

APRIL – JUNE 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.

## Review of the quarter

The S&P/ASX 300 Accumulation Index posted a strong June quarterly return of 11.5%, finishing the half year up 9.4% but still ending the financial year down 20.3%.

The Australian economy managed to avoid a technical recession by posting GDP growth of 0.4% and in doing so joined an elite club with Norway and Korea.

The RBA cut rates in the quarter by 0.25% to 3.00% while the AUD posted strong gains and ended the quarter a touch over US80c.

The best performing sectors were Diversified Financials, Capital Goods and Commercial & Professional Services. The worst performing sectors were Insurance, Utilities and Pharmaceuticals and Biotech.

## Outlook

Whilst investor sentiment has continued to improve, many analysts believe a few questions remain. What if the expectations of the economic bounce are over done? What if the strong Australian unemployment and retail sales data we are seeing isn't sustained in the second half of 2009? Some analysts believe the true underlying financial health will be revealed when economic data and corporate earnings are released in the absence of direct stimulus.

The data releases to watch will be late 2009 and early 2010. In the interim, as we enter reporting season some analysts believe stock prices will be driven by outlook statements rather than earnings themselves.

S&P/ASX 300 Accumulation Index



## The legal bits.

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