



January

2009

"I'm not panicking, and I'm not scared, I've been through the Gulf War, the Asia crisis, and the Russian crisis."

- Prince Alwaleed Bin Talal Alsaud

**2009:
A Fresh Market
Focus**

Holt Norman & Co.

Market Review – Jan 2009

Indices

All Ords	3,478.15
ASX 200	3,540.70
S&P 500	825.88
Dow Jones	8,000.86

Specific Stocks

ANZ	13.27
CBA	26.90
NAB	18.93
WBC	15.64
MQG	25.99
RIO	42.15
BHP	30.50

Currencies

AUD/USD	0.6364
AUD/EUR	0.4964
AUD/GBP	0.4378
AUD/YEN	57.22

Commodities

Comex Gold	927.30/oz
Oil	41.75

In a month characterised by economic hopes and fears we have seen the Australian market (All Ords) finish the month of January weaker by 4.95% from the last day of trade in December 2008.

As expected, the market started the New Year with below average turnover as many market participants recovered from New Year's celebrations & took time off from their trading activities. The first few weeks of January saw investors trading cautiously in anticipation to the upcoming inauguration of President Obama and to any further developments in world government fiscal and monetary policies. As the month progressed, trading returned to normal levels as an array of both domestic and international economic news and data were released to investors.

"A New Year, and a month characterized by hopes and fears"

At the end of the month the Financial Index (XFJ) had finished down 8.82% to 3,566. Of the main banking stocks: ANZ, who pursued their Asian expansion and raised their stake in Indonesian Bank PT Panin to 38.8% shed \$2.02; National Australia Bank, who raised \$3.5b with the added backing of the Federal Governments 'AAA' rating guarantee closed down \$1.94, The Commonwealth Bank lost \$2 and Westpac Bank, who have recently completed their merger with St George Bank ended the period down \$1.33.

Resource stocks had a rough ride during the month with concerns about the slowdown in the world economy and the effect of reduced demand from China adding to the volatility. Of our big miners; BHP & RIO were subject to daily price swings of between 6-8% on occasions. However, both finished the month up by 0.2% and 10.92% respectively.

In currency markets the Aussie dropped against most major trading currencies as risk aversion returned to the market. While this may prove bad news for overseas trips it does favour our exporters as Australian goods are comparatively cheaper to the rest of the world.

On the oil front we have seen oil prices bounce back from the low mid \$30 range last year to finish the month at \$41.75. Whilst in mid 2008 a rising oil price motioned bad news for equities it could, in the current environment, be interpreted as a basis for economic recovery.

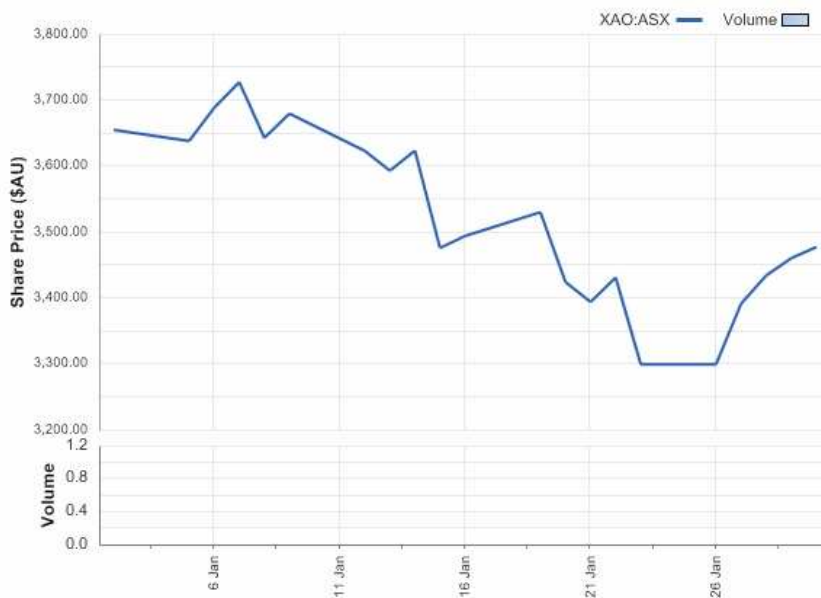
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“One Month LIBOR is currently sitting at around 0.4087 ... from its 52 Week high of 4.5875”

On a positive note the stifling credit conditions we faced last year appear to have eased. The London Interbank Offered Rate (LIBOR), the benchmark for short-term interest rates, has dropped as we currently await the influence of massive worldwide economic and financial packages. One Month LIBOR is currently sitting at around 0.40875 having dropped from its 52 week high of 4.5875 (Source: Wall Street Journal). In addition Corporate & High-yield bond spreads over US Treasuries have declined signaling a healthier credit market.

All Ordinaries (Jan 2009)



Source: www.news.com.au

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