

### Economic News

Economic indicators released in March were mixed. According to the Australian Bureau of Statistics (ABS), the unemployment rate remained unchanged at 5.3% in March. Part-time employment decreased by 10,600, whilst full time employment increased by 30,100 positions. This was the seventh straight month of growth in full-time jobs.

Inflation was higher in the March quarter. The ABS reported a rise in the Consumer Price Index (CPI) of 0.9% and 2.9% for the year. Contributing to the quarterly rise were automotive fuel (4.2%), pharmaceuticals (13.3%), vegetables (10.3%) and electricity (5.9%), whilst fruit (-5.7%), Computer equipment (-5.9%) fell.

March Building Approval figures, seasonally adjusted, showed total dwelling unit approvals rose 15.3% following falls in the previous two months. Private sector housing approvals also rose 0.5% for the month, following a fall last month.

On 5 May the RBA Board decided to raise the cash rate by 25 basis points to 4.50%. The RBA statement observed that the world economy had resumed growth resulting in the forecast for world GDP growth rate being revised up. The RBA expects growth to be at trend pace or higher. In Australia, the terms of trade are rising and may exceed the 2008 peak. Business credit is stable and lending appears to be improving. Inflation appears to be increasing and may be in the upper half of the target zone this year. The RBA Board believes that rates

for most borrowers will now be at about average levels; a clear adjustment from the expansionary settings.

Economic indicators in the US were also mixed. The US Labor Department reported that the unemployment rate rose to 9.9% for the month, despite strong jobs growth of 290,000 workers, the biggest employment increase in four years. Manufacturers added the most workers to payrolls since August 1998, and construction companies hired for a second straight month.

The Commerce Department reported that March retail sales rose 1.6%, the largest increase since November 2009. Motor vehicles and parts rose sharply by 6.7%, after falling in February. Excluding cars, retail sales rose 0.6%, with combination of an early Easter holiday and warm weather boosted receipts at clothing stores contributing to the rise.

The US Consumer Price Index rose 0.1% in March and 2.3% for the last 12 months. Core CPI, excluding volatile energy and food costs, was unchanged for March, and rose 1.1% for the last 12 months. Fresh fruit and vegetables gained 4.6% on the month and accounted for over 60% of the overall increase. Medical care also rose in March, whilst prices for gasoline and clothing declined.

The Australian Dollar (AUD) appreciated by 1.54% against the US dollar and finished the month at US\$0.9300. The AUD moderately strengthened against other major currencies, gaining 2.87% against the Euro and 2.27% against the Japanese Yen. However, the AUD depreciated 0.12% against the UK Pound Sterling.

#### Market moves — as at 30 April 2010

Returns (%) p.a.	1 mth	3 mth	6 mth	1 yr	3 yr	5 yr	10 yr
<b>Australian Equities</b>							
S&P/ASX 300 Accumulation Index	-1.35	6.45	5.44	32.47	-3.97	8.40	8.81
S&P/ASX Small Ordinaries Accumulation Index	0.02	6.35	4.49	39.26	-8.99	7.16	7.91
<b>Global Equities</b>							
MSCI World Acc Index with Gross Div (A\$)	-1.33	3.00	6.46	8.72	-9.64	0.32	-3.67
S&P 500 Composite Accumulation Index (A\$)	0.16	6.04	12.28	9.59	-8.52	-0.91	-4.75
FTSE100 Accumulation Index (A\$)	-2.51	-1.24	1.05	10.76	-12.81	-1.34	-2.79
MSCI Emerging Markets Free W/Gross Div (A\$)	-0.18	4.87	9.17	24.35	0.48	12.88	6.27
<b>REITS (Listed Property Securities)</b>							
S&P/ASX 300 A-REIT Accumulation Index	3.91	5.34	6.69	38.87	-23.14	-6.52	3.76
UBS Global Real Estate Investors Index (A\$)	3.94	14.84	19.57	55.57	-13.08	1.79	10.46
<b>Fixed Interest</b>							
UBS Warburg Composite Bond Index	0.55	0.46	2.94	3.29	6.46	5.78	6.30
UBS Warburg Bank Bill Index	0.35	1.02	2.01	3.63	5.66	5.81	5.58
BarCap Global Aggregate Index Hedged \$A	0.88	2.23	4.28	10.51	8.58	7.16	8.15

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

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

Best Performers		Worst Performers	
Eldorado Gold Corp	(+27.00%)	Biota Hldgs Ltd	(-40.53%)
Lihir Gold Ltd	(+25.74%)	Infigen Energy	(-23.44%)
Medusa Mining Limited	(+24.54%)	Energy Resources of Australia	(-16.51%)
FKP Property Group	(+19.58%)	Virgin Blue Hldgs Ltd	(-15.60%)
Roc Oil Co Ltd	(+15.79%)	Murchison Metals Ltd	(-14.18%)

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

### Australian Equities

The Australian share market was weaker in April, with the S&P/ASX 300 Accumulation Index falling 1.35%. The S&P/ASX Small Ordinaries Accumulation Index outperformed the large cap market, rising 0.02%. Small caps have also continued to outperform the large cap market over the 12 months to April 2010, registering 39.26% compared to 32.47% for the large cap sector.

### Global Equities

Global equities posted mixed results in April. The MSCI World Accumulation Index fell 1.33% in AUD terms. The S&P 500 Composite Accumulation Index (A\$) rose slightly higher by 0.16%, but the FTSE100 Accumulation Index (A\$) also fell, losing 2.51%.

Emerging markets were moderately weaker during April, with the MSCI Emerging Markets Free W/Gross Div (A\$) falling 0.18%. The Index has risen 24.35% over the past 12 months, underperforming the local equity market.

Regional markets were uniformly weaker during April. In Japan, the Nikkei ended the month 0.29% weaker, while in Hong Kong the Hang Seng fell 0.62%. The FTSE lost 2.22%, and in Europe both the German DAX and French CAC40 indices fell by 0.29% and 3.95% respectively. Concerns about sovereign debt in Europe contributed to rising uncertainty in global markets.

### REITS (Listed Property Securities)

The S&P/ASX 300 A-REIT Accumulation was stronger for the month, rising 3.91% and outperforming the broader equity market. Strong US REITS performance, and asset values and tenant demand stabilising contributed to the result.

Overall, the S&P/ASX 300 A-REIT Accumulation Index has risen 38.87% in the 12 months to April, slightly outperforming the broader marker.

The UBS Global Real Estate Investors Index also rose in April, gaining 3.94% in AUD terms. Over the 12 months to April 2010, the UBS Global Real Estate Investors Index was up 55.57% in AUD terms.

### Fixed Interest

The Australian bond market was marginally stronger in April, with the contrast between domestic strength and offshore weakness contributing to the Australian bond markets trading sideways. The UBS Warburg Composite Bond Index rose 0.55% in April while the UBS Warburg Bank Bill Index rose 0.35%. Over 12 months to April 2010, the bond and cash markets returned 3.29% and 3.63% respectively.

The BarCap Global Aggregate Index Hedged \$A rose 0.88% in April and has returned 10.51% for the year to the end of April 2010.

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