

VOLATILITY IN US REMAINS LOW, AUSTRALIA REMAINS UPBEAT

Index	Index Level	Change (%)	Stocks	Price (\$)	Change (%)	Price rises	Price (\$)	Change (%)
ASX S&P200	4829	0.20	ANZ	23.82	0.08	CEU	0.44	3.53
All Ordinaries	4820	0.25	CBA	55.21	0.71	SKI	1.26	2.44
SPI Futures	4829	0.18	NAB	26.87	2.05	ABP	0.44	2.35
Dow Jones (US)	10564	0.11	WBC	26.97	0.52	QBE	21.10	2.13
FTSE (UK)	5602	-0.08	MQG	48.83	-1.45	NAB	26.87	2.05
Shanghai(China)	3069	0.52	BHP	43.40	-0.25	Price falls	Price (\$)	Change (%)
Nikkei 225 (Jap)	10568	-0.17	RIO	76.15	-1.03	CYA	0.83	-5.68
Hang Seng (HK)	21208	0.05	WPL	45.22	-0.07	CPA	0.98	-1.52
AUS/USD	0.9141	0.52	WOW	28.12	0.68	MQG	48.83	-1.45
Gold (\$US)	1121.80	-0.24	WES	32.71	0.55	MTS	4.08	-1.45
Oil (\$US)	81.21	-0.73	HVN	3.97	0.51	IPL	3.49	-1.41

Market Summary

Tuesday saw the Australian market gain after the business confidence and job advertising data was released. Business confidence is at highs and job ads continue to demonstrate a rebounding economy which continues to drive the share market while the US markets moves remain muted.

This morning the SPI futures are 9 points higher indicating a positive start but overnight trade suggests this is not the final word on direction. Stocks going ex-dividend include FlexiGroup, GUD Holdings and Salmat. Stocks going ex-dividend tomorrow include Auckland International Airport, Oil Search and Transfield Services.

Long View

Share markets continue to rebound as the Greek issues subside and the strength of company earnings push stocks with good reports higher. Since the start of the February reporting season several stocks including Woolworths, CSL, Wesfarmers, Westpac (first quarter update), Rio Tinto and BHP have all pushed higher by over 10% while the market posted a 6.5% gain. The focus on earnings is returning as the negative market sentiment that was driven by the issues in Greece subsides the Australian economy continues to grow and return to the growth path it was on before the Global financial crisis struck.

Australian Company & Economic Reports

Australian Job Advertising and Business Confidence: Australian job advertising grew dramatically in February and business confidence jumped to its highest level in four months. The NAB Business Confidence Index rose 4 points to +19 points in February, returning to levels not seen since November and, before that, May 2002. Business conditions rose 5 points to +8 points, reflecting a 5-point increase in both trading conditions and profitability. Also, the total number of job advertisements in Australian newspapers and on the Internet rose 19.1% in seasonally adjusted terms in February from January to an average of 159,778 ads per week, according to a survey released by ANZ. It was the largest one-month increase in job ads since ANZ first began including Internet-based ads in its survey in 1999. Official employment figures are due for release Thursday.

ANZ (ANZ) said former senior executive Steve Targett has dropped his long-running legal case against the bank without receiving any payment. Targett, who was the head of the bank's institutional division, launched legal action in 2007 to sue ANZ for millions of dollars in damages after he unsuccessfully applied for the position of chief executive officer. ANZ said each party will meet their own legal costs after a deed of release signed by Targett was received by the bank Tuesday. ANZ strengthened 2 cents (0.08%) to \$23.82.

WorleyParsons (WOR) announced Sakhneftegaz Engineering LLC, of which it owns 49%, has been awarded US\$400m worth of services and procurement orders for the Sakhalin-1 oil and gas project in eastern Russia. Awarded by Exxon Mobil affiliate Exxon Neftegas, the orders include engineering, project management and procurement functions. The new contract includes a US\$200m work order for services and a US\$200m order for procurement. WOR rose 68 cents (2.78%) to \$25.17.

Billabong (BBG) said it is subject to a civil claim requesting compensation of US\$53m and US\$100m for unspecified damages relating to a license dispute in Indonesia. CV Bali Balance, Billabong's former Indonesian licensee, is alleging that Billabong's termination of its license to distribute products was invalid. CV Bali Balance has lodged its claim in the Denpasar District Court in Indonesia. Billabong said it is "highly unlikely" the claim will have any material adverse effect on its operations outside of Indonesia or on the revenue, profitability or financial condition of the Billabong Group. Billabong stated that it terminated CV Bali Balance's license in 2005 based on a right of termination in the agreement. CV Bali Balance is calling into question the validity of that termination. Billabong said there is "no evidence" to support the amount of compensation that CV Bali Balance is requesting. BBG rose 24 cents (2.25%) to \$10.90.

International Market Report

The stock market climbed slightly, helped by Cisco Systems' unveiling of an Internet router that could help alleviate the bottlenecks that have plagued mobile networks lately. For a second straight day, the telecommunications and technology sectors were the market's biggest bright spots. The financial sector was also strong, helped by gains in Citigroup and other banks that benefited from upbeat analyst comments and short covering.

The Dow Jones Industrial Average advanced 11.9 points (0.11%) to 10,564.4. Cisco, which had rallied to a 52-week high on Monday in anticipation of the router announcement, rose 7 cents to \$26.20 in recent action.

AT&T, a key Cisco customer, said it had completed a test of Cisco's new router, dubbed the CRS-3, showing the device allows Internet traffic to move roughly 10,000 times faster than the average household broadband connection. AT&T, which has seen its network stretched by widespread use of Apple's iPhone, was recently up 1.4% to \$25.64. Apple rose 2.3% to \$224.

Traders are still worried about the outlook for US consumer spending, though many remain bullish on tech companies as possible beneficiaries of an early wave of capital investment by businesses as part of the US economic recovery.

The Nasdaq Composite Index improved 8.5 points (0.36%) to 2,340.7. The S&P 500 increased 2.0 points (0.17%) to 1,140.5, led by a 1.7% gain in its telecommunications sector. The index's tech, industrial, and financial categories were also strong, up about 1% each. Citigroup was recently up 7.4% to \$3.82 after hitting new highs for the year earlier in the session. Volume in the giant's shares was high, with nearly three times the typical number of shares changing hands compared with the previous 30 sessions.

Among stocks in focus, General Growth Properties climbed 5% to \$14.80 after the shopping-centre operator got a proposal to help it emerge from bankruptcy from two of its biggest creditors. UAL Corp. jumped 7% to \$19 after its United Airlines said February unit revenue - the amount taken in for each passenger flown a mile on its planes and those of its affiliates - jumped 17% to 19% over the same month a year earlier.

For Australian ADRs listed on the NYSE, **BHP Billiton** dipped 0.55%, **Rio Tinto Plc** declined 0.64%, **Telstra Corporation** added 0.45%, and **Westpac** strengthened 0.66%.

In economic news, small-business owners in the US turned slightly more pessimistic, although employment readings grew a shade more positive. The NFIB's Small Business Optimism Index declined 1.3 points to 88.0 last month, with only two of its 10 components posting gains.

European shares marked the one-year anniversary of multi-year lows with a flat finish, as worries about fiscal health and earnings-related weakness from EADS and Deutsche Post offset gains in defensive sectors like food and healthcare.

In the early afternoon the Stoxx Europe 600 index traded firmly in the red, with banks and miners under notable pressure, but it recouped the losses in the afternoon and managed to finish nearly unchanged at 256.73.

Tuesday marks one year exactly that the Stoxx Europe 600 index fell to a multi-year low amid fears of an economic meltdown. After that point, the index rallied almost 63% to Monday's close. However, the bulk of the gains were made last year and the Stoxx Europe 600 index is up just 0.7% year-to-date in part as investors continue to fret about economic progress in the more peripheral euro-zone countries such as Greece. Greece is due to refinance some of its debt in May.

Of the main national European equity markets, the UK FTSE 100 index declined 0.1% to 5,602.30, the German DAX index gained 0.2% to 5,885.89 and the French CAC-40 index added 0.2% to 3,910.01.

Banking stocks were in focus with National Bank of Greece down 1.5% and Alpha Bank down 1.1%. Both firms were downgraded by a broker "in anticipation of a more severe and longer-than-expected economic deceleration in Greece" following fiscal tightening. Spanish banks were also weak, with Santander shares down 1.1% and BBVA shares down 1.1%. In the UK, Lloyds Banking Group lost 0.9% and Royal Bank of Scotland fell 1.2%.

On the UK finances overall, a Fitch Ratings analyst said the British government's plan to cut the UK public deficit in half over four years is "too slow" and should be speeded up to reduce the risk of shocks to the nation's public finances.

Turning to earnings and shares of European Aeronautic Defense & Space Co. fell 2.8%, off earlier lows. The parent of plane producer Airbus swung to a fourth-quarter loss of EUR1.06bn, compared with net income of EUR812m in the year-earlier quarter, and the company said it wouldn't declare a dividend for 2009.

Shares of Deutsche Post rose 2.2%. The mail and logistics company narrowed its fourth-quarter net loss to EUR283m from EUR3.18bn in the year-earlier period.

Shares of high-speed-rail operator Eurotunnel fell 1.5%. It reported a 2009 profit attributable to shareholders of EUR1.56m, a 96% fall, after a poor economic environment, a fire in September 2008 and bad weather at the end of 2009.

On the FTSE 100, **Rio Tinto** fell 0.71% and **BHP Billiton** weakened 0.47%.

Most Asian markets ended higher on Tuesday, as Shanghai and Hong Kong shares rose after an upbeat forecast from China Life Insurance Co., while China Southern Airlines Co. jumped on plans to raise funds through a private placement.

Japan's Nikkei Stock Average of 225 companies fell 0.2%, Hong Kong's Hang Seng Index rose 0.1% and China's Shanghai Composite added 0.5%.

Base metals on the London Metal Exchange traded mixed on Tuesday, shifted by moves in equity markets and currency. Aluminium rose \$22 (0.99%) to \$2,255 while copper fell \$5 (0.07%) to \$7,510 and nickel weakened \$130 (0.58%) to \$22,320. Zinc dropped \$10 (0.42%) to \$2,360 and lead shed \$20 (0.88%) to \$2,250. Comex copper was last quoted at 340.10 US cents per pound.

Gold futures finished with a slight loss after they were pressured early in the session by a stronger US dollar and by comments from a Chinese official seen as a hint that gold purchases from the country might not be as robust as some might have expected. Spot gold was last quoted at \$1,120.40. Comex gold futures declined \$0.70 (0.06%) to \$1,123.30. Spot silver was last quoted at \$17.22.

Crude oil fell as action in the equity and currency markets weighed on prices. West Texas Intermediate was last quoted at US\$81.49 per barrel.

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