

Economic News

Economic indicators released in March were poor. The Australian Bureau of Statistics (ABS) announced that unemployment had risen to 5.20% (seasonally adjusted) for February and full-time employment decreased by 53,800, seasonally adjusted; the largest monthly fall in full time positions since 1991. The ANZ job ads survey stated that the average number of job advertisements in March fell by 8.50%, contributing to a 44.60% annual decline.

The February Retail Sales figures decreased 2.00% seasonally adjusted, which was the first contraction in five months. All industries decreased; with department stores (-9.80%) and household goods retailing (-3.80%) leading the retreat.

The February Building Approvals figures, seasonally adjusted, showed total dwelling unit approvals rose by 7.80%, the first rise in since June 2008. Private sector housing approvals also improved, rising 0.10% for the month, seasonally adjusted.

On 7 April the Reserve Bank of Australia (RBA) Board announced that the official cash rate would be cut by 25 basis points to 3.00%. The RBA statement observed that the world economy continues to contract and near term outlook remains bleak. However, most developed economies, including Australia, have adopted strong economic stimulus policies, in an attempt to stabilise their economies. Global financial markets have improved marginally though remain fragile. The

Australian economy is contracting less when compared to its trading partners. Major changes in both monetary and fiscal policy have assisted; nonetheless the Board believed scope remained to lower the cash rate.

Economic indicators in the US remain poor. The US Labour Department reported that the unemployment rate had risen sharply in March to 8.50%, the highest level in 25 years. US employers shed 663,000 jobs in March. This brings total job losses since December 2007 to 5.1 million. The Manufacturing, Professional and Business, and Construction sectors had the largest falls in payroll.

US Retail sales decreased 0.10% during February according to the US Commerce Department. Fears over job losses, falling house prices and large household debt is thought to have contributed. The Commerce Department also reported that personal savings as a percentage of disposable personal income had risen to 5.00%; the highest observed level in 14 years.

US headline inflation rose 0.40% in February and 0.20% for the last 12 months, seasonally adjusted. Energy and gas prices contributed to the rise, whilst food, and used car prices fell. Core inflation (less food and energy) was higher, up 0.20% for February and up 1.80% for the year.

The Australian Dollar (AUD) appreciated during the month, rising 6.49% against the US dollar and finishing the month at US\$0.6873. The AUD was also up against the Japanese Yen (7.13%), the Euro (2.39%), and the British Pound (6.49%).

Market moves — as at 31 March 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	8.07	-1.85	-19.99	-29.80	-7.37	5.36	6.53
S&P/ASX Small Ordinaries Accumulation Index	10.21	-1.96	-30.60	-45.77	-13.82	1.15	2.86
Global Equities							
MSCI World Acc Index with Gross Div (A\$)	-1.07	-11.48	-21.53	-24.05	-12.53	-1.15	-2.69
S&P 500 Composite Accumulation Index (A\$)	0.00	-10.71	-21.14	-18.66	-12.30	-2.95	-3.92
FTSE100 Accumulation Index (A\$)	-4.77	-10.25	-25.20	-31.94	-14.54	-1.71	-3.61
REITS (Listed Property Securities)							
S&P/ASX 300 A-REIT Accumulation Index	0.40	-24.11	-49.33	-58.05	-25.76	-10.27	0.29
UBS Global Real Estate Investors Index (A\$)	3.17	-23.80	-49.55	-54.84	-23.84	-6.93	4.72
Fixed Interest							
UBS Warburg Composite Bond Index	0.12	0.28	6.63	12.77	6.84	6.41	6.19
UBS Warburg Bank Bill Index	0.26	0.96	2.67	6.69	6.63	6.25	5.76
BarCap Global Aggregate Index Hedged \$A	1.05	0.63	5.48	6.99	7.13	6.61	7.19

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

March 2009

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

Best Performers		Worst Performers	
Macquarie Communications Infra	(+175.90%)	Hastings Diversified Utilities Fund	(-52.69%)
FKP Property Group	(+173.97%)	PaperlinX Ltd	(-19.57%)
Alesco Corp	(+105.13%)	Austar United Communications	(-15.95%)
Asciano Group	(+104.49%)	OZ Minerals Limited	(-11.90%)
Macquarie Countrywide Trust	(+100.00%)	ResMed Inc	(-11.81%)

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

Australian Equities

March saw a rebound in the Australian sharemarket, with the S&P/ASX 300 Accumulation Index rising 8.07%. The S&P/ASX Small Ordinaries Accumulation Index outperformed the large cap market, rising 10.21% for the month. However, Small Caps continue to underperform the large cap market over the longer term, plunging 45.77%, compared to 29.80% for the large cap index over the last 12 months.

Global Equities

Global equities were uniformly weaker in March, with the Australian dollar stronger for the month. The MSCI World Accumulation Index was 1.07% lower in AUD terms. This was also reflected in the FTSE100 Accumulation Index (A\$) which fell 4.77% for the month in AUD terms. The S&P 500 Composite Accumulation Index (\$A) was unchanged for the month in AUD terms.

Regional markets were up during March. In Japan, the Nikkei ended the month 7.15% higher, while Hong Kong's Hang Seng Index rose 5.97% in local currency terms.

European markets were also stronger with the German DAX, UK FTSE100 and the French CAC rising 6.27%, 3.88% and 2.51% for the month in local currency terms.

REITS (Listed Property Securities)

The S&P/ASX 300 A-REIT Accumulation Index rose 0.40% over the month, underperforming the broader equity market. There has been a distinct change in market sentiment recently, with investors' risk appetite increasing significantly in the month of March. Overall, the S&P/ASX 300 A-REIT Accumulation Index has fallen 58.05% over the last 12 months.

The UBS Global Real Estate Investors Index was also stronger in March, rising 3.17% in AUD terms and outperforming the local index. Over 12 months the UBS Global Real Estate Investors Index was down 54.84% in AUD terms.

Fixed Interest

The Australian bond market was slightly stronger in March, after the RBA chose to leave official interest rates unchanged in its March meeting. The UBS Warburg Composite Bond Index rose 0.12% for February while the UBS Warburg Bank Bill Index returned 0.26% for the month. Over 12 months, the bond and cash markets returned 12.77% and 6.69% respectively.

The BarCap Global Aggregate Index Hedged \$A rose 1.05% in March and has returned 6.99% over the past 12 months.

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