

# Australian Weekly



## Overview

- Positive earnings results and solid domestic growth boosted Australian equities last week, in spite of the prevailing political uncertainty.
- Second-quarter GDP growth accelerated as commodity exports were boosted by demand from Asia. Retail sales and building approvals rose in July, whereas manufacturing growth cooled as the strengthening local currency dampened new orders.
- Corporate profits rose sharply in the three months ended June, led by robust earnings at mining companies, property developers and banks.
- On the political front, both the Labor and Liberal parties, deadlocked at the recent election, sought to form a minority government by courting four independent ministers.

## Corporate News

**Rio Tinto** will invest US\$1.6 billion to develop the Hope Downs 4 iron ore project in Western Australia that will start production in 2013.

**Metcash** maintained its earnings guidance of 6% to 8% growth for FY2011 despite tough trading conditions.

**Avoca Resources** posted after-tax profits of A\$57.8 million for the full year, against a previous loss of A\$16 million. It also increased its mining reserves and cut its debt.

We hold all the above companies highlighted.

## Fixed Interest

After an initial rally, Australian bonds sold off last week on the back of better-than-expected domestic economic data.

## Indices Performance Tables

	Week	YTD	03/09/2010
S&P/ASX 50	3.62%	-2.69%	4535.56
S&P/ASX 200	3.91%	-2.35%	4541.20
AUD/USD	1.99%	2.98%	0.92
US DJ	2.93%	19.05%	10447.93
UK FTSE	4.36%	22.42%	5428.15
NASDAQ Comp	3.72%	41.64%	2233.75

	Aust 10 Yr Yield (%)	US10Yr Yield (%)	A\$/US\$10yr Spread (bps)	Aust 3/10 Yield Curve (bps)	Aust Bond Mkt Total Return (%)
3/9/2010	4.835	2.697	214.5	37.5	0.51
27/8/2010	4.8	2.6447	222.6	41.5	0.51

Source: Aberdeen Asset Management Limited, Bloomberg, Reuters, IRESS

## Focus – This Week

	Australia data	International data
7 Sep	Reserve Bank of Australia cash target	-
8 Sep	-	Mortgage applications
9 Sep	Unemployment	Beige Book and initial jobless claims

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## For more information

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## Important information

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