



Economic & Market Update

Presented by:

Nigel Purchase

Chief Investment Officer

Disclaimer

FOR FINANCIAL ADVISER USE ONLY

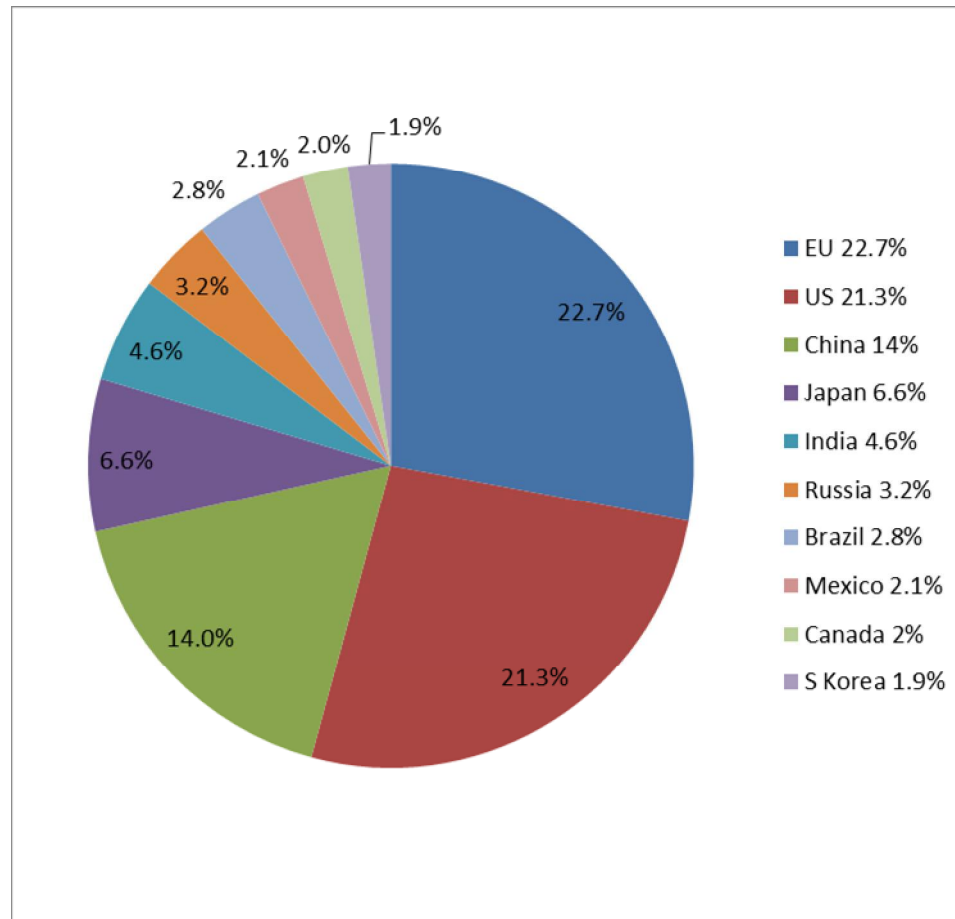
This information has been prepared and issued by SIRA Group Pty Ltd, ABN 15 106 922 641, AFSL 278423. It contains factual information and general financial product advice only and has been prepared without taking into account the objectives, financial situation or needs of any individual. The information provided is not intended to be a substitute for professional financial product advice and you should determine its appropriateness having regard to you or your client's particular circumstances.

While all care has been taken in the preparation of this document (using sources believed to be reliable and accurate), no person, including SIRA Group Pty Ltd, accepts responsibility for any loss suffered by any person arising from reliance on this information.

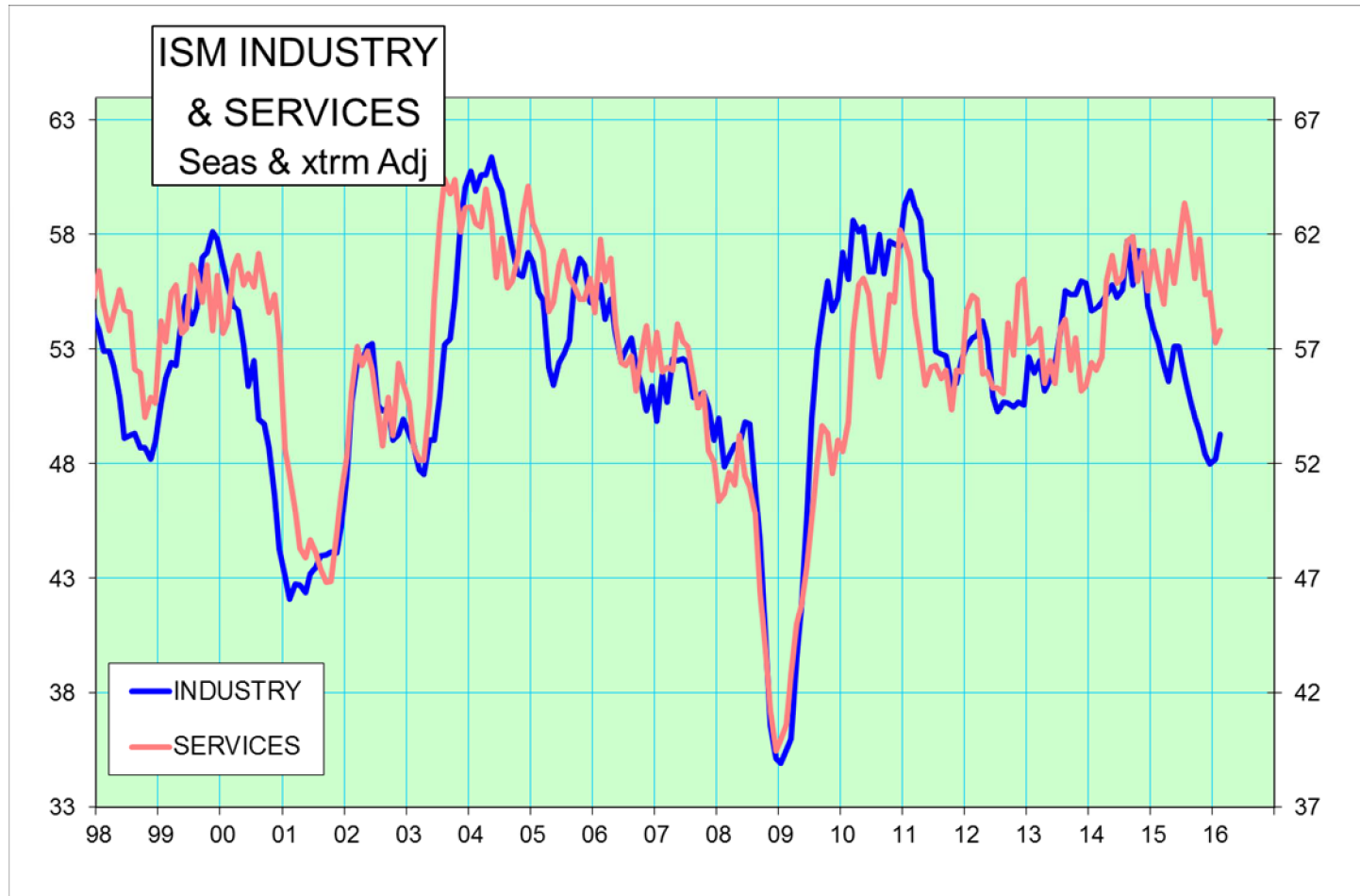
Key Issues

- “ The US slowdown
- “ Europe still sluggish
- “ Emerging markets in strife
- “ A US bear market?
- “ Have commods bottomed?
- “ Australia to slow
- “ All Ords metrics

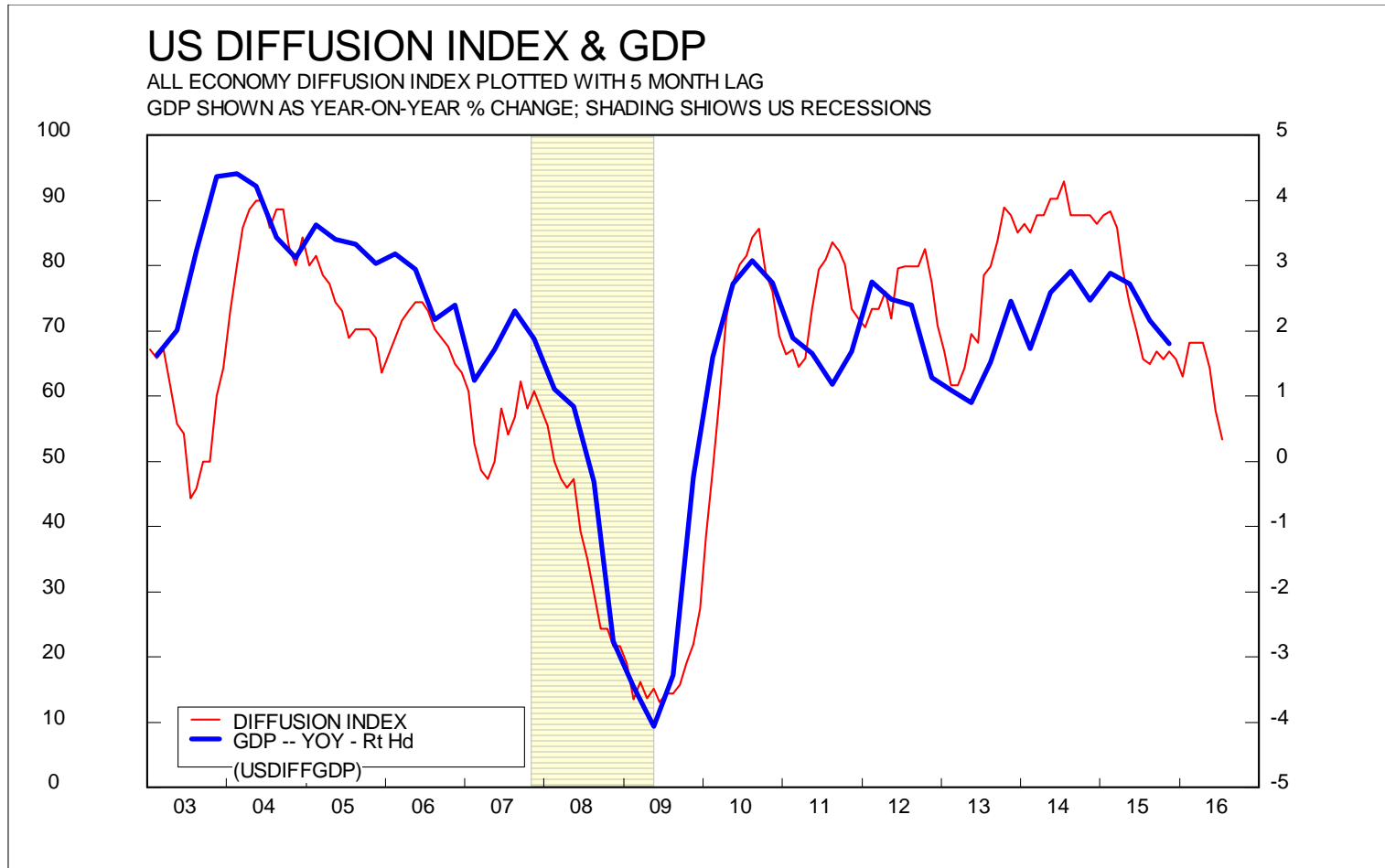
The big boys



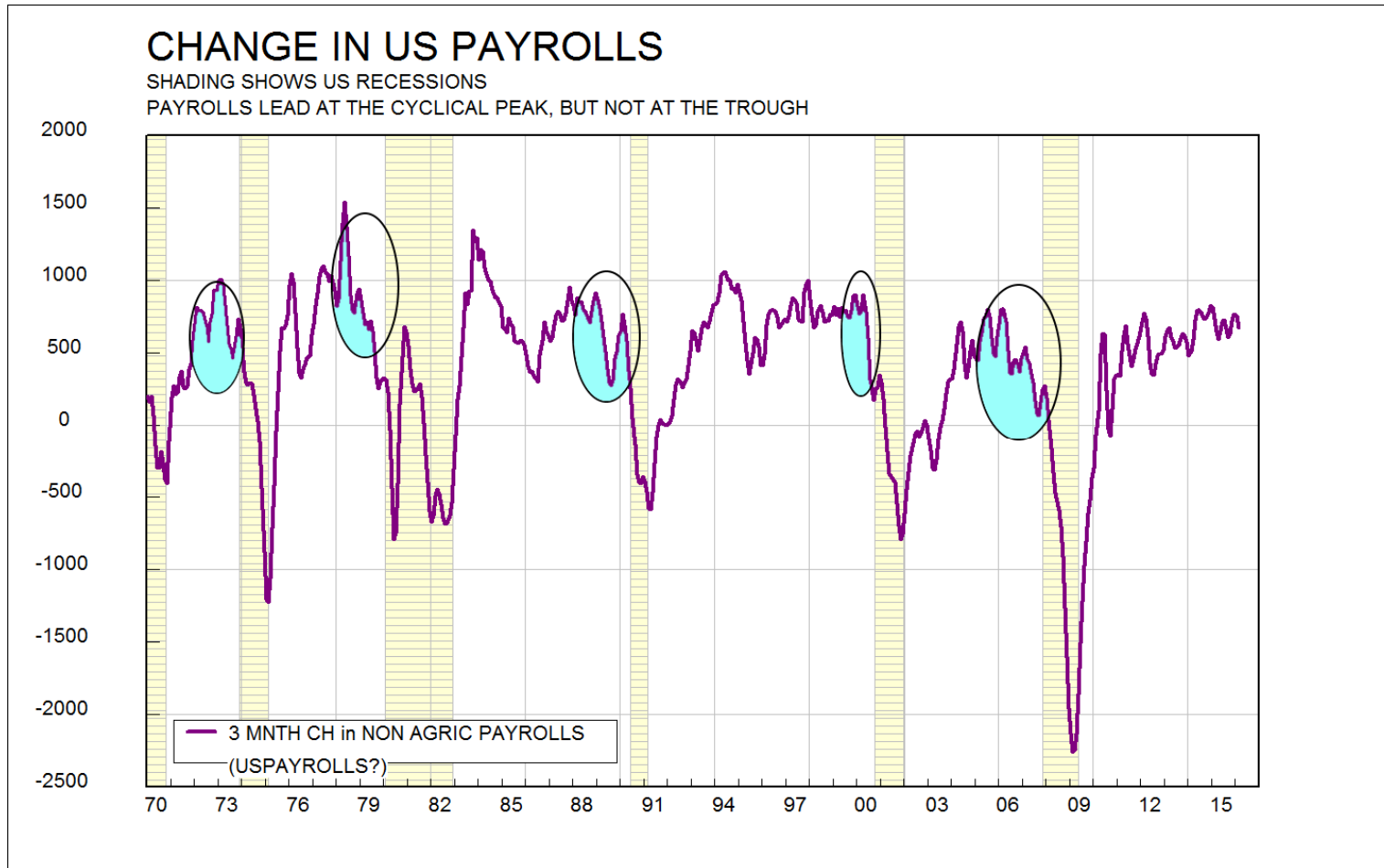
US slowdown spreading



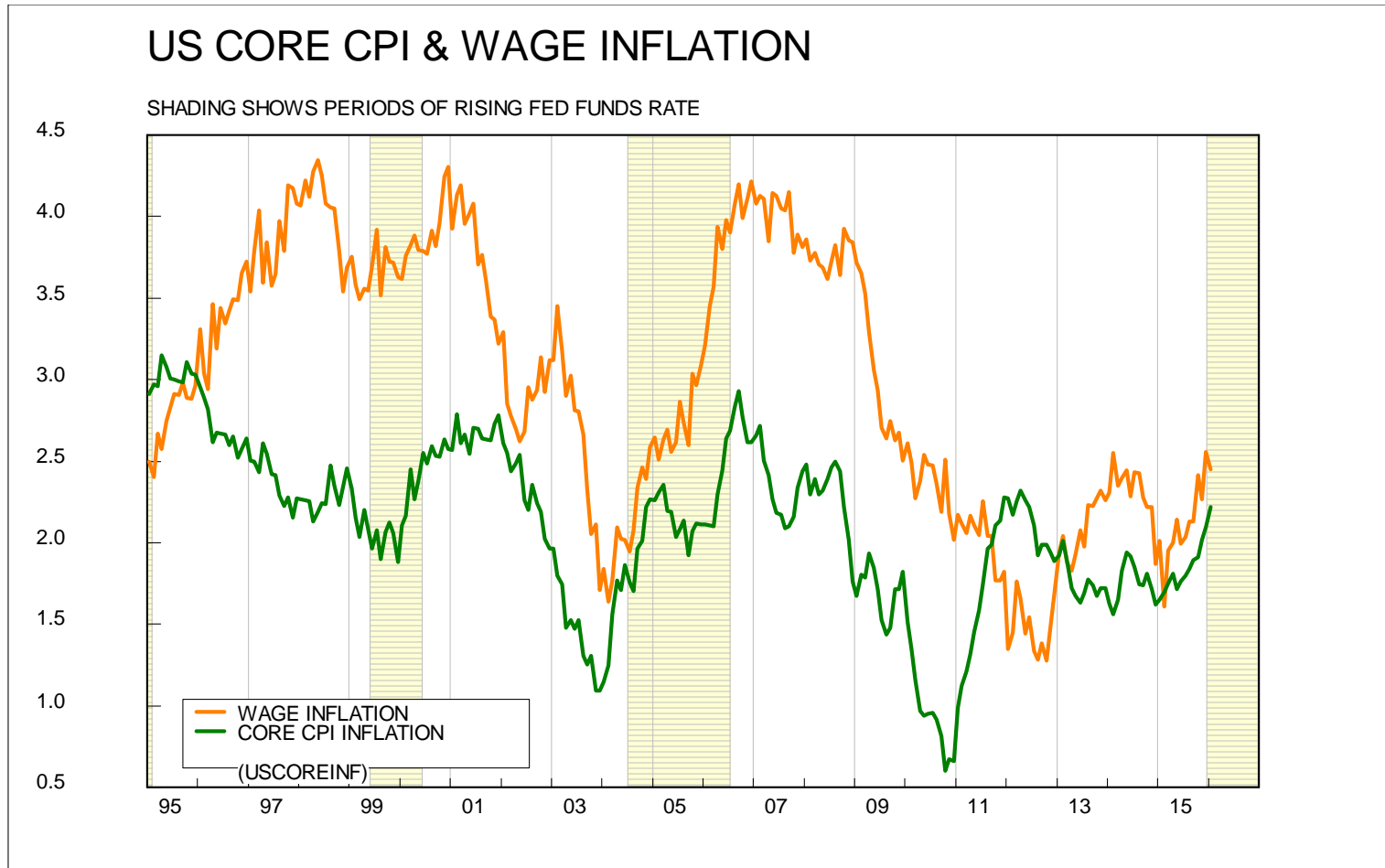
US econ slowing



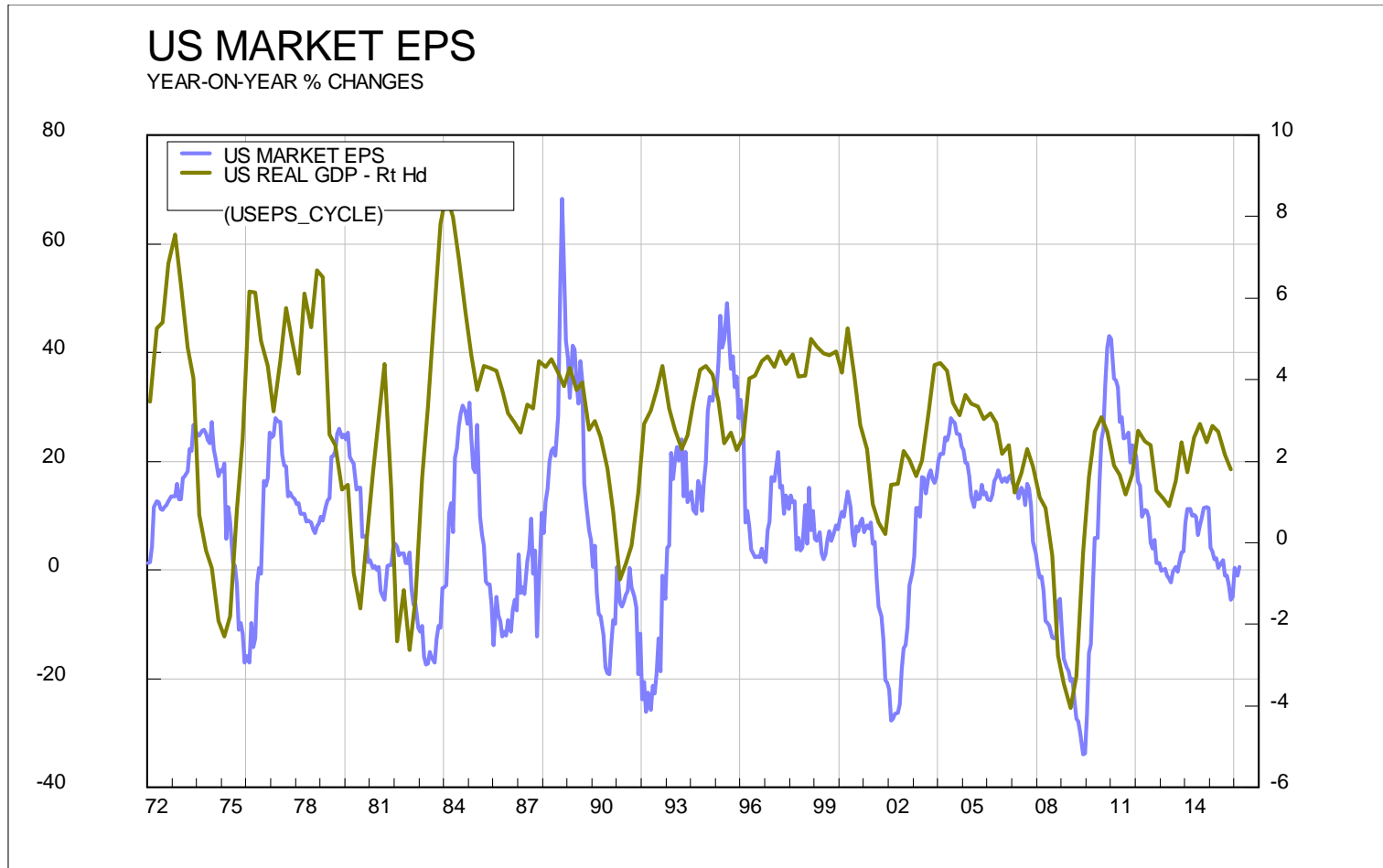
But not yet recession



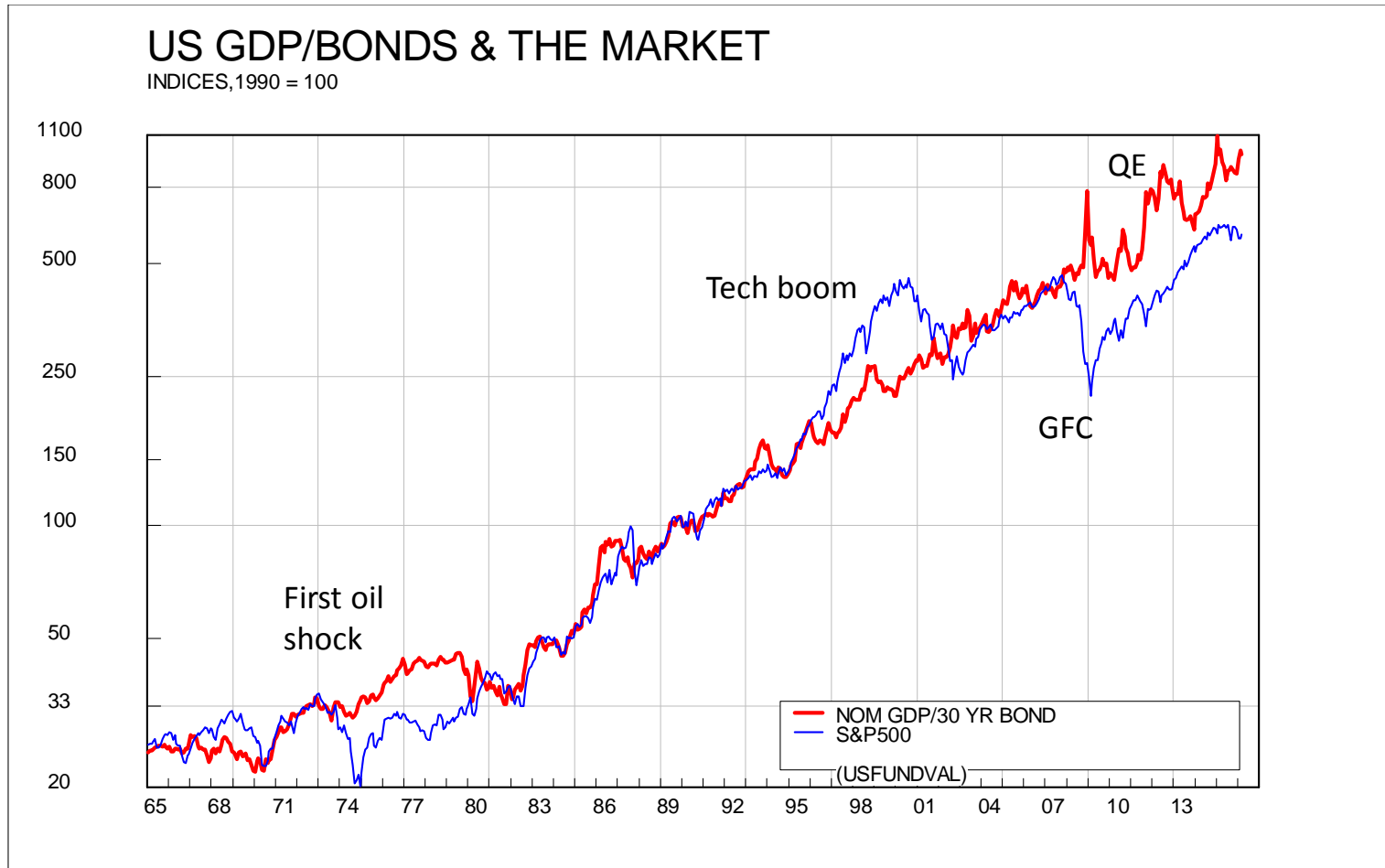
Yet inflation is rising



Wall St EPS growth weak



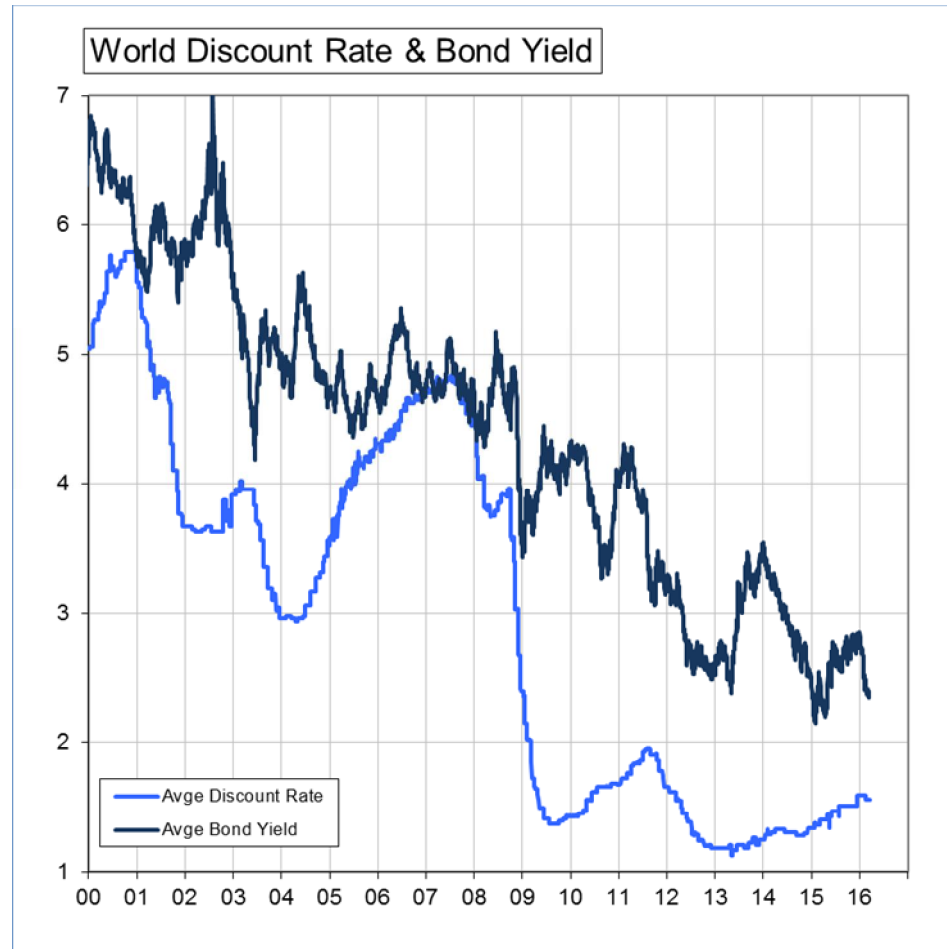
Market cheap rel to bonds



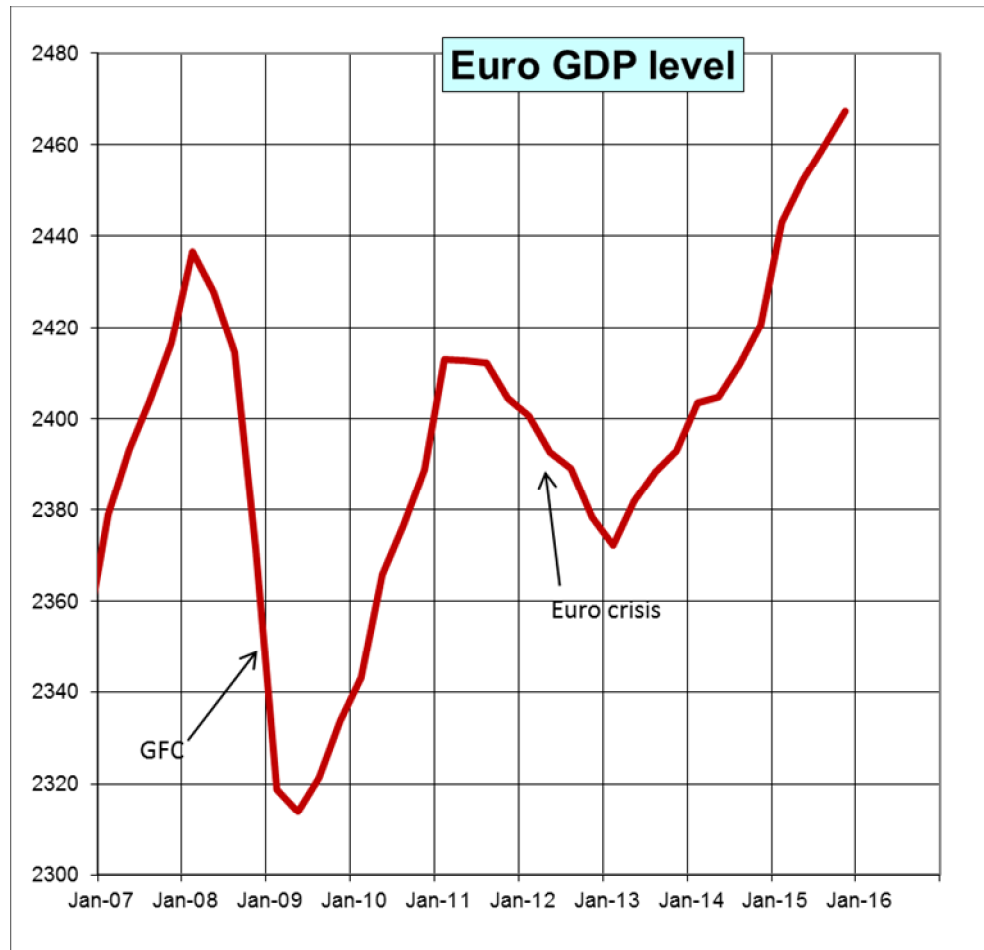
Market technicals poor



Bond yields suggest slowdown



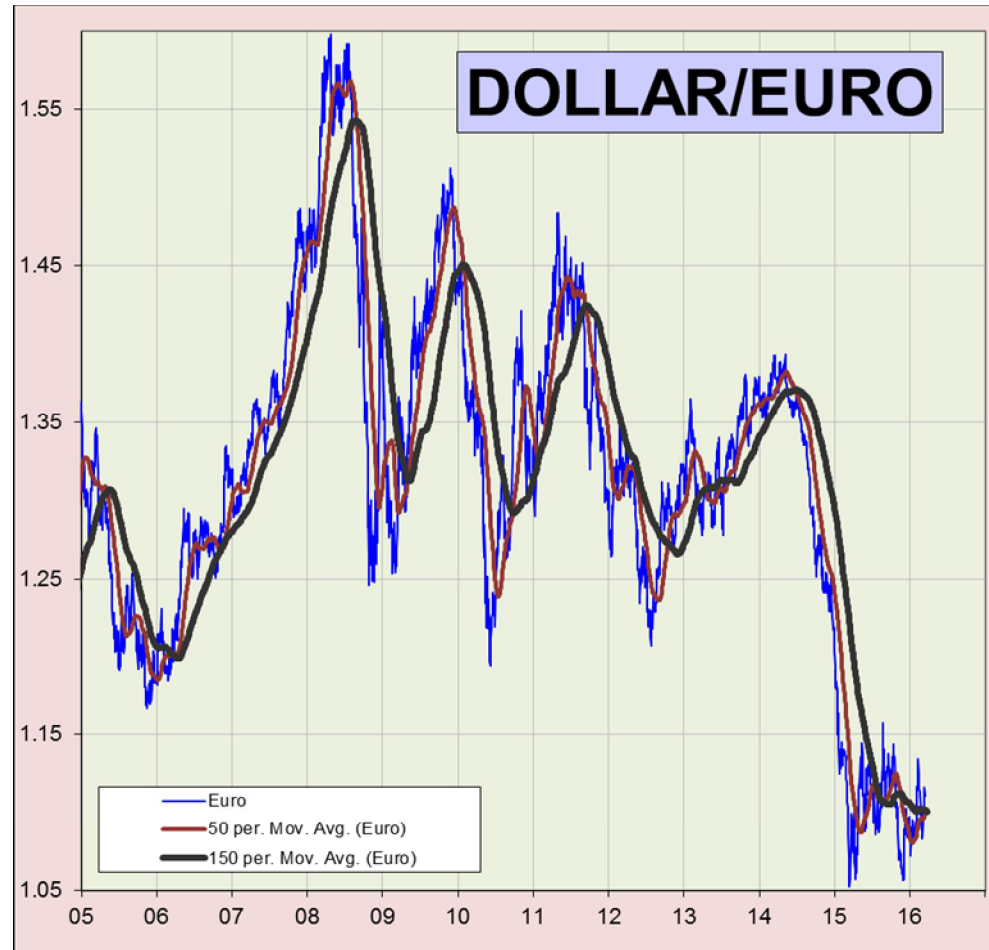
Euro GDP now well past prev high



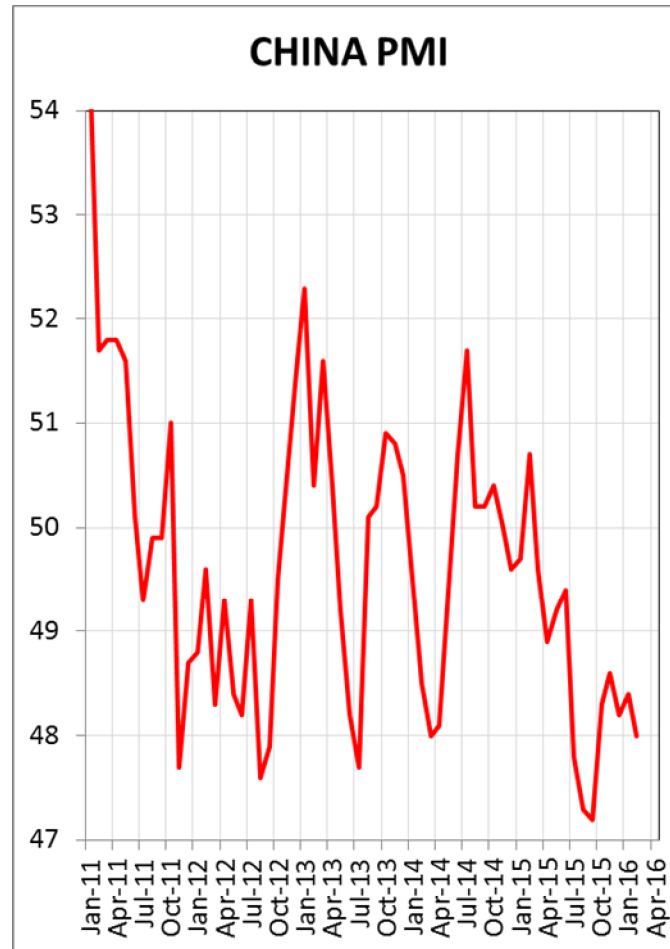
But PMI weakening



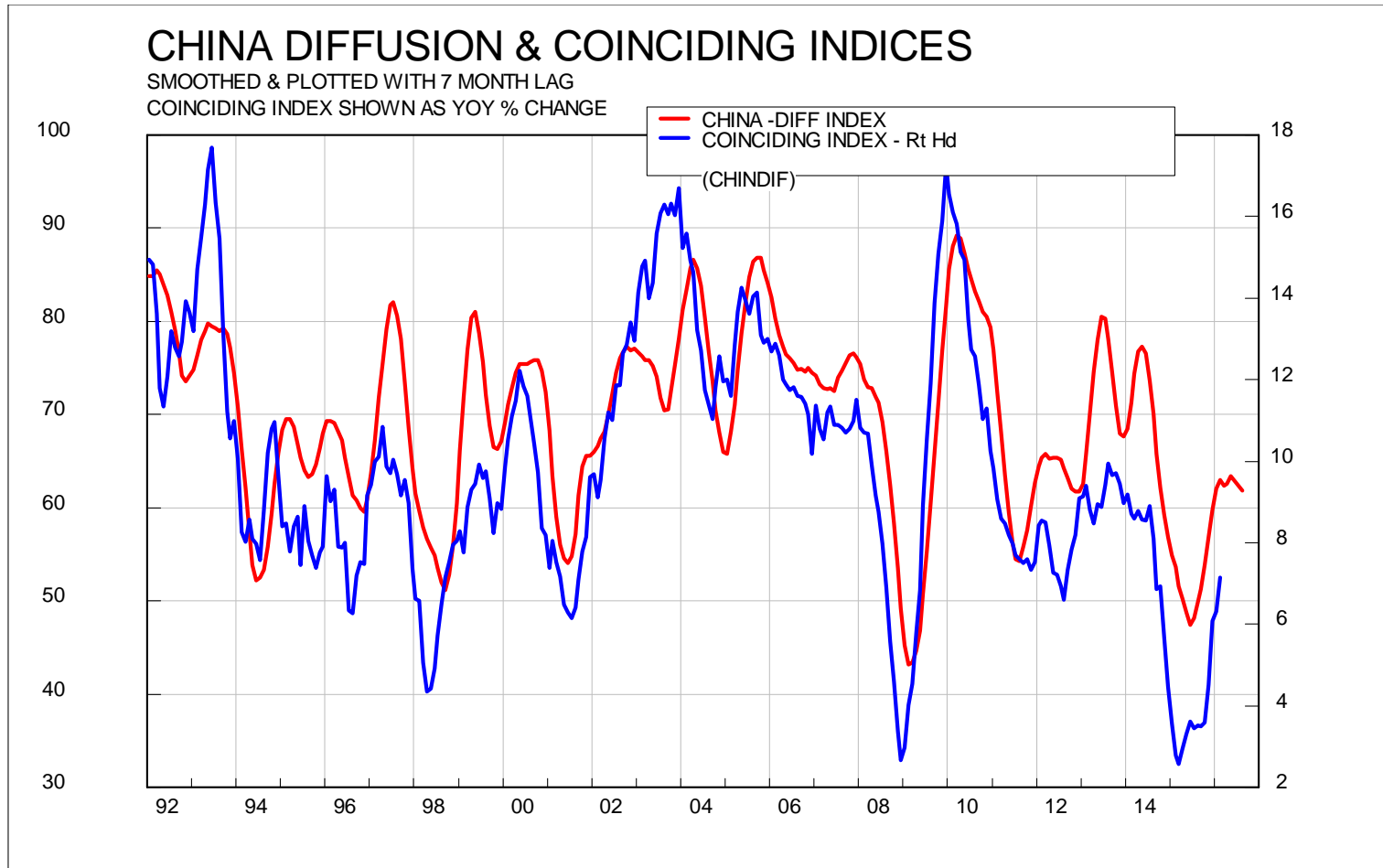
And Euro has stabilised



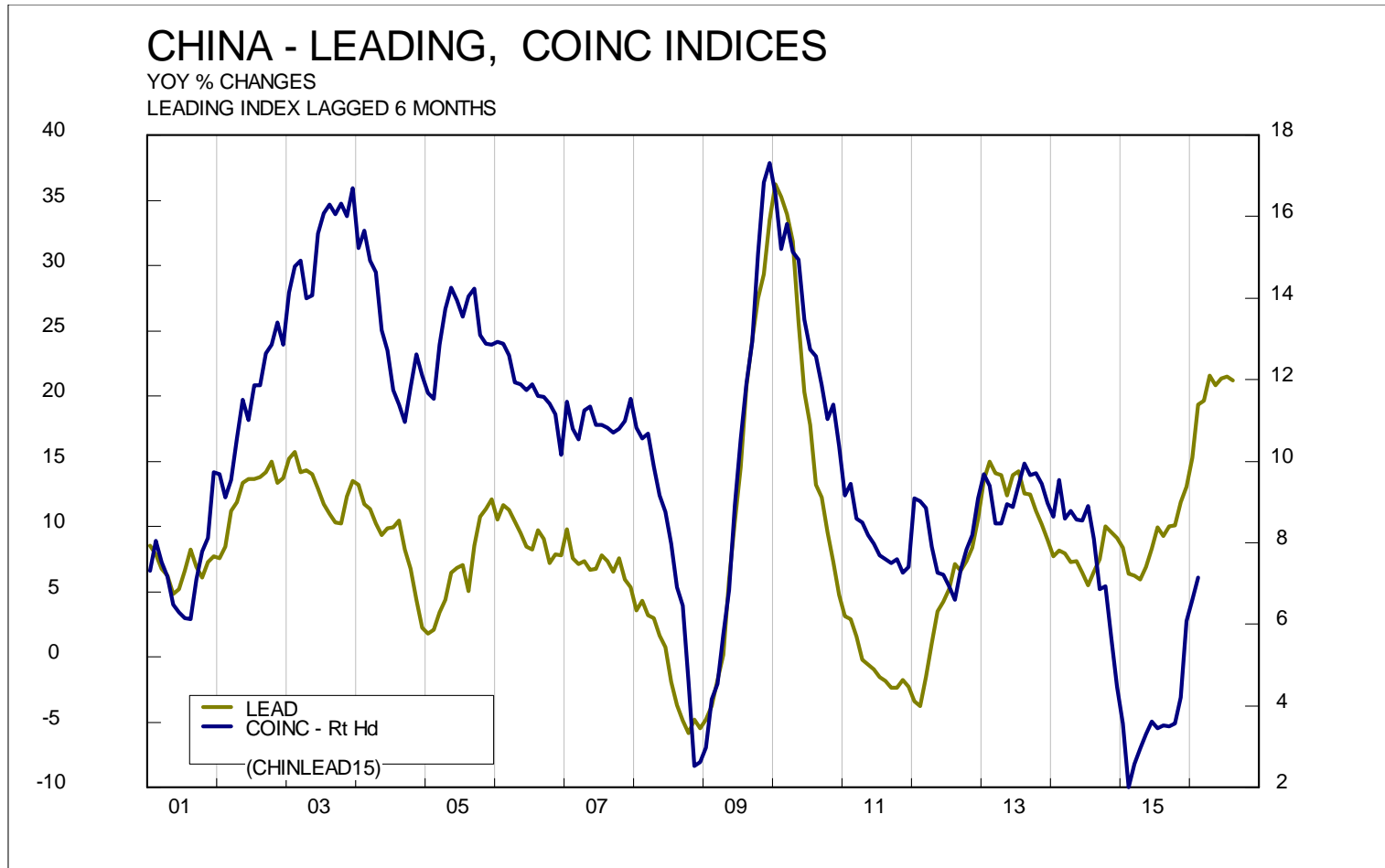
China PMI weak



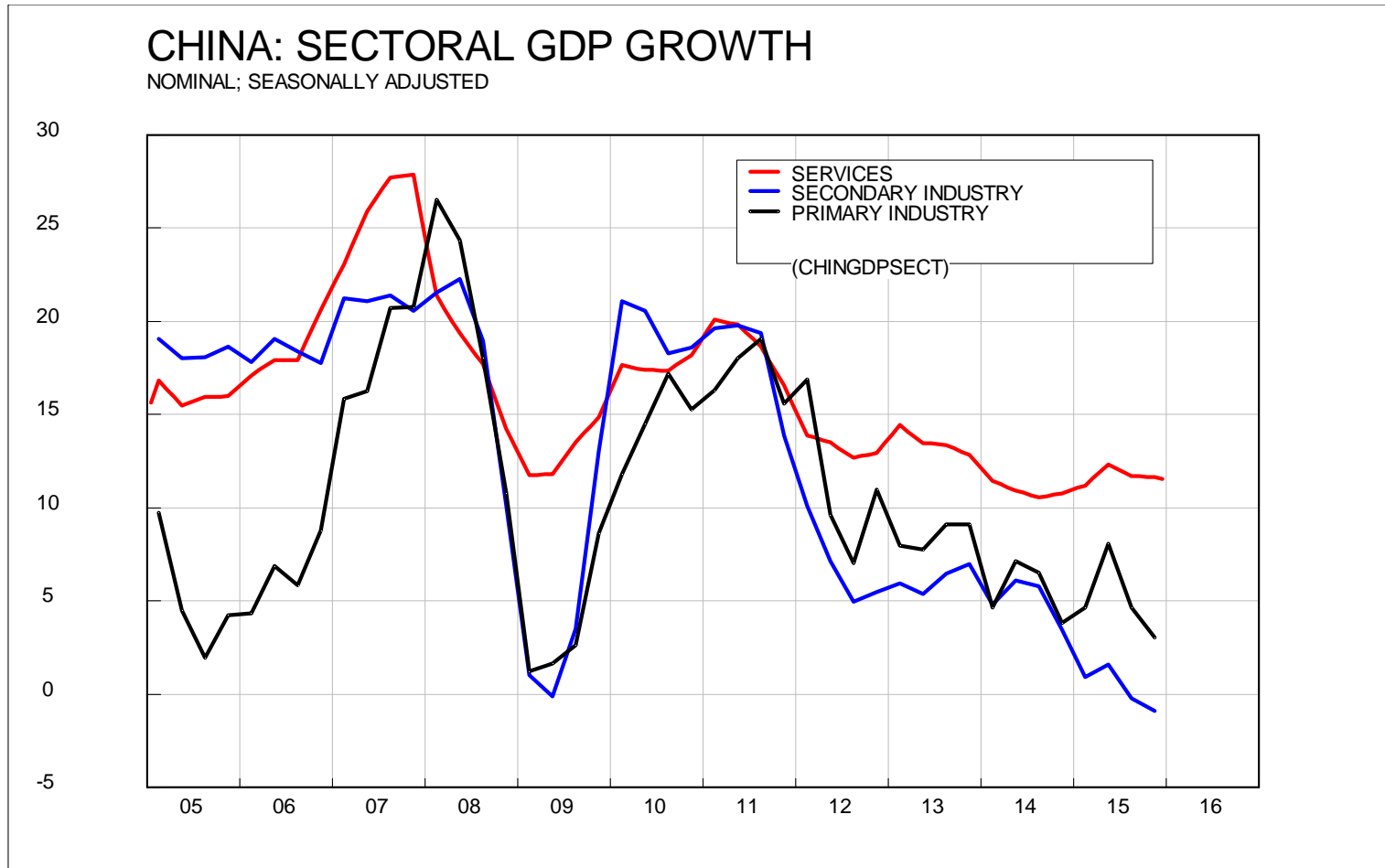
... but broader economy better



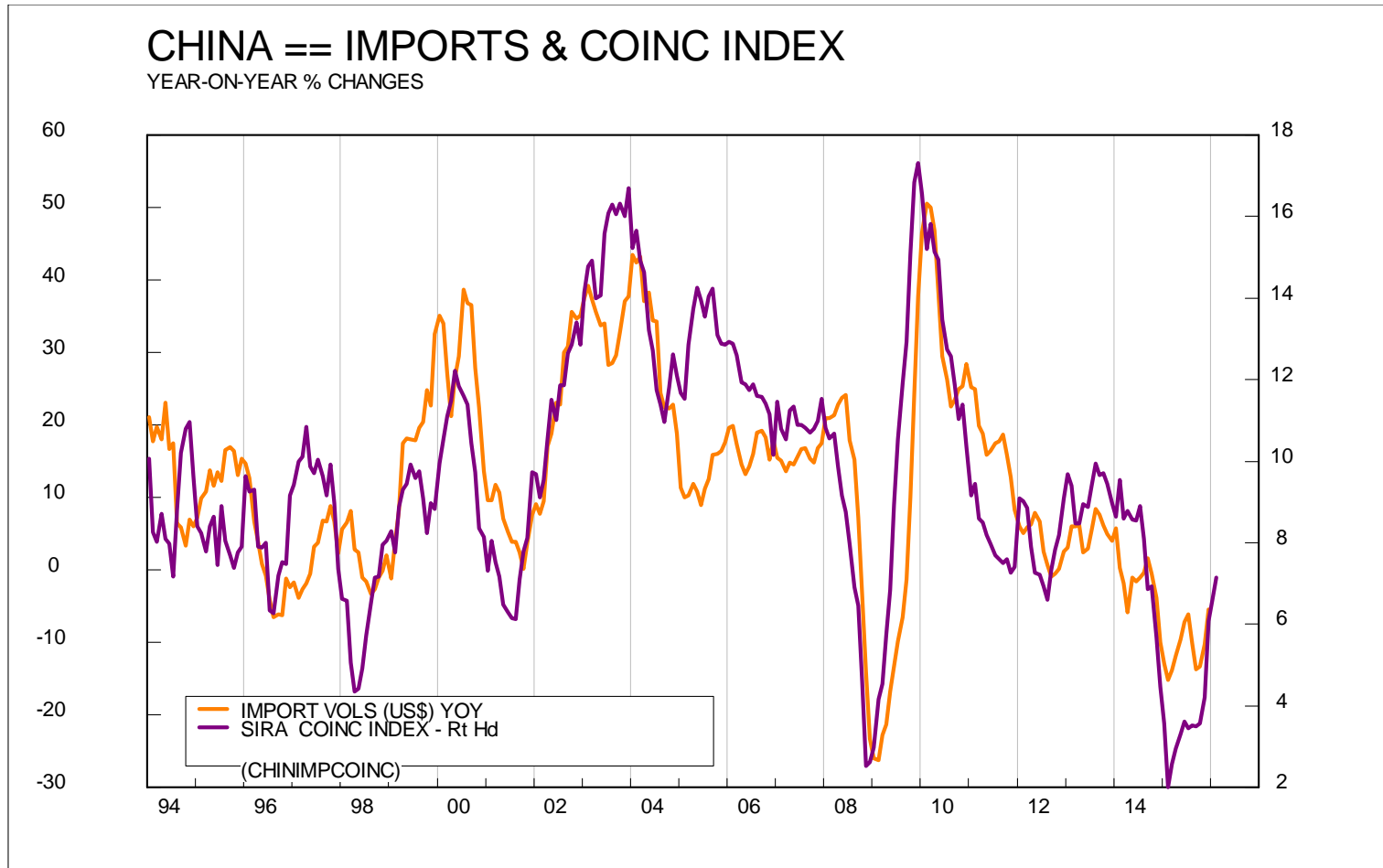
China leading index positive, coinc turning up



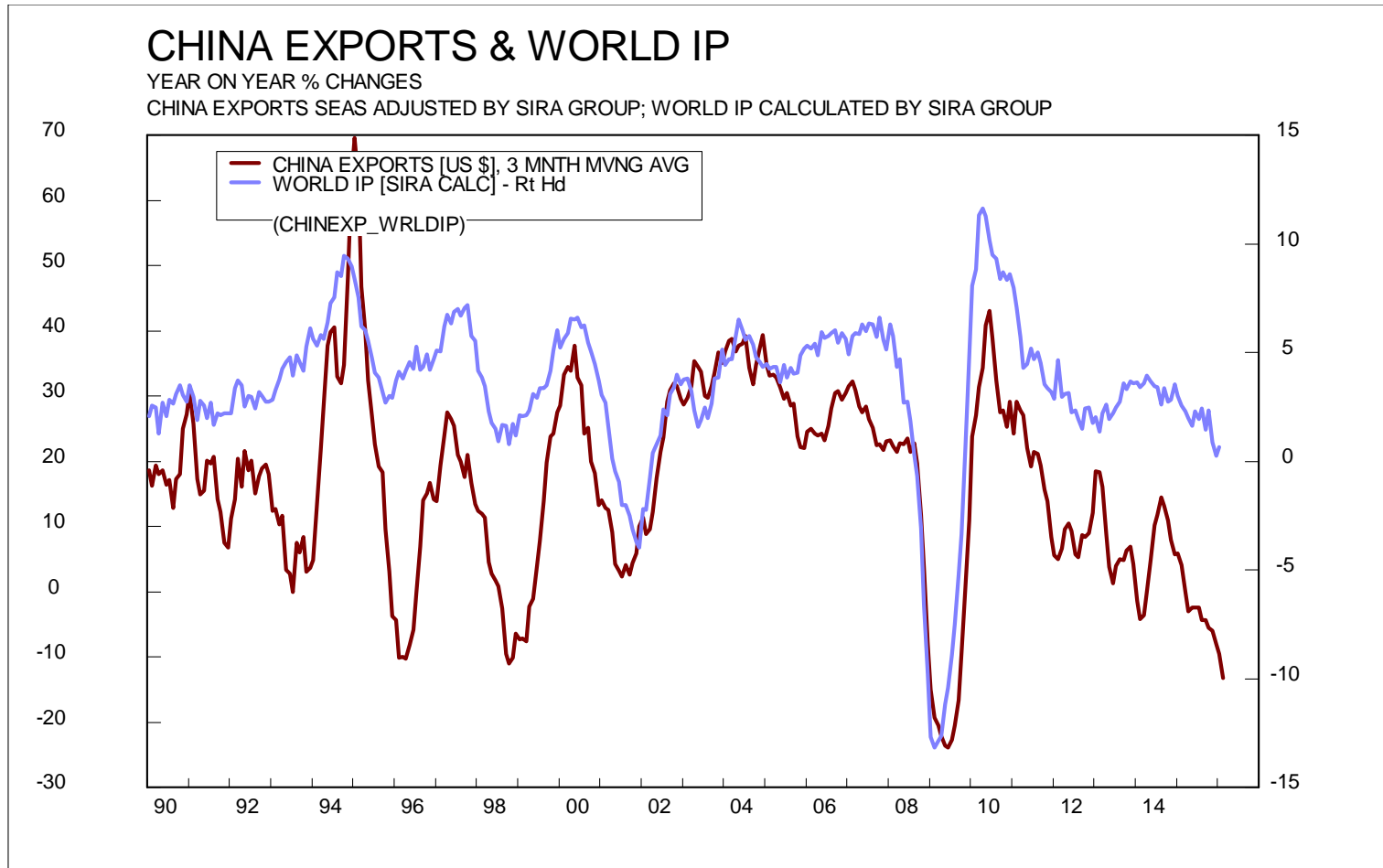
Shift to services



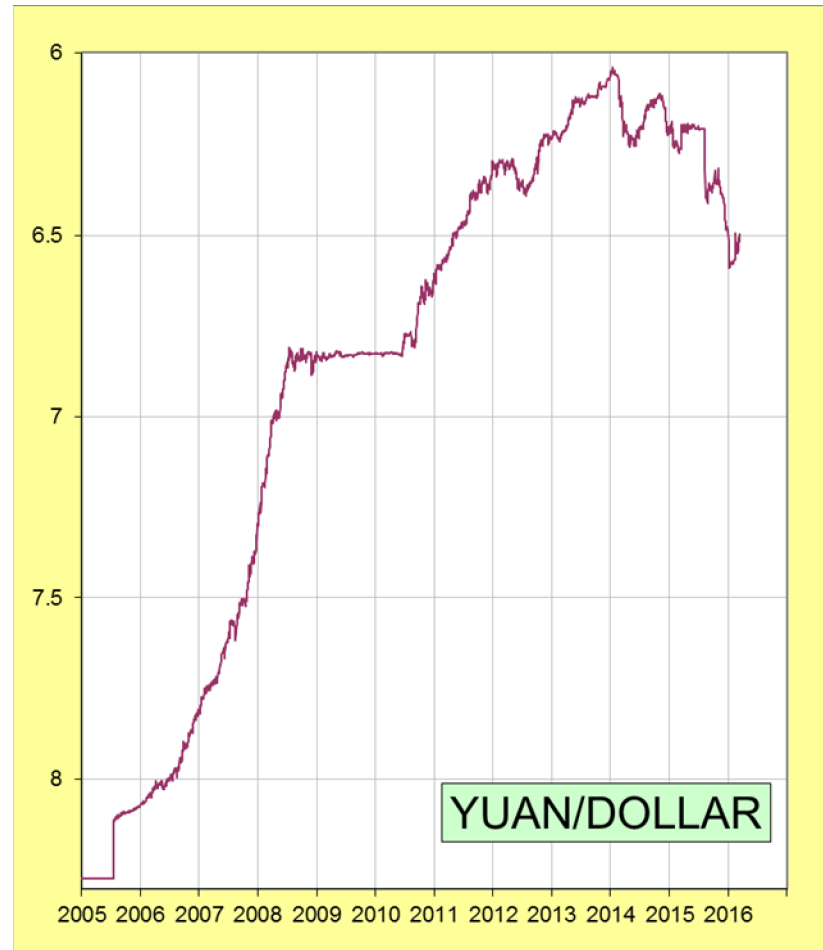
Chinese imports starting to pick up



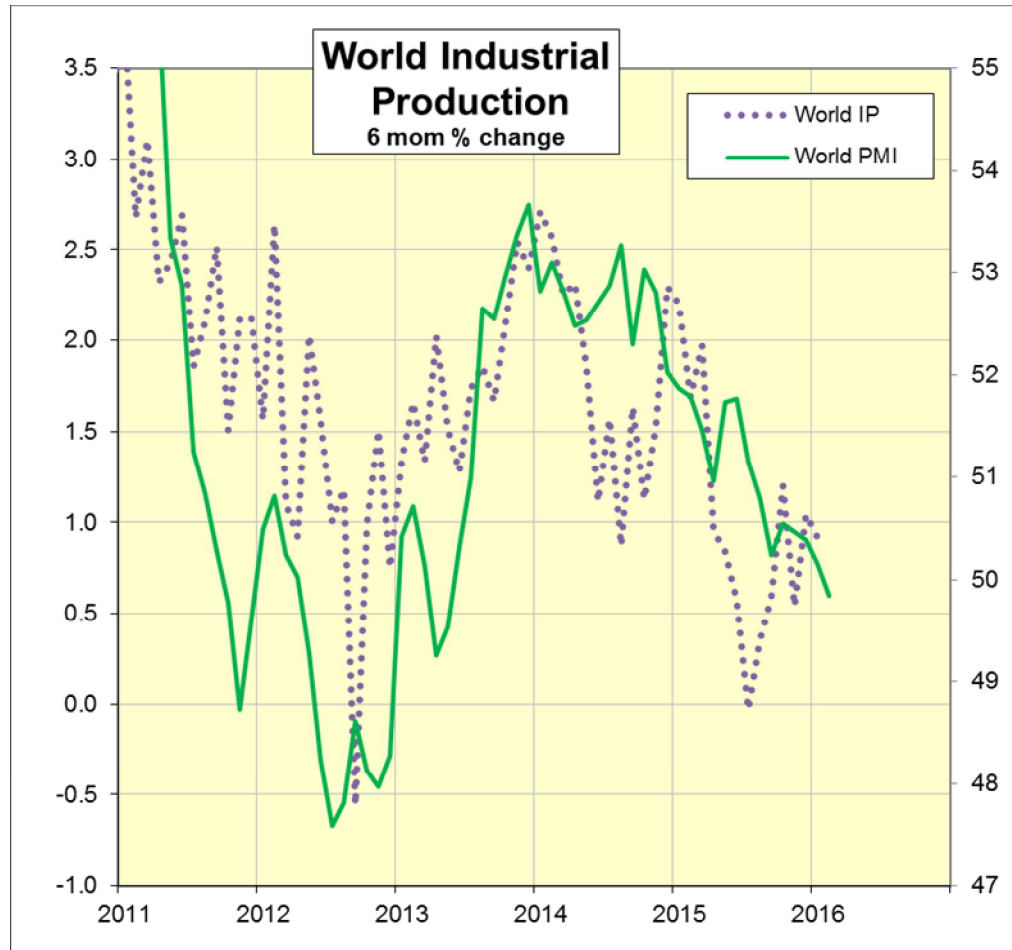
... but Chinese exports slumping



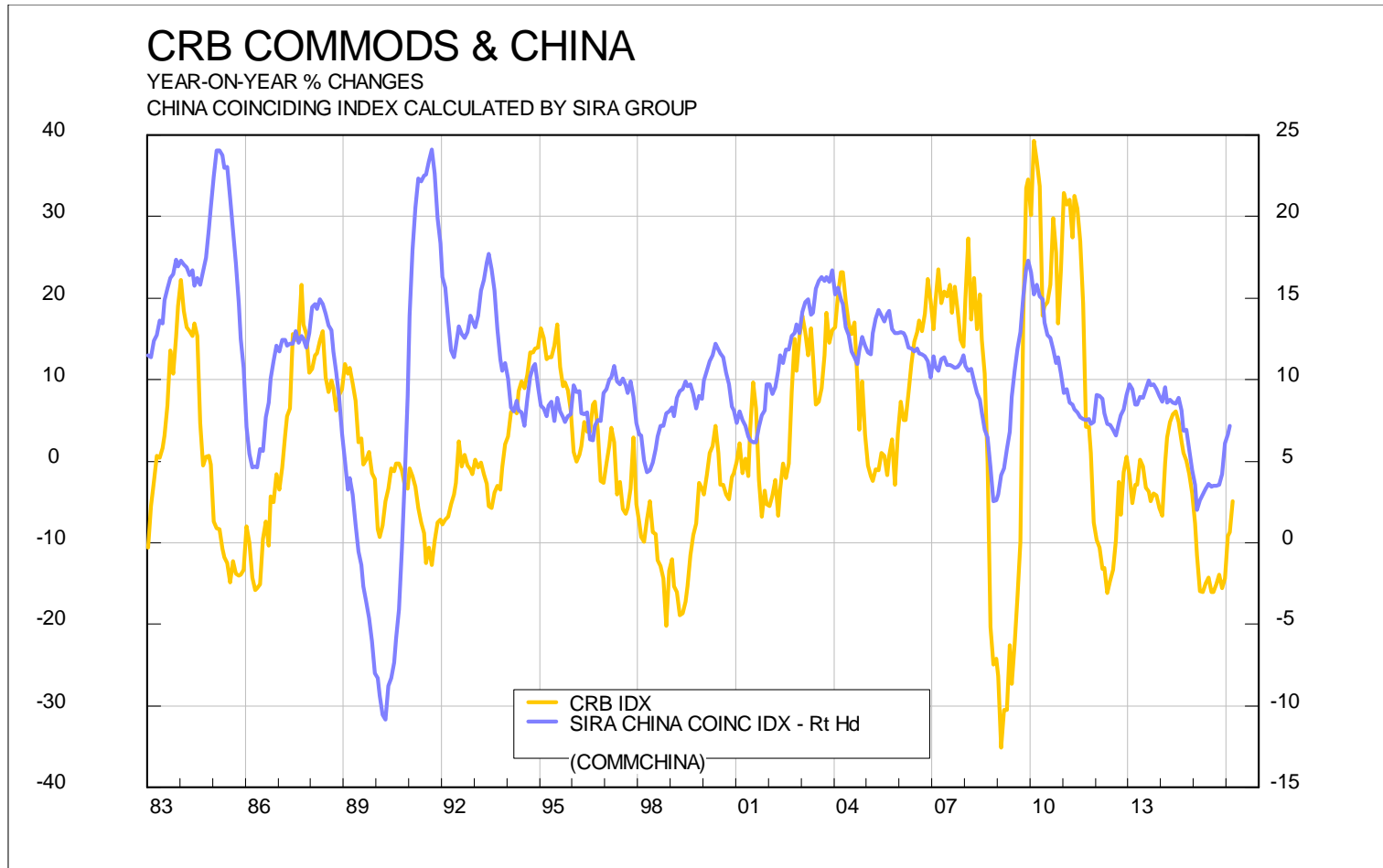
Weakening Yuan



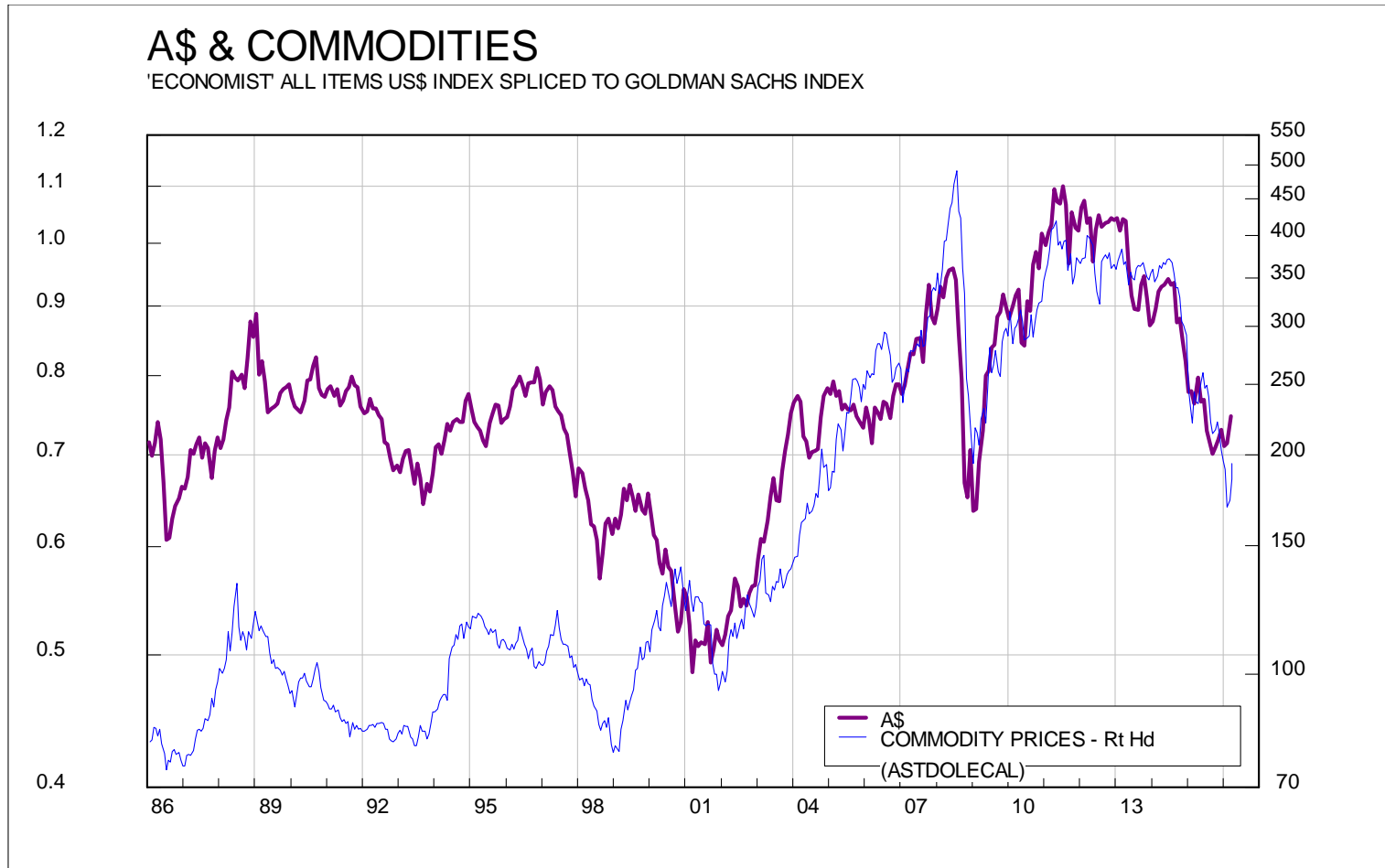
World IP still weak.



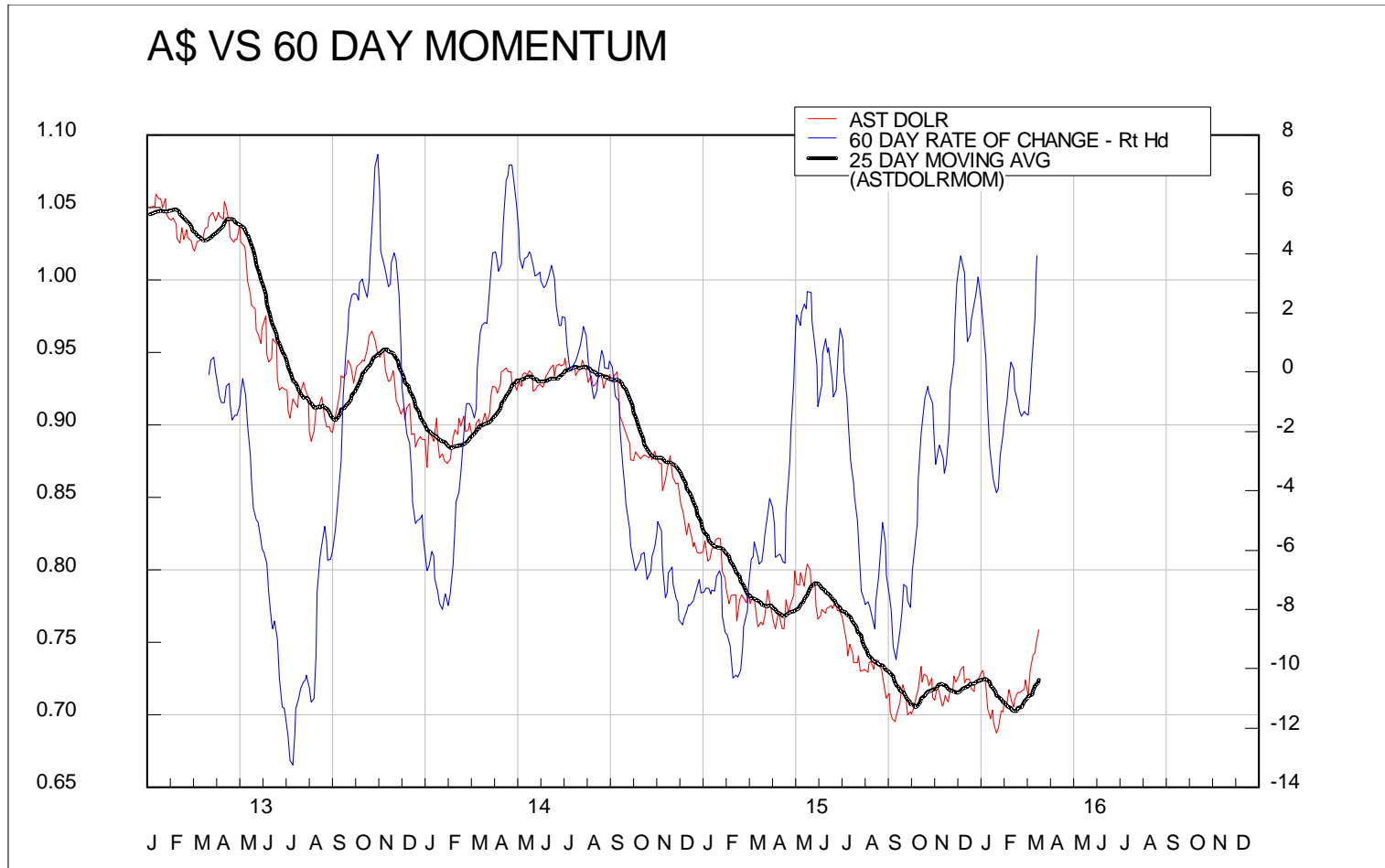
China may be lifting commods



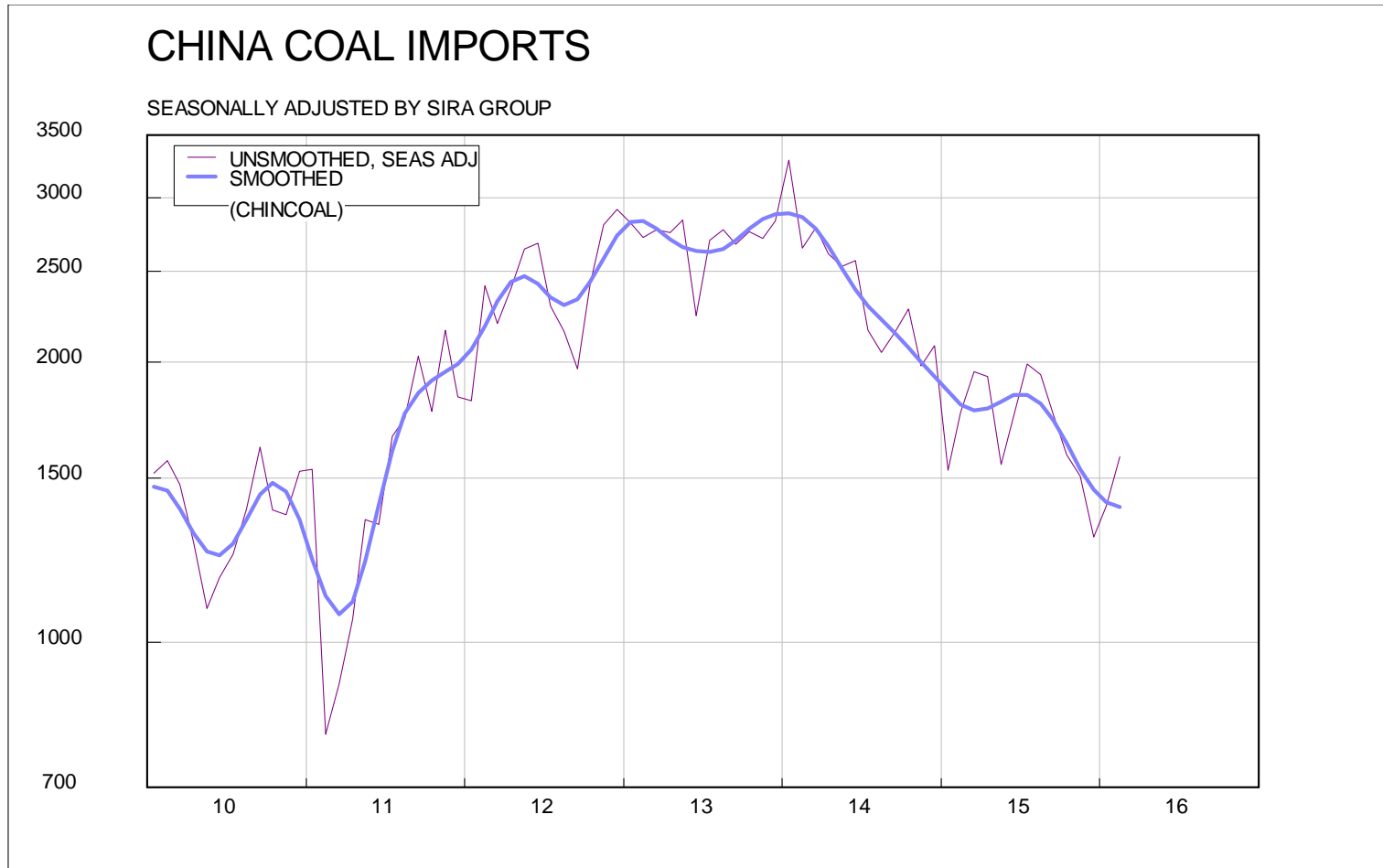
... hence odd rally in A\$?

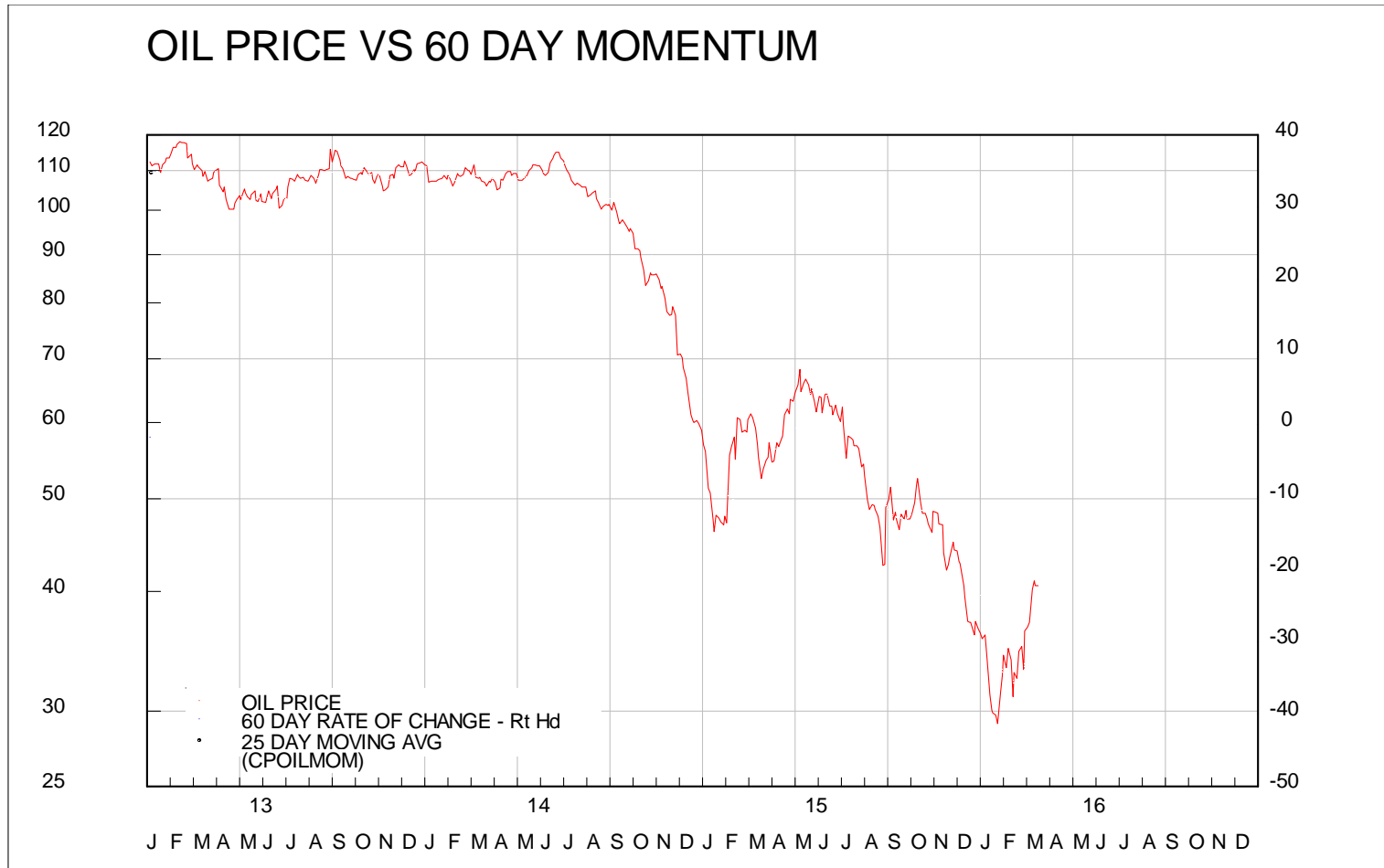


A\$ technicals positive

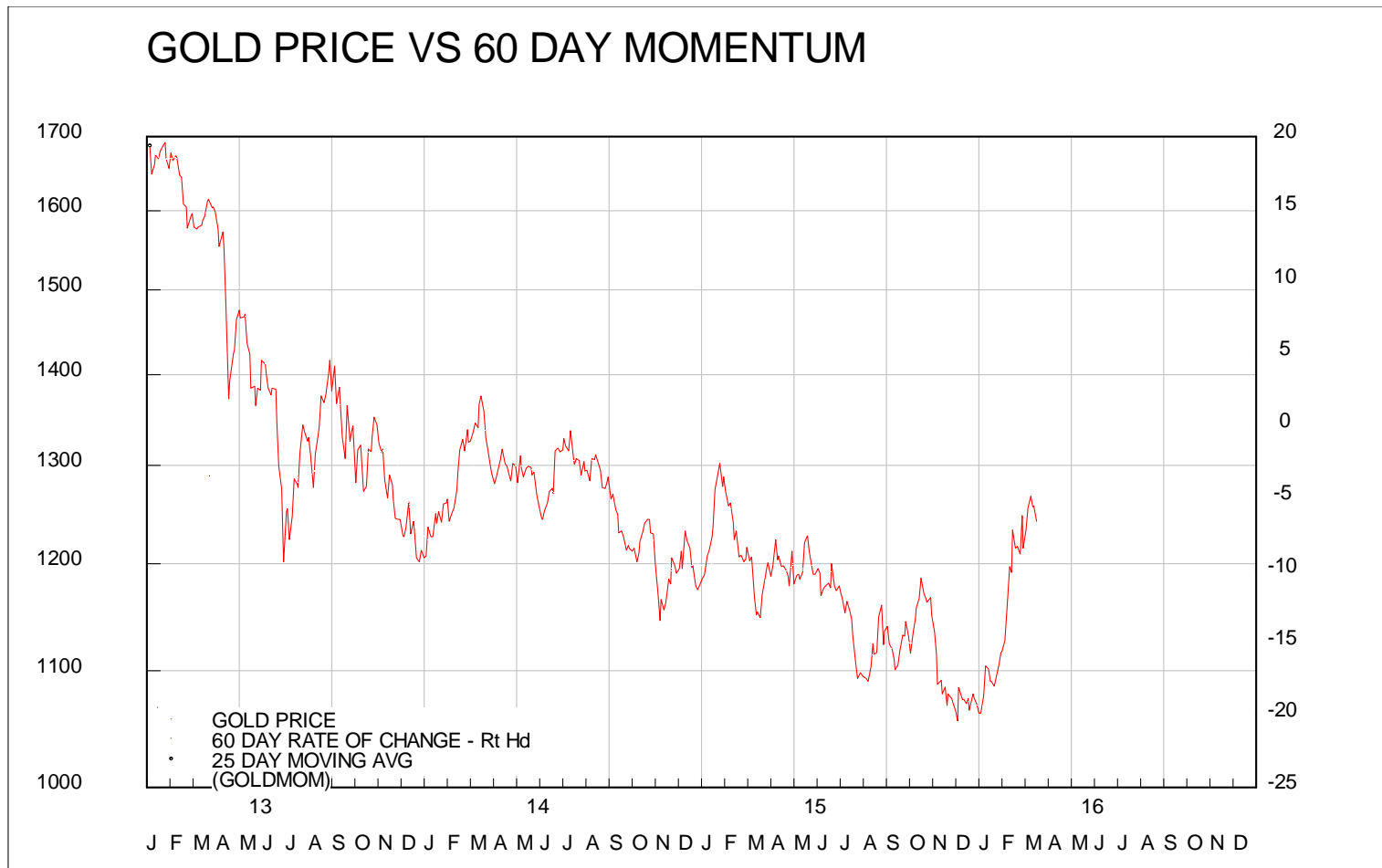


China coal imports still falling

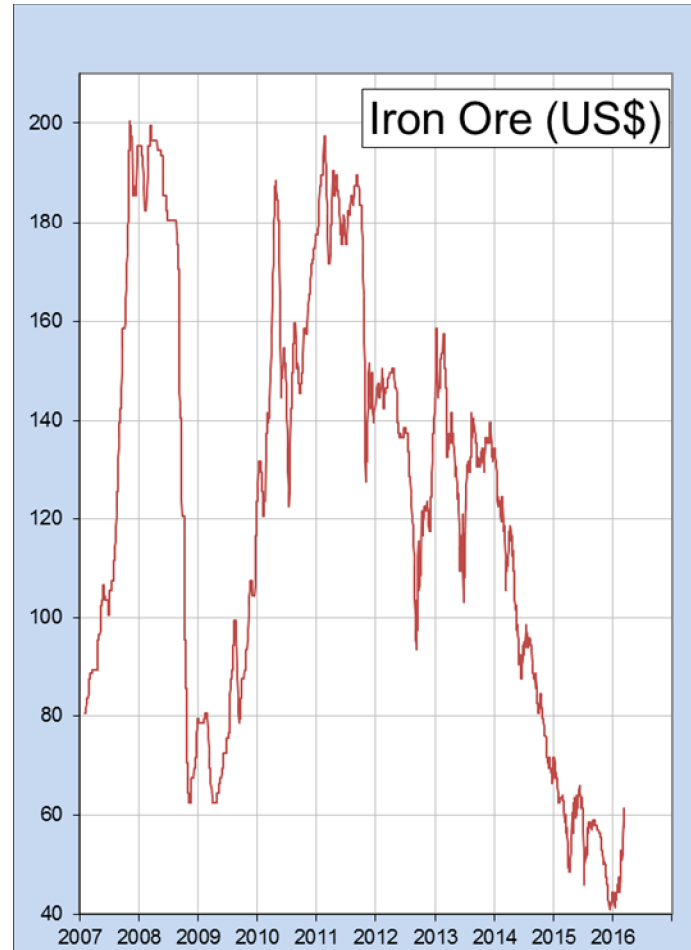




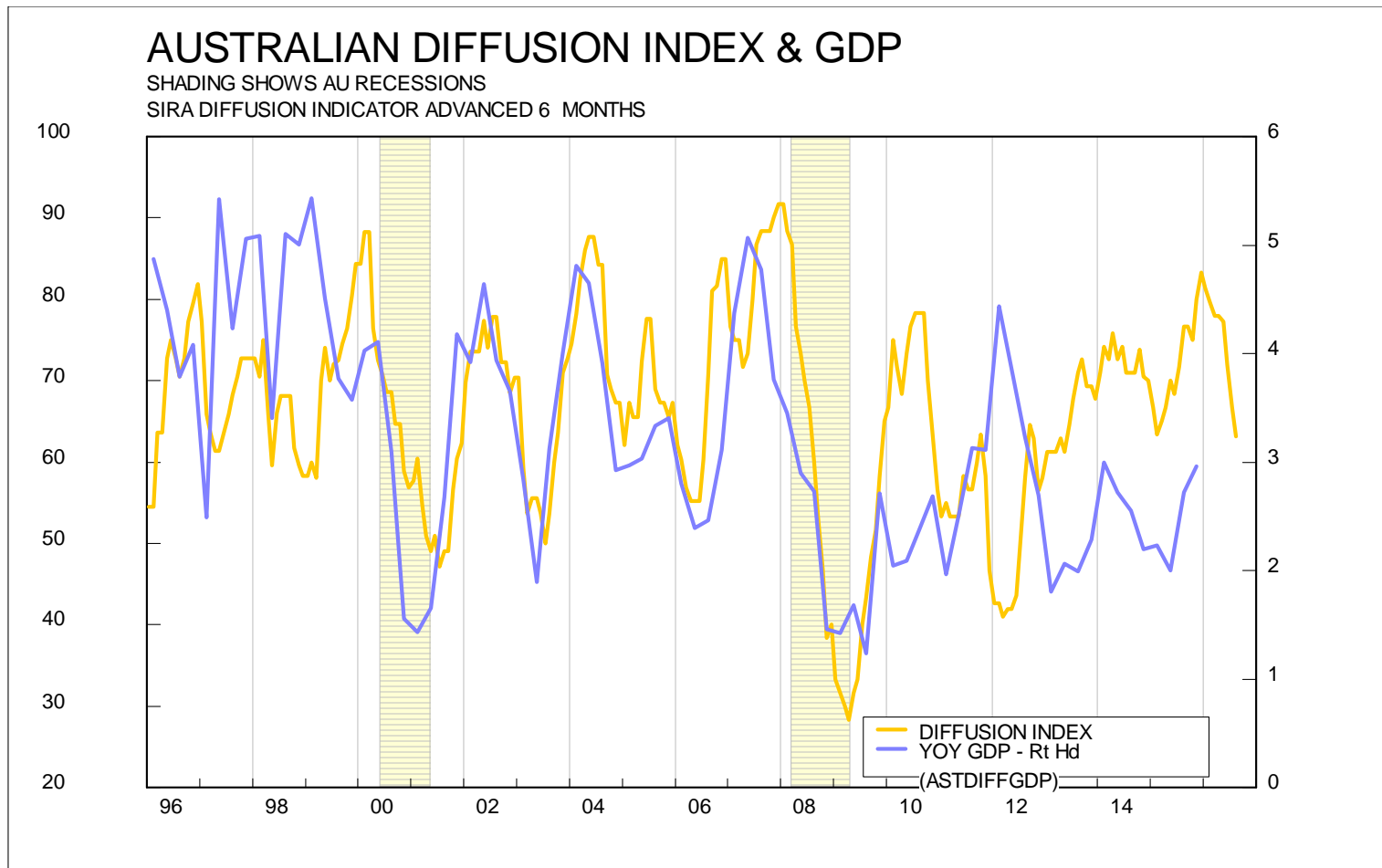
Gold has bottomed



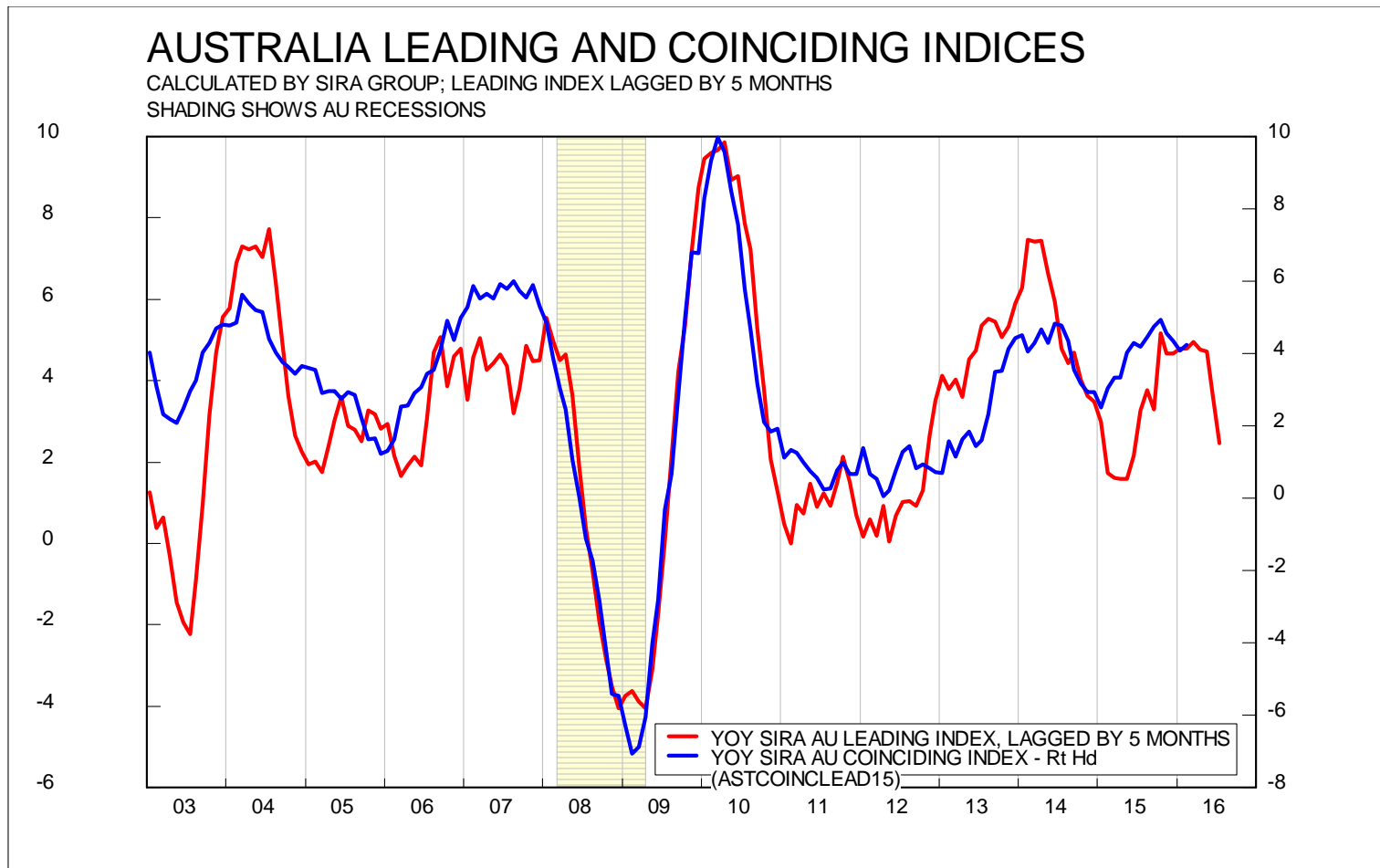
Iron ore bottoming?



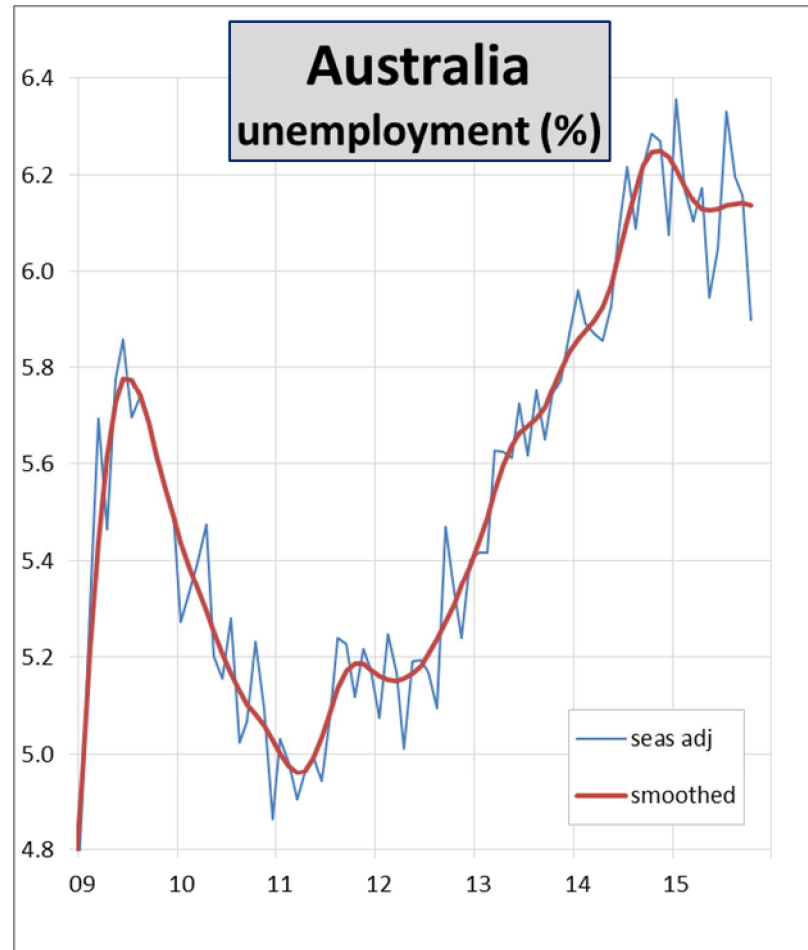
Australian econ to slow from Q4 high



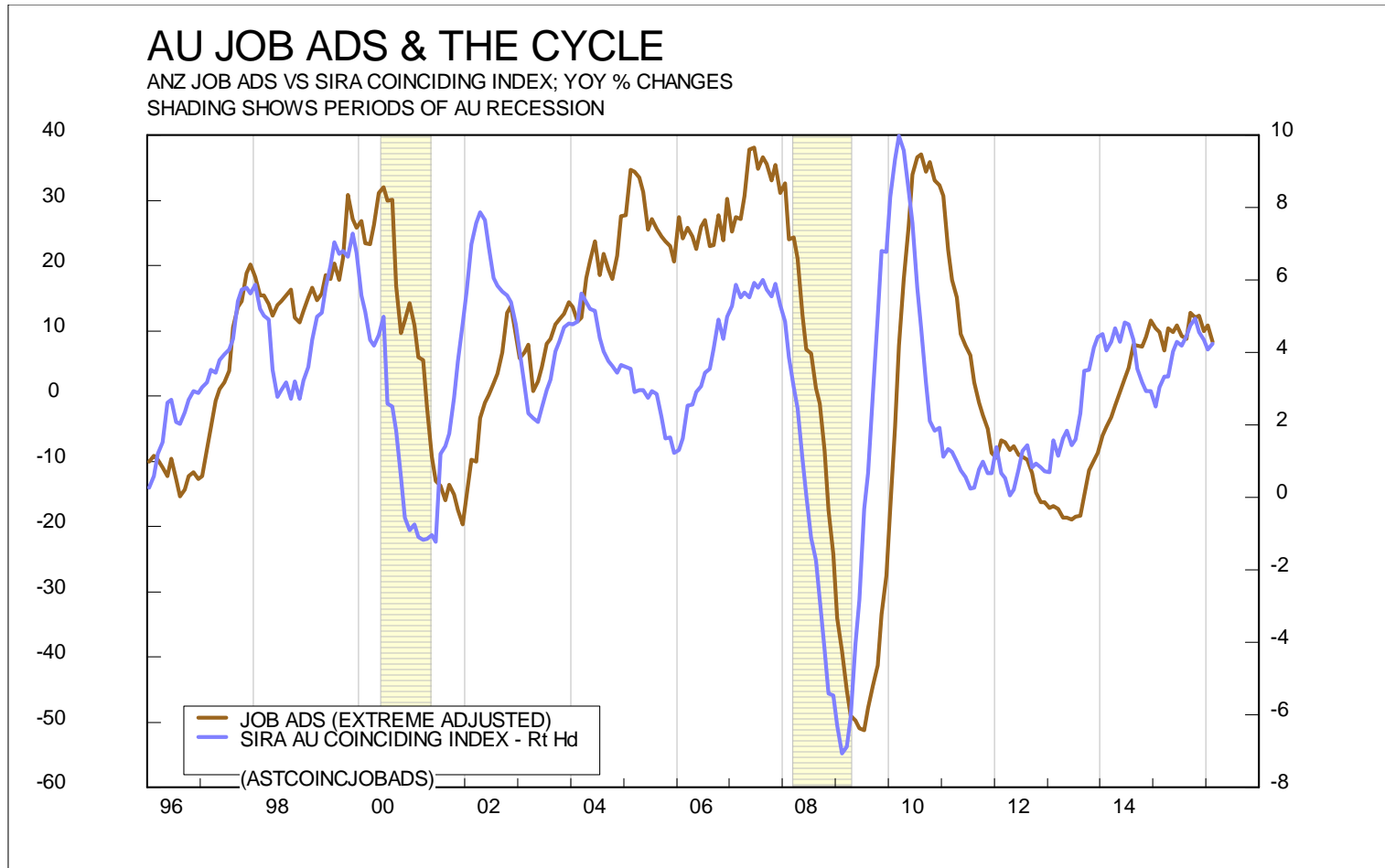
SIRA leading index rolls over

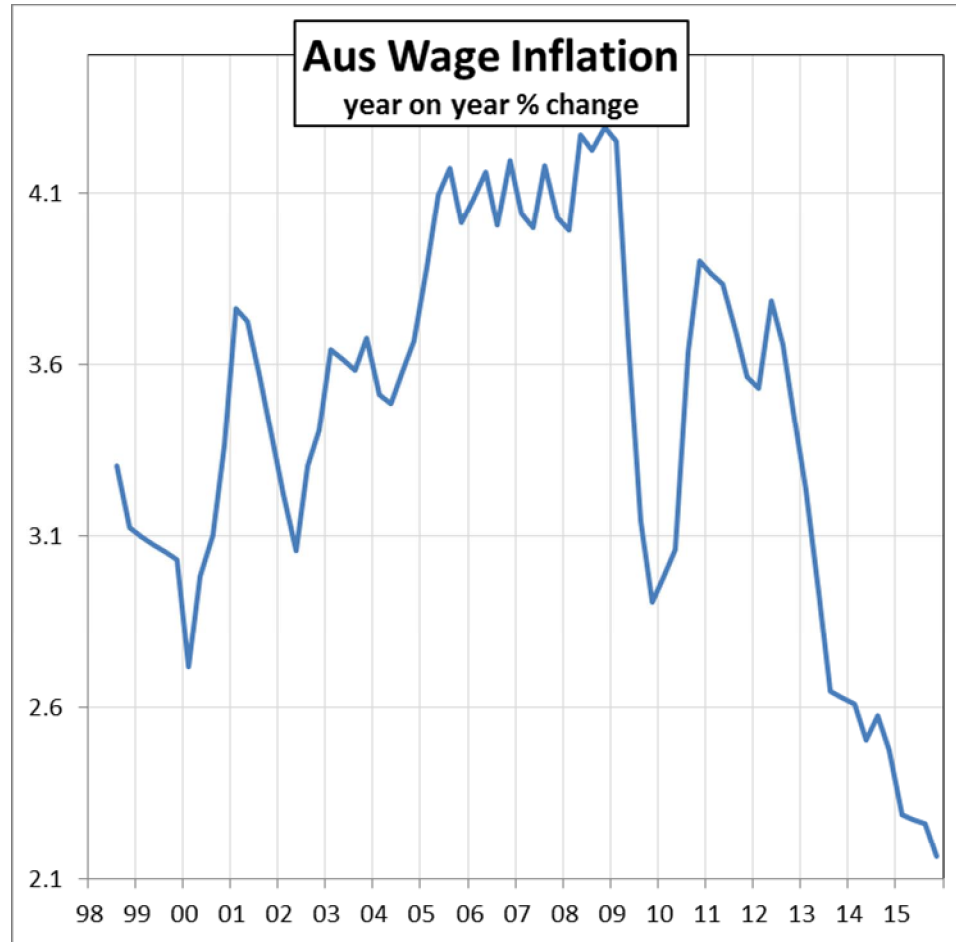


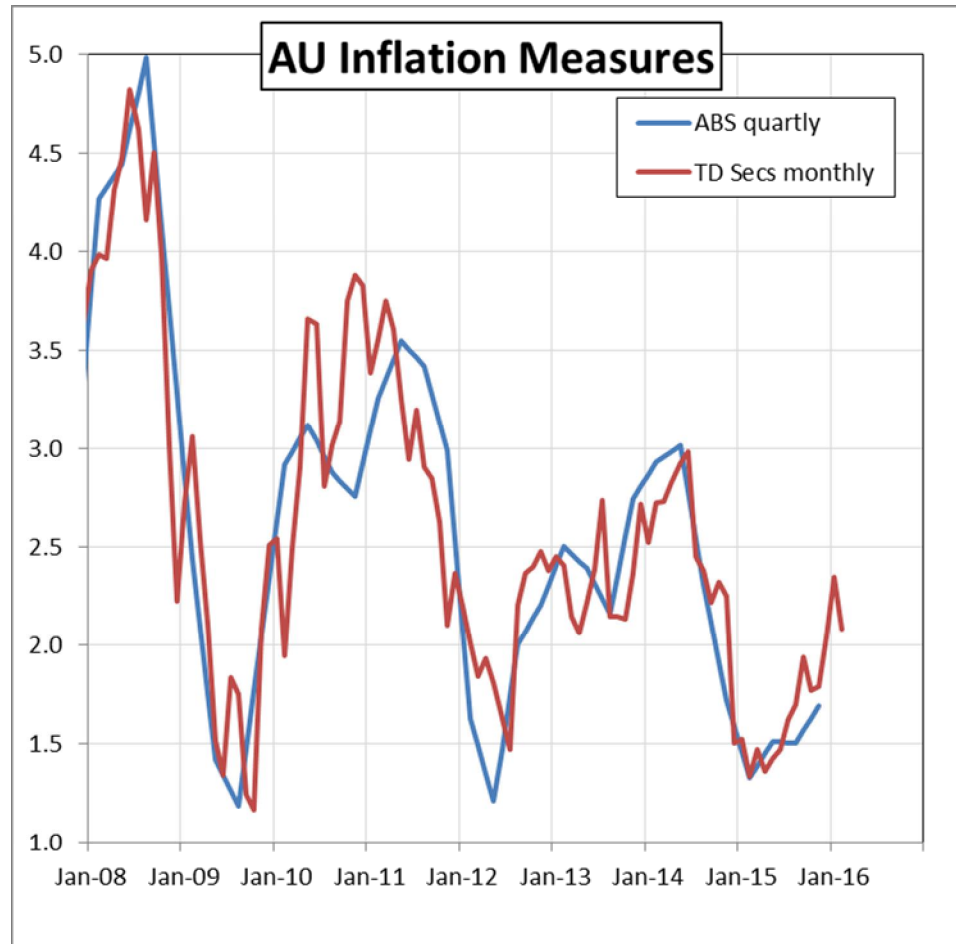
Unemployment rate falling?



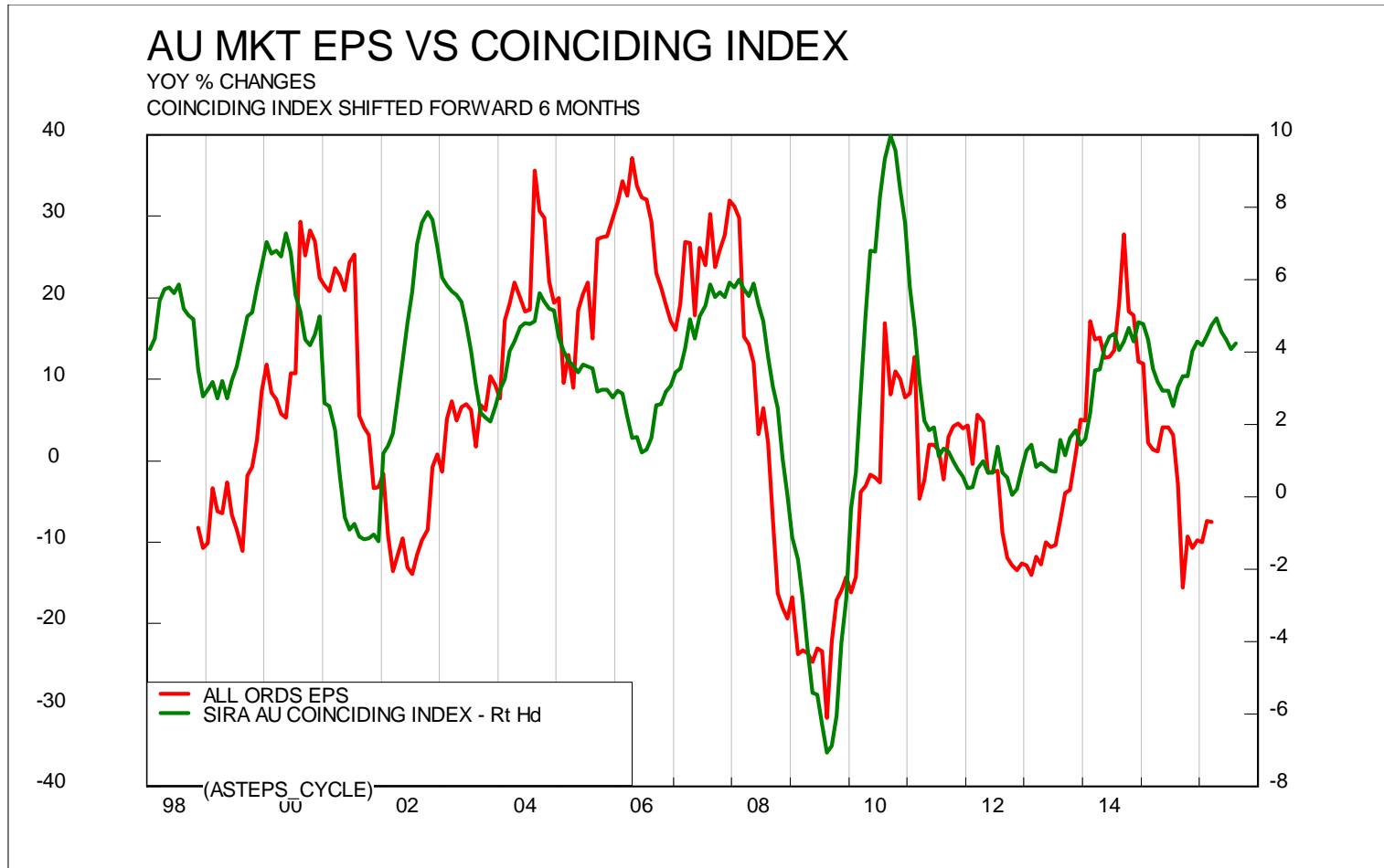
Job ads peaking?



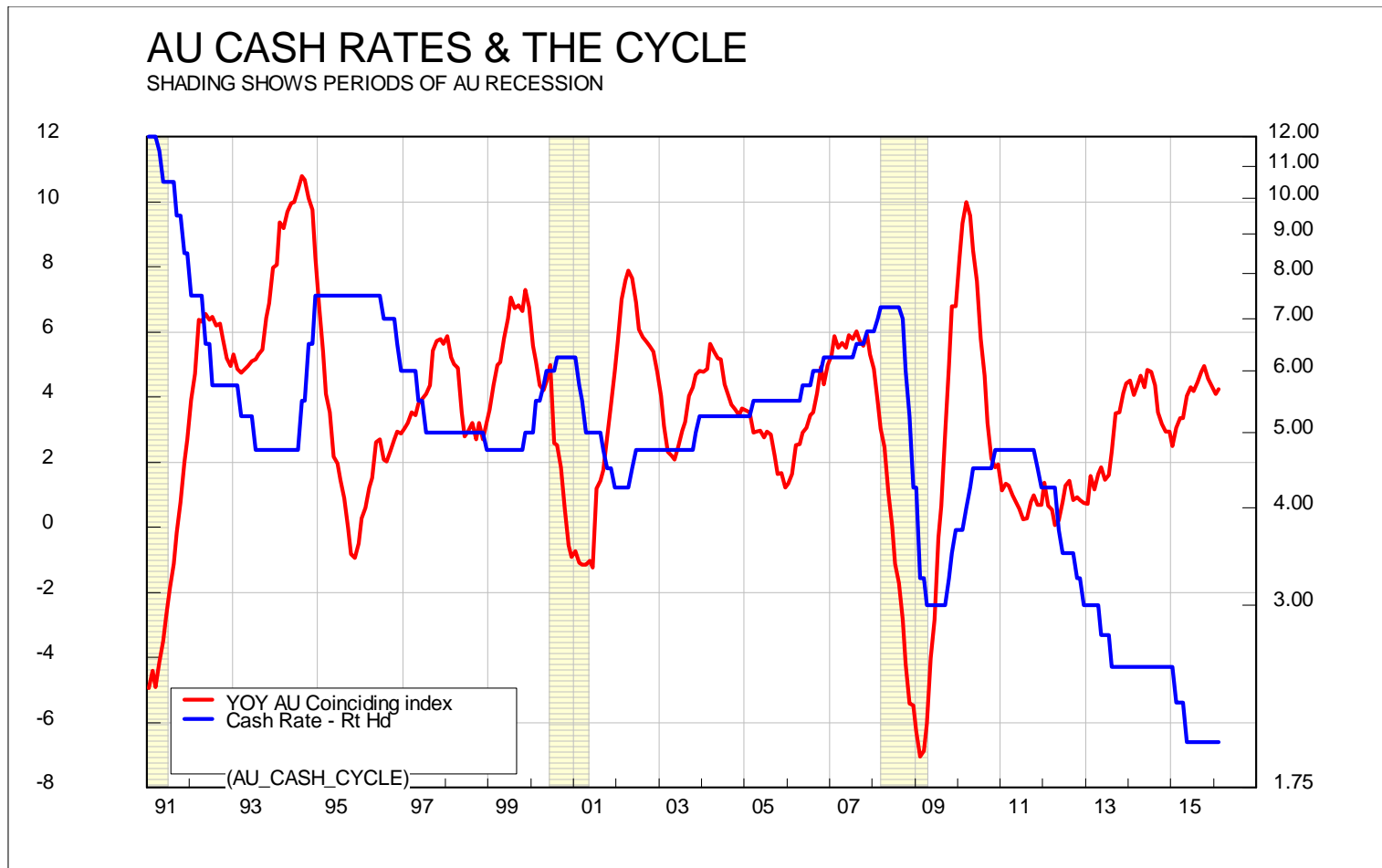




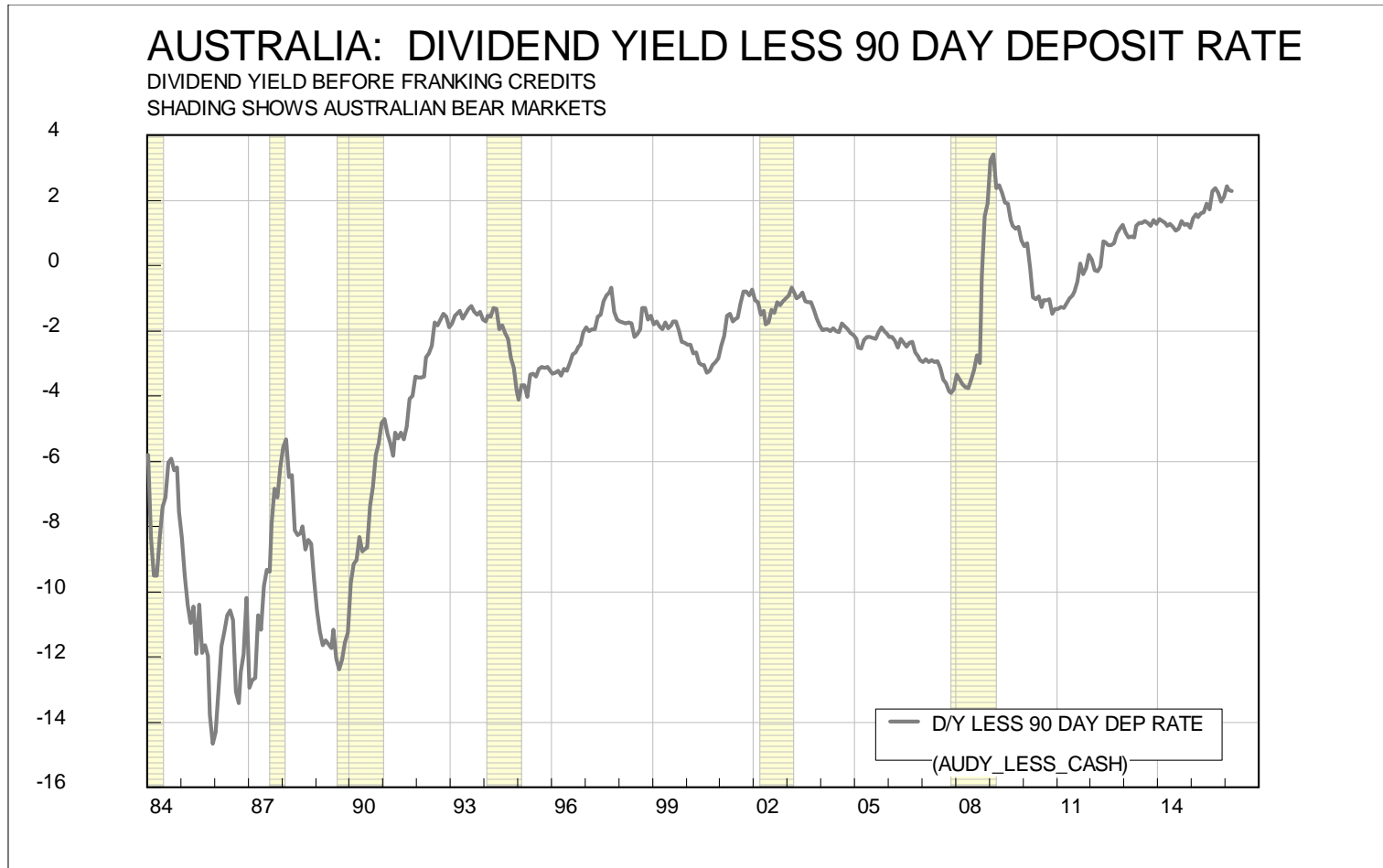
Industrial earnings to recover ... for now



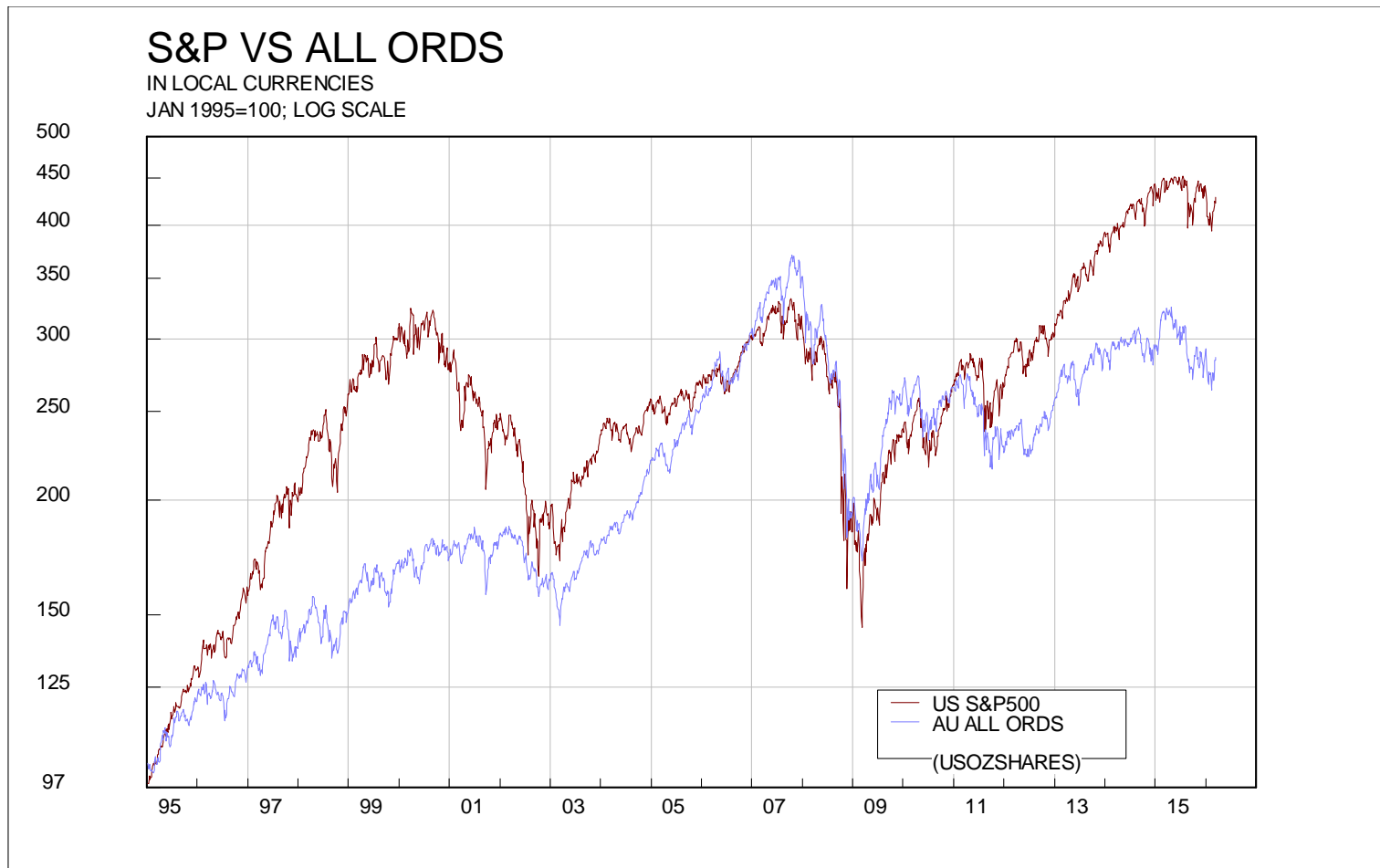
Cash rate on hold – for now



Mkt extraordinarily cheap



But Australia usually follows US



Summary

- “ AU economy likely to slow from here
- “ Cash rate on hold, for now
- “ Bonds likely to move in trading range
- “ Industrial EPS should move back into +ve
- “ US Market likely to struggle