



March

2009

"The most pressing task now is to make every effort to restore global economic growth and prevent a serious recession."

- President of China Hu Jintao
G20 Summit 2009

**2009:
A Fresh Market
Focus**

Holt Norman & Co.

Market Review – Mar 2009

Indices

All Ords	3,532.30
ASX 200	3,582.10
S&P 500	797.87
Dow Jones	7,609

Specific Stocks

ANZ	\$15.75
CBA	\$34.73
NAB	\$20.10
WBC	\$19.09
MQG	\$27.05
RIO	\$56.57
BHP	\$31.91

Currencies

AUD/USD	0.6951
AUD/EUR	0.5233
AUD/GBP	0.4841
AUD/YEN	67.82

Commodities

Comex Gold	\$920.50/oz
Oil (NYMEX Crude)	\$48.76

March saw the Aussie market rise over 7% in its first positive month for 2009. The All Ords closed the period up 235 points to 3,532.30 following a strong lead from the United States. The S&P 500 finished up 8.5% in its best month since October 2002.

The month started with the Reserve Bank of Australia (RBA) leaving interest rates unchanged following higher than expected January retail sales figures and a fall in the current account deficit. However, pressure was quickly placed on the RBA to continue cutting interest rates as the December quarter seasonally adjusted GDP achieved negative growth of 0.5%. Later in the month, there were renewed demands to see a further easing of interest rates, this time coming in the form of falling February retail sales; down 2% in the largest fall since the introduction of the GST in July 2000.

Financial stocks enjoyed a strong month with the Financials Index (XFJ) rising 11.17%. ANZ finished the month up over 18% to \$15.75. The bank persisted with its developments in Asia announcing that they will be seeking regulatory approval to establish a 100% owned locally incorporated bank subsidiary in China. ANZ plans to add over 20 outlets in China by 2012 following local incorporation.

Following ANZ's dividend cut last month, The National Australia Bank announced a 25% cut to their first half dividend. In an update to analysts NAB CEO, Cameron Clyde, announced that the bank would restructure its nabCapital business, retain its struggling UK based business, cut costs and focus heavily on their Australian operations. NAB stock finished the month up 12.42% at \$20.10.

The Commonwealth Bank was the strongest of the major banks gaining over 16%. March saw the CBA finalise an equity raising of \$865 million. The raising is expected to strengthen their Tier 1 capital ratio by 30 basis points. As at December 31st CBA's Tier 1 capital ratio stood at 8.75%.

Westpac Bank signed off 13% higher at \$19.09. During the month Westpac continued utilising the Federal Government's guarantee raising a further \$3.06 billion via 3 year bonds. The bank also increased a planned \$500 million Tier 1 hybrid offer to over \$900 million on strong demand. The bank used this offer to replace \$875 million of maturing St George Hybrids.

The action continued in the Resource sector with Chinalco's proposed investment in Rio Tinto approved by the ACCC. The commission found that the investment would not lessen competition or allow Chinalco to control iron ore prices. The bid however is not without controversy and still needs to get the final nod from the Foreign Investment Review Board. Rio Tinto stock finished the month up over 19% at \$56.57.

During the month Oz Minerals was subject to a restructured investment offer by China Minmetals after the Australian Government blocked the original proposition on national security concerns. The \$1.7 billion deal will allow Oz Minerals to repay debt and maintain South Australia's Prominent Hill mine and the Martabe project in Indonesia.

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The Oz Minerals deal followed approval of a US\$438 million Chinese investment in Fortescue Metals. China's Hunan Valin Iron & Steel Group will extend its ownership stake in Fortescue to 17.4%.

In currency markets the Australian dollar strengthened against major trading currencies, up 8.83% against the US dollar closing at \$0.6951.

Despite the move by the US Federal Reserve into quantitative easing (i.e. printing money) and the effect this may have on the US dollar, gold fell to finish the month at US\$920.5/oz.

Oil (NYMEX Crude) closed the period up over 16% to \$48.76 a barrel buoyed by the recent strength in stock markets and decreased pessimism surrounding the US economy.

All Ordinaries (Mar 2009)



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