

In any given financial quarter, there will be an overall trend for the Australian sharemarket. This trend, however, rarely tells the full story, as a quarter is made up of three months' worth of buying and selling activity (which means fluctuations, rises, falls and plateaus). At the end of the quarter, the sharemarket will have done one of three things – gone up, gone down or stayed the same.

Quarter 2 review.

The Aussie sharemarket fell 1.7% over the course of this quarter. After reporting a strong recovery from last quarter's downturn, inflation pressure over a sharp rise in oil prices and a re-tightening of the credit market saw the market fall once more. The big news around town included corporate activity – like Westpac's proposed merger with St George and QBE's proposed takeover of IAG – and the Reserve Bank leaving rates on hold (at a 12-year high).

Outlook – a heavy-hearted market.

A slowdown in consumer spending due to high interest rates, the restriction of credit in debt markets and flat share earnings expectations will continue to weigh on markets.

Confidence boosters.

Strong growth is still forecast for 2009. It'll be interesting to see how China (a key importer of Australian product) fares in its attempts to separate itself from the US economy's downturn.

Confidence bursters.

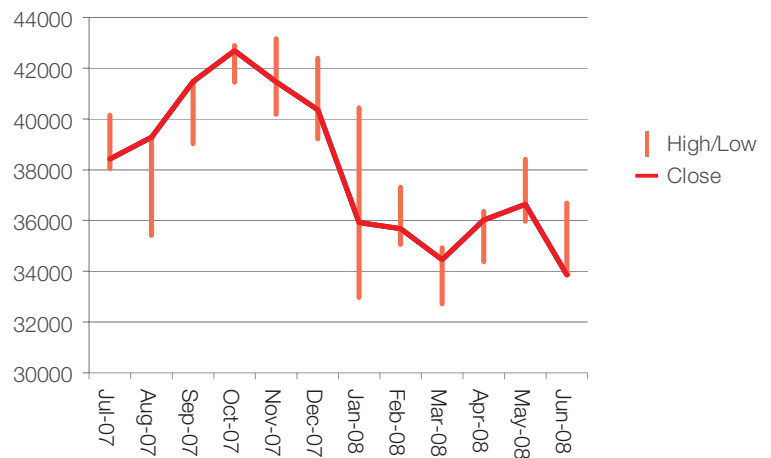
At the risk of sounding like a broken record, while the US economy is resilient, how its slowdown in consumer spend and confidence will play out and its impact on global and domestic growth remains uncertain.

How this relates to Virgin Super options.

The more Aussie shares you have in your asset split, the more relevant this information is.

- If you're under 40 and invest in Life Stage Tracker – Aggressive, please pay attention, because this investment option invests in Aussie shares.
- If you're in your 40s and invest in Life Stage Tracker – Aggressive or if you're under 40 and invest in Life Stage Tracker – Balanced, pay almost as much attention, because these investment options invest in Aussie shares.
- If you're selecting your own asset split, it depends on how much you chose to put into Australian shares. A low exposure won't affect your account balance much regardless of whether the market rises or falls. A high exposure will strongly impact the size of your account balance.

S&P/ASX 300 Accumulation Index



The legal bits.

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