



**ENERGY INDUSTRIES®**  
SUPERANNUATION SCHEME

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Investment Analyst

In his role as Investment Analyst, Chris closely monitors fund managers in terms of performance, operational activities and compliance as well as performing internal analytics on the fund.



## Economic overview

June was an encouraging month for financial markets as GDP (a measure of economic growth) data was released to indicate that Australia has escaped a technical recession, which is defined as two consecutive quarters of negative GDP. A good part of this increase in GDP has been attributed to the economic stimulus package initiated by the Rudd government showing that the extreme measures taken by the government have had an immediate and beneficial effect on the economy. Whether this economic growth is sustainable is uncertain as the boost to the economy provided by the one-off cash hand-outs is unlikely to be sustained or at least not to the same extent. The government will have to rely on the fact that the increase in money supply within the economy will spur further growth through increased liquidity and business confidence.

Meanwhile interest rates remained at historically low levels. The RBA announced in June that overnight cash rates would remain at 3%, whilst making the following observations and justifications for the rate:

- Evidence is emerging that the global economy is stabilising due to considerable economic policy stimulus in most of the developed world

## Monthly economic e-news



- While confidence is improving, businesses remain under pressure to reduce debt
- Unemployment is still increasing (currently at 5.7%) indicating that inflation is likely to remain low over the next two years
- The prospect of declining inflation in the near future leaves open the option to further reduce interest rates over the medium term.

The majority of news coming out of China in June was promising for the Australian economy. China is often used as an indicator for future domestic economic growth as it is Australia's biggest trading partner meaning that the state of the Chinese economy has a direct impact on economic activity in Australia. Some signals of a strengthening Chinese economy are increased retail sales, an increase in the measure of inflation and an increase in industrial production. The Australian share market responded well to this news during the month.

The end of this month brings to an end one of the worst financial years in history with equity valuations falling by 20% in the majority of developed markets. June is traditionally a month of consolidation as investors look to crystallise gains or losses before the end of the financial year.

All in all, June showed mixed results. There are signs of improving economic conditions both domestically and overseas, but a full recovery could take some time to materialise. Investors are still likely to see volatile returns over the coming months.

## Investment markets snapshot

Investment Type	Performance
Australian Equities	4.01%
International Equities (Unhedged)	-1.62%
Australian Listed Property Trusts	4.60%
Australian Government Bonds	-0.73%
International Government Bonds (Hedged)	0.98%

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