

Australian Shares – Quarterly Report



JANUARY – MARCH 2009

Shares offer good potential to grow your money over longer time periods. But, share prices can also rise and fall a lot in short spaces of time – sometimes in one day. Just remember that what goes down usually goes back up and the sharemarket is famous for doing this. At the end of the day, history shows us that if you're investing for the long term, you'll usually recover any short term losses.

Quarter 1 review.

Despite a very strong market rally in March (+8%), the ASX 300 fell 1.8% over the March quarter which meant a sixth consecutive losing quarter. The markets were driven by poor economic news and weak corporate earnings. The RBA reduced rates to 3.25% and the Aussie dollar fell by 2% through the quarter.

Outlook.

The Australian economy has been cushioned by the Chinese stimulus package that has led to a ramp up in their manufacturing capacity and demand for raw materials. However, economic news has continued to deteriorate, even though the rate of decline has been moderate compared with much of the rest of the world.

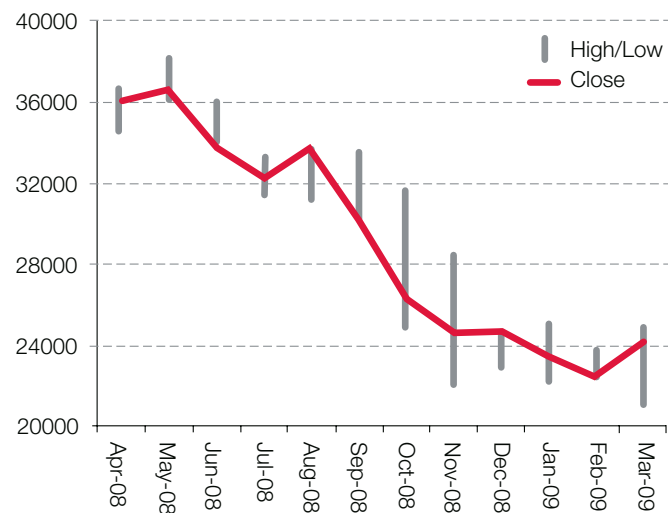
Confidence boosters.

Valuations remain attractive in the long term and the global fiscal stimulus packages are starting to take effect. The key indicator for a recovery is to see signs of further easing in the credit market and evidence that the global financial system is stabilising.

Confidence bursters.

While the consensus is that macro economic data in the short term is likely to remain poor, the question remains as to how much is priced into stocks.

S&P/ASX 300 Accumulation Index



The legal bits.

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