

**Key Indices**

Index	1-Jan-09	31-Jan-09	Change	Change	Commodities	1-Jan-09	31-Jan-09	Change
S&P ASX200	3722.3	3540.7	-181.6	-4.88%	Oil - WTI	44.60	41.73	-6.43%
All Ordinaries	3659.3	3478.1	-181.2	-4.95%	NY Gold	879.45	927.00	5.41%
S&P ASX Property	899.5	812	-87.5	-9.73%	Cash Rate	4.25%	4.25%	0.00
Dow Jones	8776.39	8000.86	-775.53	-8.84%	90 Day Bank Bill	3.96%	3.41%	-0.55
S&P 500	903.25	825.88	-77.37	-8.57%	10 Yr Bonds	3.99%	4.09%	0.09
FTSE 100	4434.2	4149.6	-284.6	-6.42%	<b>Best Movers</b>	<b>3 Months</b>	<b>Price</b>	<b>Change</b>
Euro Stoxx 50	2065.46	1983.48	-81.98	-3.97%	LGL	Lihir Gold Limited	\$3.13	66.49%
Shanghai Composite	1871.16	1990.66	119.5	6.39%	NCM	Newcrest Mining	\$31.00	47.34%
Hang Seng	14387.48	13278.21	-1109.27	-7.71%	MGX	Mount Gibson Iron	\$0.41	30.65%
Nikkei 225	8859.56	7994.05	-865.51	-9.77%	WOR	Worley Parsons	\$15.09	17.43%
<b>Currencies</b>					<b>Worst Movers</b>	<b>3 Months</b>		
AUD/USD	0.6928	0.6438	-0.0490	-7.07%	IIF	ING Industrial Fund	\$0.15	-68.75%
AUD/JPY	59.2700	57.5300	-1.7400	-2.94%	ALS	Alesco Corporation	\$2.13	-62.96%
AUD/GBP	0.4723	0.4530	-0.0193	-4.09%	FKP	FKP Property Group	\$0.45	-57.35%
AUD/EUR	0.5020	0.4995	-0.0025	-0.50%	FCL	Futuris Corporation	\$0.57	-53.66%

**Market Commentary**

Whilst January was notable for the history making inauguration of US President Obama, investment markets appeared more interested in fourth quarter 08 economic data. The Australian sharemarket dropped around 5% which essentially wiped out the pre-Christmas rally. The economic data confirmed that the US is leading the global economic downturn and figures released in January confirm the difficult environment. The last quarter of 2008 saw the biggest fall in US GDP growth since 1982. Inventories are rising as consumer spending is heavily curtailed. Consumer spending, which accounts for about 70% of economic activity in the US, fell by 3.4%, the weakest quarterly reading since 1974. Imports also fell 16%.

Concerns also remain for the US banking industry as evidence emerges that the US\$250 billion spent last year, plus government guarantees for Citigroup and Bank of America may not have been enough to strengthen balance sheets which have worn enormous mortgage related writedowns. Such bank writedowns have now reached levels of around US\$1 trillion worldwide. Concerns for the global banking industry continue to drag heavily on our domestic banks despite a much less hostile operating environment here in Australia. Our top four banks, out of thirteen globally, all hold AA credit ratings.

Whilst Obama has immediately set about putting in train a US\$819 billion economic stimulus package in the form of spending and tax cuts, the Rudd government has also announced a \$42 billion stimulus package in response to a plunge in corporate tax receipts, sharemarket losses, a deterioration in employment and a higher welfare spend which is now expected to impact revenue to the tune of \$115 billion in the next four years. The proposed Australian stimulus package will push the budget into deficit. The government spend to date since the global financial crisis deepened in September is already at \$18 billion, which almost wipes out the existing surplus. The second stimulus package is currently being debated and opposed in the Senate and no outcome is expected till next Thursday at the earliest.

Also last week, in a further much anticipated bid to stimulate spending, the Reserve Bank continued its easing bias, reducing the cash rate by a further 1% to 3.25%, a level not seen in decades. Corporates are unsurprisingly adopting aggressive capital raising through equity issues and are hoarding as much capital as possible by cutting dividends in order to restructure and strengthen their balance sheets.

While the data confirms the severity of the global downturn, to date we have not yet felt the benefit of huge stimulus packages working in conjunction with dramatic interest rate and oil price easing. This will still take several months to filter through. The important point to note however is that globally governments have been working co-operatively for several months to stem the economic downturn. In the coming months we should begin to see signs that these measures are taking effect.

**Price Charts – past 90 days**

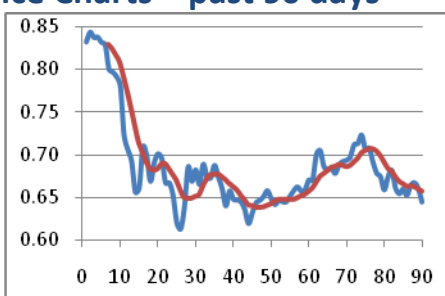


Figure 1- AUD/USD  
Red lines are 7 day moving average

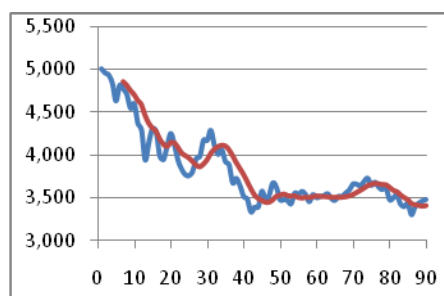


Figure 2- All Ords

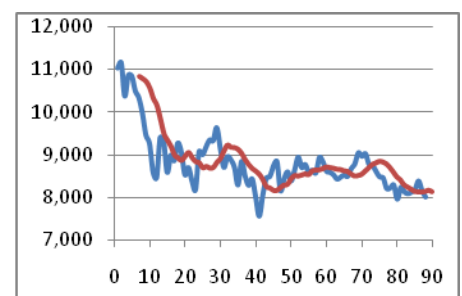


Figure 3- Dow Jones

## Long Term Share Table

Code	1-Jan-09	31-Jan-09	Change	Change	Code	1-Jan-09	31-Jan-09	Change	Change
AGK	15.26	14.65	-0.61	-4.00%	MTS	4.38	4.21	-0.17	-3.88%
AMP	5.42	5.27	-0.15	-2.77%	NAB	20.87	18.93	-1.94	-9.30%
ANZ	15.29	13.27	-2.02	-13.21%	ORI	13.98	13.54	-0.44	-3.15%
ASX	33.30	27.15	-6.15	-18.47%	QBE	25.81	24.00	-1.81	-7.01%
BHP	30.44	30.50	0.06	0.20%	RIO	38.00	42.15	4.15	10.92%
BXB	7.42	6.80	-0.62	-8.36%	SGP	4.04	3.64	-0.40	-9.90%
CBA	28.90	26.90	-2.00	-6.92%	SHL	14.56	13.90	-0.66	-4.53%
CPU	7.80	7.25	-0.55	-7.05%	TAH	6.99	6.59	-0.40	-5.72%
CWN	5.97	5.54	-0.43	-7.20%	TLS	3.83	3.79	-0.04	-1.04%
CSL	33.70	37.50	3.80	11.28%	TOL	6.17	5.47	-0.70	-11.35%
GPT	0.92	0.76	-0.16	-17.39%	WES	18.00	15.55	-2.45	-13.61%
IVC	5.15	5.00	-0.15	-2.91%	WBC	16.97	15.64	-1.33	-7.84%
LEI	27.65	16.76	-10.89	-39.39%	WDC	12.95	12.01	-0.94	-7.26%
MQG	28.81	25.99	-2.82	-9.79%	WOW	26.67	27.70	1.03	3.86%
MIX	0.13	0.12	-0.01	-7.69%	WPL	36.70	35.38	-1.32	-3.60%

## Managed Fund

Fund	1-Jan-09	31-Jan-09	Change	Change %
Vanguard WS Australian Government Bond Index Fund	1.005	1.0166	0.0116	1.15%
Vanguard WS Australian Fixed Interest Index Fund	1.1214	1.1255	0.0041	0.37%
Vanguard WS Australian Shares Index Fund	1.3907	1.2984	-0.0923	-6.64%
Vanguard WS Australian Shares High Yield Fund	1.0356	0.9687	-0.0669	-6.46%
CFS Wholesale - Geared Share Fund	2.0409	1.8238	-0.2171	-10.64%
BlackRock Direct Property Fund	1.0049	0.9896	-0.0153	-1.52%
Vanguard WS Property Securities Index Fund	0.5933	0.5632	-0.0301	-5.07%
Aberdeen International Equity Fund	0.7522	0.7471	-0.0051	-0.68%
Platinum Asia Fund	1.7818	1.8980	0.1162	6.52%
Platinum International Fund	1.6057	1.6569	0.0512	3.19%
Platinum International Brands Fund	1.6411	1.6305	-0.0106	-0.65%
Vanguard WS International Shares Index Fund	1.1226	1.1135	-0.0091	-0.81%
Vanguard WS International Shares Index (Hedged) Fund	0.4020	0.4052	0.0032	0.80%

## Chicago Board of Exchange – Volatility Index

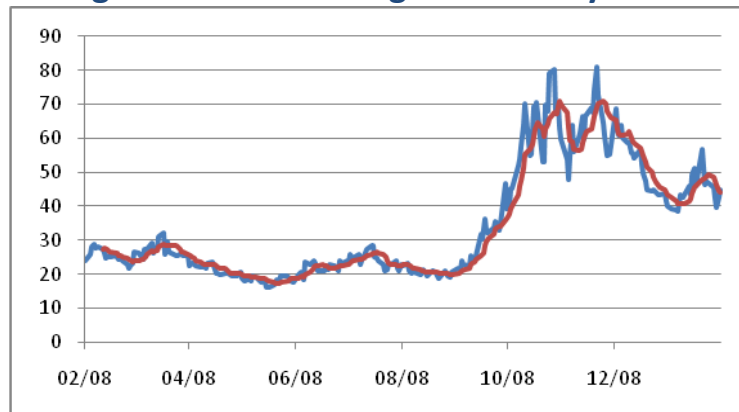


Fig 4 – CBOE Volatility Index [VIX] (past 12 months)  
Red line is 7 day moving average

## 3 month USD LIBOR vs US Treasury Notes

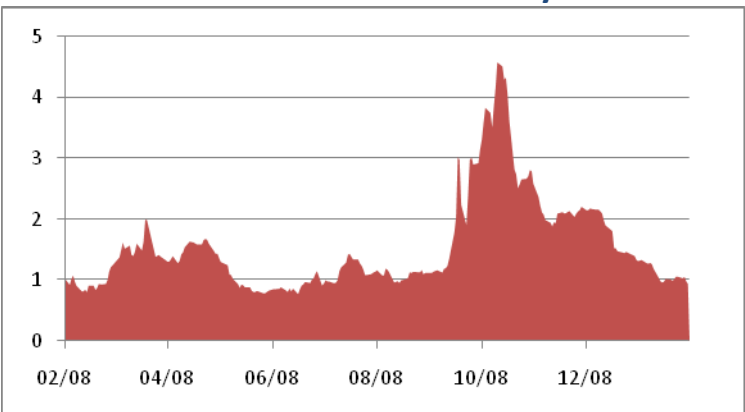


Fig 5 – Interest Rate differential – 3 month USD London Interbank Offered Rate [LIBOR] / 3 month US Treasury Notes (past 12 months)

## Corporate Actions of Interest

Company	Code	Issue	Date
Wesfarmers	WES	Retail Entitlement Offer, New shares on a 3 for 7 basis, \$13.50 per share	Closes February 23
Tabcorp	TAH	Share Purchase Plan, up to \$5,000, maximum \$5.80 per share.	Expected close Feb 27
Comm Prop Office fund	CPA	Unit Purchase Plan, up to \$5,000 for eligible unit holders, \$0.80 cpu	Closes March 3

## What you should know this month

### Wesfarmers – Entitlement Offer

Wesfarmers has announced that it is undertaking an additional capital raising through a combination of a retail and institutional entitlement offer and a two institutional placements. The institutional component has raised \$2.9 billion, with the funds used to reduce the company's debt obligations over the next two years. The offer closes on February 23 2009 and we will provide those clients who are entitled to participate in the offer of the appropriate course of action.

### Tabcorp – Share Purchase Plan

Tabcorp has recently completed an institutional placement of \$300 million. As a further capital raising measure it is given shareholders the opportunity to purchase up to \$5,000 worth of shares at a maximum price of \$5.80. The offer is expected to close on February 27 2009. For those clients who hold TAH we will shortly advise you further with regard to participating in this Share Purchase Plan.