asia Pacific Holdings Ltd	(+36.79%)	ING Industrial Fund	(-17.48%)
Avoca Resources Ltd	(+33.33%)	Platinum Asset Management Limited	(-15.17%)
Kingsgate Consolidated Ltd	(+28.16%)	Energy World Corporation Ltd	(-14.29%)
Medusa Mining Limited	(+27.27%)	Ausenco	(-13.27%)

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

Australian Equities

The Australian share market rose in November, after a fall in October, with the S&P/ASX 300 Accumulation Index rising 1.80%. The S&P/ASX Small Ordinaries Accumulation Index slightly underperformed the large cap market, rising 1.77%. Small caps have continued to outperform the large cap market over the 12 months to November 2009, registering 57.22% compared to 32.52% for the large cap sector.

Global Equities

Global equities had stronger results in November. The MSCI World Accumulation Index was 2.40% higher in AUD terms. This was also reflected in the S&P 500 Composite Accumulation Index (A\$) and the FTSE100 Accumulation Index (A\$), which rose 4.23% and 1.67%, respectively for the month.

Regional markets were mixed during November. In Japan, the Nikkei ended the month 4.61% lower, while Hong Kong's Hang Seng Index rose 0.32% in local currency terms.

REITS (Listed Property Securities)

The S&P/ASX 300 A-REIT Accumulation Index rose 0.96% over the month, underperforming the broader equity market. Investor sentiment towards the sector is fragile with the index remains volatile. Overall, the S&P/ASX 300 A-REIT Accumulation Index has fallen 5.07% over the 12 months to November 2009.

The UBS Global Real Estate Investors Index was stronger in November, rising 2.73% in AUD terms. Over the 12 months to November 2009, the UBS Global Real Estate Investors Index was up 32.77% in AUD terms.

Fixed Interest

The Australian bond market was stronger during the month of November, after the strong economic data that was released during the month, and the rise in the official cash rate and accompanying positive statement from the RBA on the Australian economy. The UBS Warburg Composite Bond Index rose 1.50% for November while the UBS Warburg Bank Bill Index rose 0.30% in November. Over 12 months, the bond and cash markets returned 3.40% and 3.58% respectively.

The BarCap Global Aggregate Index Hedged \$A rose 1.28% in November and has returned 11.46% for the year to the end of November 2009.

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