

Economic News

Economic indicators released in April were mixed. Australia's jobless rate for March fell to 4.9%, with 37,800 new full-time and part time jobs added during the month, and the participation rate rising to 65.8%. The total number of job advertisements rose 1.3% in March, contributing to a 19.2% annual rise.

Building Approval figures, seasonally adjusted, rose 9.1% in March, after a fall the previous month. The biggest gains were in other private dwellings, which include apartments, rising 26.1% seasonally adjusted.

Inflation for the March quarter rose by 1.6%, exceeding market expectations. The annual rate to March was 3.3%. However, underlying inflation was within the RBA's inflation bracket of 2-3%, with 0.85% for the quarter and 2.25% for the 12 months to March 2011. Significant price rises were recorded in automotive fuel (+8.8%), vegetables (+16.0%) and fruit (+14.5%). Falls were recorded in furniture (-6.2%), milk (-6.2%) and audio, visual and computing equipment (-7.2%).

Retail sales fell 0.5% in March, seasonally adjusted, which was lower than expected. Floods, and the effect of cyclone Yasi, higher oil prices and overseas internet shopping have had a sharp impact on retail spending. Food retailing (0.4%) and other retailing (0.3%) improved, whilst household goods retailing (-0.4%) and department stores (-0.1%) fell.

On 3 May, the RBA Board decided to leave the cash rate unchanged at 4.75%. The RBA statement observed that the global economy is continuing its expansion, led by very strong growth in the Asian region. Australia's terms of trade are at

their highest level since the early 1950s and national income is growing strongly. Whilst natural disasters have reduced output and may have an impact on March quarter GDP, production should recover and improve over the medium term. Growth in employment has moderated and inflation has shown the effects of floods and Cyclone Yasi on production. However, the RBA believes that underlying inflation will start to rise. Overall, the Board believes that the current mildly restrictive stance of monetary policy remains appropriate in view of the general macroeconomic outlook.

In the US, gross domestic product (GDP) rose at an inflation-adjusted annual rate of 1.8% for the March quarter, a slowdown from the 3.1% from the December quarter. Harsh winter weather, rising imports and weak government spending has contained growth.

Inflation in the US has grown to 2.7% in March, from 2.1% in February. Petrol prices were higher for the ninth month in a row, rising by 5.6%, reflecting rising oil and commodity prices. Food prices also rose by 0.8%, the largest monthly increase since July 2008.

The US Labor Department reported in April that the unemployment rate rose 0.2% to 9.0%, with the economy adding 244,000 jobs for the month, the biggest gain since May 2010. Retailers added 57,000 positions and professional and business services sector added 51,000 positions.

The Australian dollar (AUD) again rose against the US dollar, gaining 5.48% during April and finishing the month at US\$1.09. The AUD was also stronger against other currencies, rising 1.90% against the UK Pound Sterling, 3.87% against the Japanese Yen, and 0.48% against the Euro.

Market moves — as at 30 April 2011

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	-0.32	2.69	5.64	4.87	-0.45	2.61	8.24
S&P/ASX Small Ordinaries Accumulation Index	-2.61	-1.63	3.58	10.50	-2.92	2.05	9.11
Global Equities							
MSCI World Acc Index with Gross Div (A\$)	-1.43	-2.52	3.04	1.11	-4.85	-4.38	-3.20
S&P 500 Composite Accumulation Index (A\$)	-2.70	-2.94	4.22	-0.29	-3.22	-4.32	-4.72
FTSE100 Accumulation Index (A\$)	1.25	-0.68	1.54	4.66	-6.79	-5.08	-2.43
MSCI Emerging Markets Free W/Gross Div (A\$)	-2.55	-1.42	-1.62	2.92	-2.03	2.39	8.34
REITS (Listed Property Securities)							
S&P/ASX 300 A-REIT Accumulation Index	0.30	1.65	3.22	1.11	-15.63	-9.37	2.75
UBS Global Investors TR Hedged (A\$)*	4.45	7.72	13.39	22.71	-1.51	4.45	n/a
Fixed Interest							
UBS Warburg Composite Bond Index	0.46	1.58	2.32	6.76	7.53	6.23	5.95
UBS Warburg Bank Bill Index	0.39	1.18	2.45	4.92	4.94	5.64	5.44
BarCap Global Aggregate Index Hedged \$A	1.24	2.12	1.43	7.82	8.71	8.12	7.90

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

* Please note that the Global Property Index has changed from UBS Global Real Estate Investors Index (A\$) to UBS Global Investors TR Hdg (A\$)

S&P/ASX 200 Stock Performance for the Month of April 2011

Best Performers		Worst Performers	
Equinox Minerals Ltd	(+38.08%)	Hastie Group Limited	(-79.46%)
Infigen Energy	(+20.27%)	Energy Resources	(-31.45%)
Medusa Mining Ltd	(+14.71%)	Carnarvon Petroleum	(-26.47%)
Mesoblast Limited	(+12.41%)	Gryphon Minerals Ltd	(-21.64%)
Alacer Gold Corp	(+12.31%)	Aristocrat Leisure	(-19.38%)

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

Australian Equities

The Australian share market was weaker during the month, with the S&P/ASX 300 Accumulation Index falling 0.32%. The S&P/ASX Small Ordinaries Accumulation Index also fell down 2.61% in April, underperforming the large cap market. However, the small cap market has outperformed the large cap market over the 12 months to April, registering 10.50% compared to 4.87% for the large cap.

Global Equities

Global equities were lower in April as the Australian dollar continued its rise against the US dollar. The MSCI World Accumulation Index fell 1.43% in AUD terms and the S&P 500 Composite Accumulation Index (A\$) fell 2.70%. The FTSE100 Accumulation Index (A\$) rose 1.25%.

Emerging markets fell in April on the back of a strong Australian dollar, with the MSCI Emerging Markets Free W/Gross Div (A\$) falling 2.55%. The Index has risen 2.92% over the past 12 months, outperforming developed equity markets, represented by the MSCI World Accumulation Index.

Asian markets were lower in April. In Japan, the Nikkei fell 1.76% for the month, while in Hong Kong the Hang Seng fell 1.91%. In the UK, equities were higher with the FTSE up 2.73%, while in Europe the German DAX index and the French CAC40 gained 3.99% and 0.22% in local currency terms respectively.

REITS (Listed Property Securities)

The S&P/ASX 300 A-REIT Accumulation Index rose 0.30%, outperforming the broader domestic equity market for the month. Overall, the S&P/ASX 300 A-REIT Accumulation Index has risen 1.11% in the 12 months to April, underperforming the broader market.

The UBS Global Real Estate Investors Index (Total Returns) Hedged (A\$) rose 4.45% in April, outperforming the domestic index. Over the 12 months to April, the UBS Global Real Estate Investors Index (Total Returns) Hedged (A\$) was up 22.71%.

Fixed Interest

The Australian bond market was slightly stronger in April, with a rally in the US outweighing the relatively strong Australian data towards the end of the month. The UBS Warburg Composite Bond Index rose 0.46% in April, while the UBS Warburg Bank Bill Index rose 0.39%. Over the 12 months to April, these indices returned 6.76% and 4.92% respectively.

The BarCap Global Aggregate Index Hedged \$A rose 1.24% in April and has returned 7.82% for the last 12 months.

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