



# A solid start to 2012

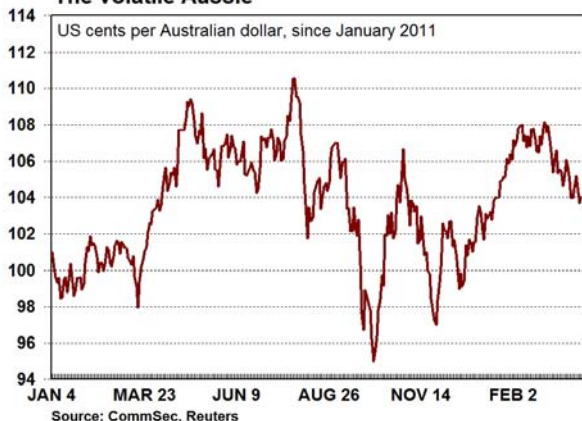
## March quarter 2012

- **Aussie dollar mixed:** The Aussie dollar rose 2.4 per cent against the US dollar in the March quarter but eased slightly against the Euro, Pound Sterling & NZ dollar.
- **Aussie shares under-perform:** The ASX 200 rose by 6.9 per cent in the March quarter in local currency terms and rose by 8.4 per cent in USD terms. The world sharemarket rose by 11.5 per cent in USD terms in the March quarter.

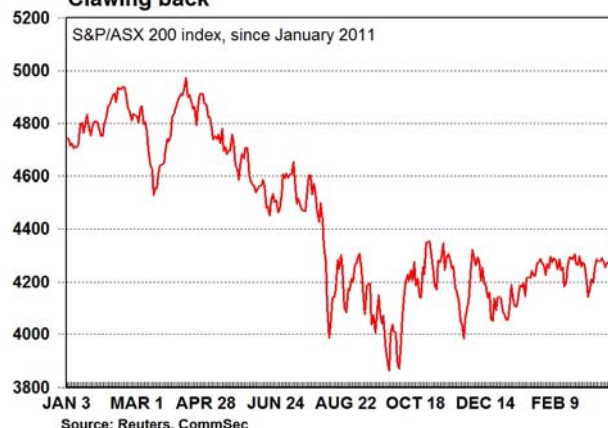
### What do the figures show and what does it all mean?

- The Aussie dollar made modest gains against the US dollar in the March quarter, rising by 2.4 per cent. And the

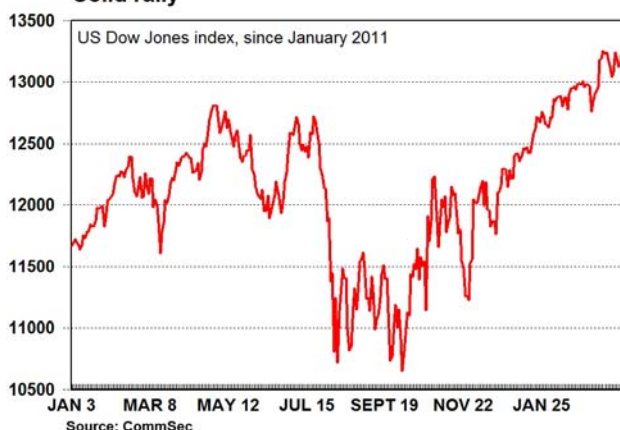
**The volatile Aussie**



**Clawing back**



**Solid rally**



**Commodity prices stabilise**



**Craig James – Chief Economist (Author)**  
(612) 9118 1806 (work); Twitter: @craigjamesOZ

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Aussie lifted 8.4 per cent against the Japanese yen. But the Aussie lost 1.2 per cent against Pound Sterling, lost 3.5 per cent against the NZ dollar and lost 0.8 per cent against the Euro.

- The Australian ASX 200 rose by 6.9 per cent in the March quarter with the All Ordinaries up by 7.5 per cent. In local currency terms the US Dow Jones rose by 8.1 per cent with the S&P 500 up by 12.0 per cent and Nasdaq rose by 18.7 per cent. The Japanese Nikkei rose by 19.3 per cent, the UK FTSE rose by 3.5 per cent and the German Dax gained 17.8 per cent in the quarter.
- Smaller companies did best in Australia in the March quarter with the Small Ordinaries up 13.9 per cent and the MidCap50 index up 9.5 per cent. Consumer durables & apparel was the best sector, up 33.9 per cent from Capital goods, up 20.8 per cent. Only one of the 21 sectors fell in the March quarter: Telecom, down 0.4 per cent.
- According to FactSet, the world sharemarket rose by 11.5 per cent in US dollar terms in the March quarter with Eastern Europe out-performing, lifting 18 per cent. The Australian sharemarket lifted 8.4 per cent in US dollar terms with China up 6.4 per cent but India lifted 21 per cent. The US market rose by 12.2 per cent.
- At the end of the March quarter, Australian 10 year bond yields ended at 4.08 per cent, up from 3.80 per cent at the end of December but still historically low, supported by strong demand. Australian 90-day bill yields ended the March quarter at 4.34 per cent, down from 4.48 per cent at the end of December.

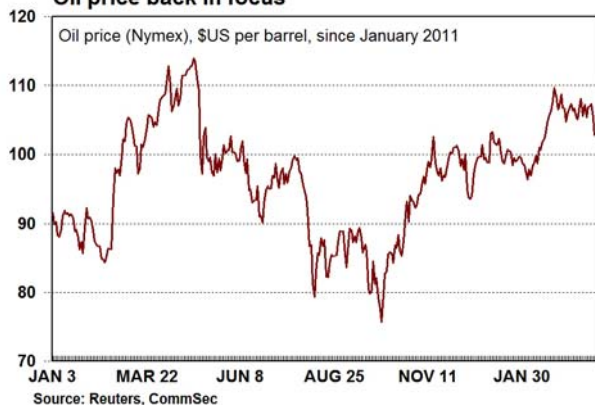
### What are the implications for investors?

- The bad news on Europe dried up; the US economy continued to recover; and investors believe the soft patch for Asia will be only temporary. As a result, global sharemarkets rose in the March quarter. While Australia under-performed, investors in small or medium-sized stocks wouldn't have been disappointed.
- CommSec is sticking with its conservative call for the ASX 200 to reach 4,450 by mid year and 4,650 by end year. But if domestic investors start to put high cash balances to work more quickly than we expect, and the bad news on Europe stays away, then stocks will clearly be headed for more solid gains.
- The Australian dollar is expected to gravitate to the US108-110 cent range over the next three months, underpinned by firmer growth in China and – more broadly – global economic recovery.

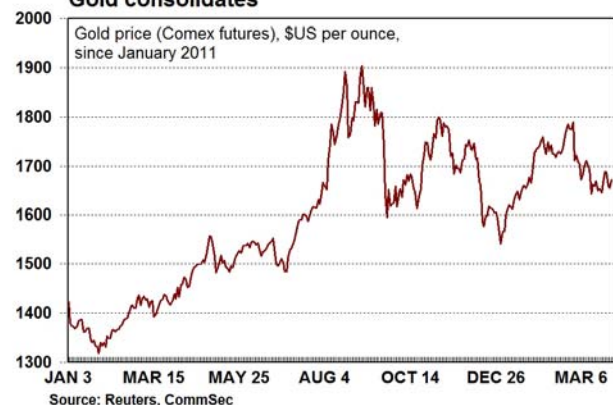
Craig James, Chief Economist, CommSec

Work: (612) 9118 1806; Twitter: @craigjamesOZ

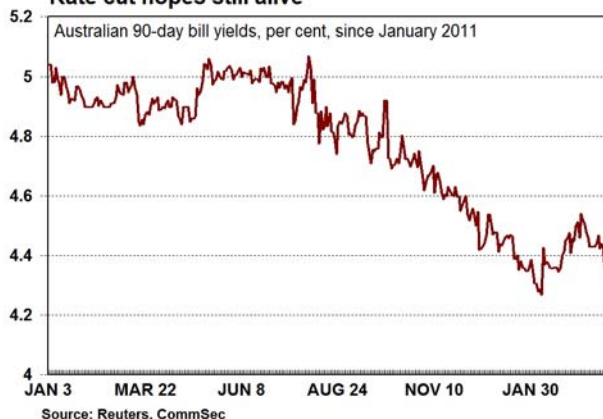
**Oil price back in focus**



**Gold consolidates**



**Rate cut hopes still alive**



**Historically low**

