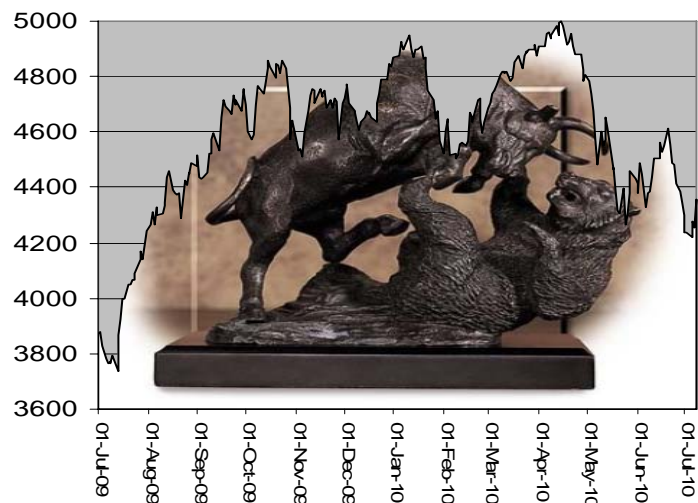


Investment Managers Weekly Review

9 JULY 2010

PERFORMANCE AT A GLANCE

WEEKLY MARKET WRAP		
Aust Market	4356.7	2.8%
US Market	10138.99	4.2%
Japan Market	9535.74	3.7%
UK Market	5105.45	6.2%
GOLD	1196.1	-0.9%
OIL	75.44	3.4%
A\$US\$	0.8774	4.0%



THE AUSTRALIAN SHARE MARKET - YEAR TO DATE

Market Wrap

Australian Market Performance (S&P/ASX 200): 4356.7, +119pts or 2.8%

The Australian share market rebounded this week on positive leads from overseas and some good economic releases on the Australian economy via the trade data at the beginning of the week and a solid report from the IMF at the end of the week. The Reserve Bank (RBA) also held their monthly meeting on Tuesday at which they decided to keep interest rates unchanged for the moment. The commentary that accompanied this decision was widely interpreted as meaning that interest rates are perhaps on hold for a while longer while the central bank measures the impact of rises to date. In the U.S, the Dow rose back over 10,000 points completing a rise of about 400 points for the week.

BHP/RIO Merger & ACCC

The Australian Competition and Consumer Commission (ACCC) has again postponed its decision on the proposed \$A137 billion iron ore joint venture between BHP Billiton and Rio Tinto with no new date given. ACCC chairman Graeme Samuel said late last month that the body would issue its final determination on July 22. But on the ACCC's website, it said the proposed date had been suspended "at the request of the joint venture parties to allow them to make additional submissions to the ACCC". The ACCC is examining whether or not the deal would be a breach of the Trade Practices Act. The commission has been reviewing the joint venture since last December and had first planned to hand down its decision in February, but extended the review after steel maker BlueScope Steel raised concerns about the plan by the world's second- and third-largest iron ore miners. It is understood Chinese steel makers are among parties that have made submissions to the ACCC on the planned mega-merger. Analysts expect the commission to approve the merger but see regulators in Europe as a much bigger obstacle to the joint venture, which is expected to generate more than \$US10 billion in savings for the two companies.

Australian Trade Data

Australia posted a \$1.65 billion trade surplus in May, much bigger than the expected surplus of \$500 million. This result confirms a sharp turnaround in the nation's trade accounts over recent months as higher coal and iron ore prices produce a surge in export receipts. Over the month of May, exports rose 6% and imports were up 4% over the previous month. This data is expected to boost expectations for Australian economic growth in the Jun-10 Qtr. This information will be released by the Australian Bureau of Statistics on 1st September.

Reserve Bank Board Meeting

At its monthly meeting on Tuesday this week, the Reserve Bank of Australia (RBA) has left the official cash rate unchanged for a second consecutive month at 4.5%. "The current setting of monetary policy is resulting in interest rates to borrowers around their average levels of the past decade. Pending further information about international and local conditions for demand and prices, the board views this setting of monetary policy as appropriate," RBA governor Glenn Stevens said in a statement following the central bank's monthly board meeting. While the global economy was expanding, it was at an uneven pace, Mr Stevens said. He also noted that there was only modest growth in most major advanced countries but very strong growth in Asia and Latin America.

Changes to Super – the Cooper Review

The Financial Services Minister, Chris Bowen, will fast-track the government's response to the Cooper review into the retirement savings industry. Mr Bowen and the review's chairman, Jeremy Cooper, have begun to promote the reforms proposed for the superannuation sector, meeting key industry players in Melbourne during the week. The year-long Cooper review of Australia's \$1.3 trillion super industry has recommended fee-free default accounts that would cover almost 80 per cent of Australians, under a concept called **MySuper**. It also calls for wider use of electronic records to lower costs under a process called **Super Stream**. Mr Bowen told an Association of Superannuation Funds of Australia briefing that Superstream and MySuper were concepts that "make a lot of commonsense". However, he acknowledged there was some fine tuning to be done. After further talks with industry, he plans to make an early response on the government's position. "I understand the government needs to provide some direction and certainty around those proposals," he said. "A formal response will be made over the next two months." Mr Bowen said the forecast drop in fees for super fund members would be equivalent to providing a 1 percentage point boost to super contributions on top of the current plan to increase the minimum contribution rate to 12 per cent by 2014.

IMF economic growth forecast

The International Monetary Fund has upgraded its 2010 global growth forecast, on the back of strong growth in Asia and renewed US private demand, but flagged risks to the recovery from Europe's debt problems. During the week the IMF raised its 2010 world output forecast to 4.6% from 4.2% previously, but said sovereign debt risks in Europe could escalate and drag on the global economy, in its latest updates of the World Economic Outlook and Global Financial Stability reports. "Downside risks have risen sharply amid renewed financial turbulence. In this context, the new forecasts hinge on implementation of policies to rebuild confidence and stability, particularly in the euro area", the IMF said in its latest update of the World Economic Outlook. Persistent weakness in the US housing and labour markets, euro zone debt problems and slowing manufacturing activity in Asia have made investors speculate the global economy will slow sharply for the rest of the year. Conversely, the Australian economy is forecast to grow by 3% in 2010 and 3.5% in 2011.

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