

Economic News

Economic indicators released in March were mixed. According to the Australian Bureau of Statistics (ABS), the unemployment rate increased 0.1% to 5.3% in February. Part-time employment decreased 11,000, whilst full time employment increased by 11,400 positions. This was the sixth straight month of growth in full-time jobs.

February Building Approval figures, seasonally adjusted, showed total dwelling unit approvals fell 3.3%, this follows falls in the last two months. Private sector housing approvals also fell 0.9% for the month, following rises in the previous two months.

Retail Sales figures fell 1.4% in February, seasonally adjusted, following gains in January. Industries that recorded an increase included department stores (+0.2%) and cafes, restaurants and takeaway food services (+0.4%), whilst food retailing (-0.1%) and clothing, footwear and personal accessory retailing (-0.1%) both decreased in February 2010.

On 6 April the RBA Board decided to raise the cash rate by 25 basis points to 4.25%. The RBA statement observed that the world economy had resumed growth and world GDP is expected to rise close to trend for 2010-11. In Australia, economic conditions in 2009 were stronger than expected, after an earlier mild downturn. The rate of unemployment appears to have peaked at a much lower level than earlier expected. The RBA Board believes growth is likely to be close to trend and inflation

close to target over the coming year, therefore it is appropriate for interest rates to be increased to be closer to average.

Economic indicators in the US were mixed. The US unemployment rate is steady 9.7% for the third month in a row, and US Labor Department says 162,000 jobs were created during March the highest monthly number for almost three years. However, there are still 15 million Americans out of work, which is almost double the number in December 2007.

The Commerce Department reported that February retail sales rose 0.3%. Excluding cars, retail sales rose 0.8%. Sales were strong in building materials and garden equipment (+0.5%), sporting goods and hobby shops (+1.2%) and furniture, and electronics and appliance stores (+3.7%).

US Consumer Price Index was flat in February and 2.1% for the last 12 months. Core CPI, excluding volatile energy and food costs, was also up 0.1% for February, and 2.1% for the last 12 months. Natural gas, food and medical care rose in February, whilst prices for gasoline, clothing, and electricity declined.

The Australian Dollar (AUD) appreciated by 2.92% against the US dollar in March and finished the month at US\$0.9159. The AUD performed strongly against the other major currencies, gaining 7.72% against the Japanese Yen, 4.22% against the UK Pound Sterling, and 4.21% against the Euro.

Market moves — as at 31 March 2010

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	5.74	1.25	4.66	41.94	-2.58	8.00	8.86
S&P/ASX Small Ordinaries Accumulation Index	6.84	-1.57	3.23	58.06	-7.48	5.84	6.61
Global Equities							
MSCI World Acc Index with Gross Div (A\$)	3.66	1.27	3.53	15.99	-8.82	-0.03	-3.62
S&P 500 Composite Accumulation Index (A\$)	3.45	3.26	7.45	13.37	-8.16	-1.51	-4.68
FTSE100 Accumulation Index (A\$)	3.52	-2.45	2.61	20.50	-11.66	-1.15	-2.65
MSCI Emerging Markets Free W/Gross Div (A\$)	5.45	0.39	6.96	37.43	1.06	12.10	5.65
REITS (Listed Property Securities)							
S&P/ASX 300 A-REIT Accumulation Index	-0.03	-1.64	-6.54	42.00	-23.27	-7.20	3.57
UBS Global Real Estate Investors Index (A\$)	7.04	6.11	10.93	80.08	-14.27	1.71	10.59
Fixed Interest							
UBS Warburg Composite Bond Index	-0.58	1.26	2.30	2.73	6.51	5.99	6.28
UBS Warburg Bank Bill Index	0.33	1.02	1.92	3.54	5.73	5.84	5.59
BarCap Global Aggregate Index Hedged \$A	0.56	2.70	3.85	10.24	8.41	7.28	8.06

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

S&P/ASX 200 Stock Performance for the Month of March 2010

Best Performers		Worst Performers	
Energy World Corporation Ltd	(+78.85%)	Sigma Pharmaceuticals Limited	(-48.33%)
Arrow Energy	(+51.51%)	Alesco Corp	(-31.35%)
Eastern Star Gas Limited	(+39.10%)	Gunns Ltd	(-15.79%)
Macarthur Coal Ltd	(+37.75%)	Nufarm Limited	(-15.42%)
Mincor Resources	(+34.00%)	Spark Infrastructure Trust	(-15.14%)

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

Australian Equities

The Australian share market rose in March, with the S&P/ASX 300 Accumulation Index rising 5.74% with Energy (+8.9%) the best performing sector. The S&P/ASX Small Ordinaries Accumulation Index outperformed the large cap market, rising 6.84%. Small caps have also continued to outperform the large cap market over the 12 months to March 2010, registering 58.06% compared to 41.94% for the large cap sector.

Global Equities

Global equities posted gains in March. The MSCI World Accumulation Index rose 3.66% in AUD terms. The S&P 500 Composite Accumulation Index (A\$) and the FTSE100 Accumulation Index (A\$) also rose, gaining 3.45% and 3.52% respectively.

Emerging markets were stronger during March, with the MSCI Emerging Markets Free W/Gross Div (A\$) rising 5.45%. The Index has risen 37.43% over the past 12 months, underperforming the local equity market.

Regional markets were also stronger during March. In Japan, the Nikkei ended the month 9.52% stronger, while in Hong Kong the Hang Seng rose 3.06%. The FTSE gained 6.07%, and in Europe both the German DAX and French CAC40 indices rose by 9.92% and 7.15% respectively.

REITS (Listed Property Securities)

The S&P/ASX 300 A-REIT Accumulation was weaker for the month, falling 0.03% and underperforming the broader equity market. Allocation out of the A-REIT sector, profit taking, modest results during reporting season from a number of the REITs and higher bond yields contributed to the weaker performance.

Overall, the S&P/ASX 300 A-REIT Accumulation Index has risen 42.00% in the 12 months to February, slightly outperforming the broader market.

The UBS Global Real Estate Investors Index rose in March, gaining 7.04% in AUD terms. Over the 12 months to March 2010, the UBS Global Real Estate Investors Index was up 80.08% in AUD terms.

Fixed Interest

The Australian bond market was marginally weaker in March, driven by economic news release, including the low unemployment rate and a weaker US bond market. The UBS Warburg Composite Bond Index fell 0.58% in March while the UBS Warburg Bank Bill Index rose 0.33%. Over 12 months to March 2010, the bond and cash markets returned 2.73% and 5.73% respectively.

The BarCap Global Aggregate Index Hedged \$A rose 0.56% in March and has returned 10.24% for the year to the end of March 2010.

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