

Australian Weekly



Overview

- Higher commodity prices, better-than-expected US corporate earnings and upbeat expectations ahead of Europe's bank stress test results boosted Australian stocks last week.
- The Reserve Bank of Australia's July meeting minutes suggested that policymakers may refrain from hiking interest rates further, amid the fragile global economic outlook and concern over the European financial markets.
- The central bank's next rate decision due in early August will hinge on the consumer price inflation data.

Corporate News

QBE expects first-half net profits to decline by 40% year on year, dragged down by lower net investment income on shareholders' funds and net equity losses of US\$228 million. We are looking to revise our numbers following a meeting with management. Nevertheless, QBE has maintained its interim dividend of A\$0.62 cents per share, equivalent to a 3.5% yield for the half year.

AXA Asia Pacific (AXA APH), along with its French parent AXA SA, and National Australia Bank (NAB) have extended the deadline by which they must receive shareholder and court approval for NAB's takeover of AXA APH from end-October to the end of next January. AXA APH also proposed an interim dividend of 9.25 Australian cents a share.

BHP Billiton's Newcastle Third Port project was completed ahead of schedule and on budget in June.

Woodside Petroleum posted lower production volumes in the second quarter, although sales revenue rose from a year ago, largely due to the rise in commodity prices.

Healthscope recommended a A\$2 billion takeover offer from The Carlyle Group and TPG Capital. The A\$6.26 a share cash offer represents a 39% premium to Healthscope's A\$4.50 share price of May 13, a day before the private hospital operator received the buyout proposal.

Spotless secured an integrated national cleaning, facilities and asset management contract from Qantas.

Woolworths maintained its full-year earnings growth guidance despite slower fourth-quarter sales.

We hold all the above companies highlighted.

Fixed Interest

Australian bond futures generally underperformed US Treasuries, while bond yields rallied, as global equities benefited from improving sentiment as did commodity currencies.

Indices Performance Tables

	Week	YTD	23/07/2010
S&P/ASX 50	0.68%	-4.04%	4472.57
S&P/ASX 200	0.81%	-4.13%	4458.39
AUD/USD	3.04%	0.60%	0.90
US DJ	3.24%	18.78%	10424.62
UK FTSE	2.98%	19.81%	5312.62
NASDAQ Comp	4.15%	43.91%	2269.47

	Aust 10 Yr Yield (%)	US10Yr Yield (%)	A\$/US\$10yr Spread (bps)	Aust 3/10 Yield Curve (bps)	Aust Bond Mkt Total Return (%)
16/07/10	5.12	2.922	216.3	49.0	0.11
23/07/10	5.205	2.994	224.9	45.5	-0.13

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

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Focus – This Week

	Australia data	International data
26 July	PPI	-
27 July	-	New Home Sales
28 July	CPI	Mortgage Apps, Durable Goods
29 July	-	Beige Book, Initial Jobless Claims
30 July	-	GDP, Uni of Michigan

For more information

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