

ASX 200 TODAY

ASX 200	3491	+46.5	+1.4%
ALL ORDS	3431	+38.4	+1.1%

ASX SECTORS		ASX POINTS	
INDUSTRIALS	+0.4%	CBA	+11.3
RESOURCES	+0.5%	WBC	+8.4
FINANCIALS	+2.6%	ANZ	+7.8
PROPERTY	-3.3%	NAB	+7.1
CONS DISC	+1.4%	BHP	+6.7
CONS STAPLES	+0.7%	WDC	-5.0
ENERGY	-0.2%	BLD	-1.7
HEALTHCARE	+1.9%	ORG	-1.6
TELECOMS	+1.6%	RIO	-1.6
UTILITIES	-0.1%	NCM	-1.1

OVERNIGHT MARKETS

DOW JONES	8174.73	+58.7	+0.7
NASDAQ	1504.9	+15.4	+1.0
S & P	845.71	+9.1	+1.1
FTSE	4194.41	-14.6	-0.4
GERMANY	4323.42	-3.5	-0.1
FRANCE	2954.53	-0.8	-0.0
JAPAN	800.85	-4.6	-0.6
VIX INDEX	42.33	-7.35%	+0.0

OIL and GOLD

OIL	41.67	-4.8	-10.4%
NYMEX LIGHT	41.58	-4.2	-9.1

METALS

GOLD US	899.50	-9.3	-1.0%
COMEX SILVER	12.18	+0.1	+0.5%
COMEX COPPER	148.45	-10.2	-6.4%

LME METALS

LME COPPER	3,310	-245.0	-6.89%
LME NICKEL	11,400	-500.0	-4.20%
LME ZINC	1,145	-55.0	-4.58%
LME ALUM	1,340	-43.0	-3.11%
LME LEAD	1,145	-50.0	-4.18%

BOND YIELDS

AUS 3 YEAR	2.785	-0.0	-1.24%
AUS 10 YEAR	4.0775	-0.1	-2.68%
US 2 YEAR	0.8651	+0.1	+7.17%
US 10 YEAR	2.5574	+0.0	+1.12%

CURRENCIES

A\$ v US\$	0.6651	+0.004	+0.6%
A\$ v UK£	0.4679	+0.000	+0.1%
US\$ v YEN	89.1	+0.115	+0.1%
US\$ v EURO	0.7555	-0.004	-0.5%

SOFT COMMODITIES

CRB INDEX	218.76	-8.4	-3.7%
WHEAT	5.85	-0.1	-1.3%
SUGAR	12.74	-0.2	-1.4%
SOYA BEANS	976	-33.0	-3.3%
CORN	377.5	-16.3	-4.1%

WORLD MARKETS

CHINA	1991	-14.3	-0.7%
HONG KONG	12579	-79.4	-0.6%
TAIWAN	4248	+5.4	+0.1%
INDONESIA	1337	+0.0	+1.6%
INDIA	9004	+329.7	+3.8%
SINGAPORE	1729	+44.1	+2.6%

WEDNESDAY 28TH JANUARY 2009

Dow up 58. Up 109 at best. Down 33 at worst. Financials up a strong 3.7% with the relief of most the 4Q results out of the way. Steel stocks up on solid 4Q results from United States Steel Corp. American Express posted profits under difficult conditions. Semiconductors up as Texas Instruments posted modest earnings. Airliners smashed on Delta Airlines posting a 4Q loss of \$1.4bn. Telecom stocks down 3% with disappointing 4Q results from Verizon Communications. Consumer confidence at its lowest levels since the initiation of the index in 1967. US home prices down 18.2% from Nov 2007.

- **The SFE Futures** suggested a **43 point rise** in the market.
- Both **BHP** and **RIO** up in ADR form overnight, up 5.00% and 4.52% respectively.
- **Metals** all down overnight – Copper down 5.91%, Zinc down 3.62% and Aluminium down 0.59%. Nickel down 3.82%.
- **Oil price** down \$4.83 to \$41.67. Second day of declines – more evidence of declines in the US housing market, more job cutting and lower consumer confidence all added to the fears about demand for oil.
- **Gold** down \$9.30 to \$899.50.
- **Bonds** up with the 10 year yield down to 2.5317%.
- **A\$/US\$** up 0.52% to 66.26c.
- **United States Steel Corp** posted profits for its 4Q through an acquisition – strength in the steel industry's results was taken as a positive as the US steel industry acts as a leading indicator for any pick-up in the broader US economy.
- **Semiconductors had a good session** - **Texas Instruments** posted earnings down 86% - said it would chop 3,400 jobs and make some major cost cutting restructures – no surprises – led the sector up - rose 3.4%.
- **Delta** – the world's biggest airline – lost \$1.4bn in the 4Q. Forward contracts on fuel has meant the airline couldn't participate fully in the falling oil price. Delta down 20%.

The market is up 40 points compared to the 43 point rise predicted by the SFE Futures. The Banks putting in a great performance. Financials up 2.8%. CBA up 7.2%. Property Trusts are underperforming after Westfield – the sectors biggest company – announced late last night it would writedown \$3bn worth of assets. Building stocks are struggling on the back of a profit warning from Boral – down 15%. Resources down 0.4% - BHP up 0.4% and RIO down 2.8% saying it won't rule out an equity raising to pay down debt later this year. The Dow Futures suggest an **87 point gain** on Wall Street tonight.

XJO.ASX 3485.6



DIARY

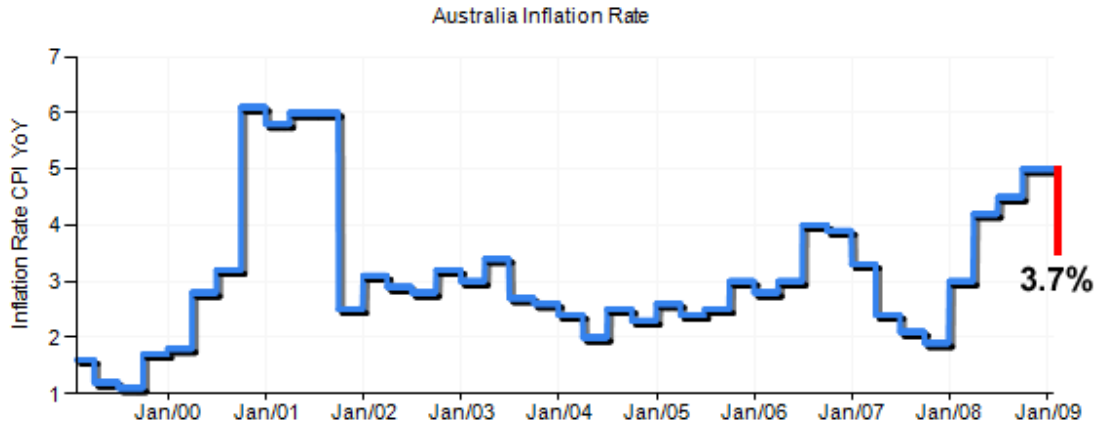
January	MONDAY 26th	TUESDAY 27th	WEDNESDAY 28th	THURSDAY 29th	FRIDAY 30th
GENERAL	AUSTRALIA DAY MARKET CLOSED				
COMPANY		Amcil Interim Result			Energy Resources FY Result
QUARTERLY PRODUCTIO N NUMBERS		Centennial Coal Kagara Zinc MacArthur Coal Oil Search	Lihir Gold	Sino Gold	
AGM - EGM					Orica
AUSTRALIAN ECONOMICS	Producer Price Index NAB Business Conditions		CPI - December Q		
USA WORLD ECONOMICS Compang Results	Existing Home Sales	FOMC Meeting	FOMC Policy Decision	Durable goods orders	Employment Cost index
	Leading Indicators	Consumer Confidence	Crude Inventories	New Home Sales Initial Jobless Claims	Consumer Confidence Chicago PMI Advance 4Q GDP
	Caterpillar American Express McDonald's Texas Instruments	Yahoo! U.S. Steel Siemens Energizer	ConocoPhillips AT&T Starbucks Boeing	Sony Amazon.com Black & Decker Colgate-Palmolive	Exxon Mobil Honeywell Proctor & Gamble

ANNOUNCEMENTS

Stock	Company	Last price	Move today	% Move today	Announcement	Market Cap \$m
WOR	WorleyParsons Ltd	1388c	+73	+5.6%	SAMREF Clean Fuels Project Award	2318
DYL	Deep Yellow Limited	14c	+1	+3.9%	Quarterly Activities and Cashflow Report December 2008	82
LGL	Lihir Gold Limited	314c	+11	+3.6%	Fourth Quarter 2008 Presentation	6620
WOW	Woolworths Limited	2675c	+55	+2.1%	Woolworths Limited - First Half Year Sales Results 2009	32084
BOQ	Bank of Queensland.	777c	+15	+2.0%	BOQ raises \$108m through institutional placement and SPP	1119
SAI	SAI Global Limited	267c	+4	+1.5%	EON Takeover Notice and Restated Bidder's Statement	365
KAR	Karoon Gas Australia	286c	+4	+1.4%	Progress Report - Poseidon 1	322
STO	Santos Ltd	1420c	+24	+1.7%	Santos 2008 Reserves Report	8156
CMR	Compass Resources	15c	+0	+0.0%	Request for Trading Halt	20
OZL	OZ Minerals	55c	+0	+0.0%	AXM: Capital Raising	1715
PLA	Platinum Australia	59c	+0	+0.0%	Trading Halt	121
AGK	AGL Energy Limited	1430c	+1	+0.1%	Change in substantial holding for SGL	6345
GUD	G.U.D. Holdings	581c	-4	-0.7%	Open Briefing. MD on HY09 Results	338
AVO	Avoca Resources	171c	-2	-0.9%	Second Quarter Activities Report	316
AQP	Aquarius Platinum.	352c	-11	-3.0%	Quarterly Activities Report	1104
COF	Coffey International	130c	-5	-3.7%	Coffey appoints director of operations	161
RIO	RIO Tinto Limited	4091c	-128	-3.0%	To Consider Range Of Options To Reduce Debt	11937
CBH	CBH Resources Ltd	4c	-0	-5.0%	December 2008 Quarterly Report	27
NEM	Newmont Mining Corp	606c	-53	-8.0%	Newmont Announces Proposed Common Stock and Convertible	394
BLD	Boral Limited	350c	-58	-14.2%	Updated Guidance FY2009	2436
AXM	Apex Minerals NL	32c	-6	-15.8%	Reinstatement to Official Quotation	126

MAKING THE NEWS TODAY

CPI numbers are out: December Q inflation down 0.3% compared to a 1.2% rise in the September Q and forecasts for a 0.4% fall. Largest fall since September Q 1997. Year on Year number in chart below is 3.7% down from 5.0%. Fuel minus 18.7%. Rent, fruit, tobacco and fast food saw price rises. Not a lot of market reaction although the A\$ has fallen a touch suggesting the chances for a larger interest rate cut on Tuesday have increased. Core inflation is expected to drop into the RBA's 2-3% target range in time.



source: Australian Bureau of Statistic

www.tradingeconomics.com

A profit warning from Boral has smashed the Building Materials sector: Boral down 15%, CSR down 3%, James Hardie down 6.4%. Profit forecast down from \$200m to \$120m (forecast made last October). 40% fall in guidance. Lot of suggestions you buy on weakness....what else are you going to say...sell now?

BLD.ASX 3.45



- **FOMC statement tonight.** They can't cut interest rates any more so lets see what they can do with the statement.
- **Japan announces a stimulus package.** Japanese market down 0.75%.
- **RIO rights issue rumour** – Rumours of a \$6bn RIO rights issue around this morning (and yesterday afternoon) have been confirmed by the company (see below). The suggestion is that a rights issue may be better than a fire sale of assets. It is not an entirely new story but the share price is down 3.0%. RIO were notable for declaring last month that they did not need a capital raising, thought at the time to be a ploy to deflect a bout of shorting and an attempt to force short covering. It

worked....temporarily. They have to repay \$8.9bn in October. Share price is consolidating at a 5 year low. The chances of a rights issue will overhang the stock....why buy ahead of a big share issue at a discount to the market.



Notice to ASX

28 January 2009

The Boards of Rio Tinto Limited and Rio Limited plc note recent press speculation concerning a possible equity issue. As outlined in the announcement of 10 December 2008, Rio Tinto continues to consider a range of options to meet its commitments to reduce debt by US\$10 billion by the end of 2009, including, amongst other things, reduction of capital expenditure and operating expenditure, a reduction in global headcount, and expanding the scope of assets targeted for divestment.

In order to preserve maximum flexibility for the Group, the Boards do not rule out the potential to issue equity as one of the options it has available, if it is determined to be in the best interest of shareholders. No decision on which options will be pursued has yet been taken and further announcements will be made as and when appropriate.

- **Petrol price-** This is a chart of the oil price in US\$ (blue) Aussie dollars (blue). On this basis the oil price in Australian dollars is down from \$150 a barrel to \$63 (against \$46.50 in US dollars). That implies a petrol price of 100c a litre.



Westfield's \$3bn writedown- Main story of the morning is the after market announcement last night from the Westfield Group including a \$3bn writedown on their global property portfolio and a cut in dividend. The basic response is that it is not a big surprise and the 6-9% cut in dividend and NTA was to be expected and is likely to continue over time. They yield is still 8.0-8.3% and the morning meeting comment was that companies being realistic and cutting distribution forecasts are more likely to rally than fall on the increased certainty (reduced uncertainty) and the clarification that it is not that bad. Merrill Lynch has a [BUY](#) this morning.

Other detail - They say they expected market conditions to worsen (in other words expect further downgrades down the track). They expect to pay out 53.25c in distributions for the six months to Dec. 31, taking the total paid for 2008 to \$1.065, including 6.5c of income hedging but



the guidance for 2009 is 97-100c.....which is in line with some broker forecasts at 100c already. Gearing of about 40% is within the company target to keep it under 45%. It was 33% in June last year. There is now talk of a capital raising from WDC if the gearing rises much further.

All in all....brokers saying buy on the weakness....but the reality is...there's no rush. Share price down 5%.

Interestingly – someone knew this was coming up. WDC fell over earlier this month and had the opposite of a speeding ticket on 15th January:

We have noted a change in the price of the Group's securities from \$13.82 on Monday 12 January 2009 to an intra-day low of \$12.08 at the time of writing today.

In light of the price change, please respond to each of the following questions.

1. Is the Group aware of any information concerning it that has not been announced which, if known, could be an explanation for recent trading in the securities of the Group ?

This was their reply:

Westfield Group - Response to Price Query

We refer to your letter dated 15 January 2009. We respond to each of the questions as follows.

1. Is the Group aware of any information concerning it that has not been announced which, if known, could be an explanation for recent trading in the securities of the Group?

No.



- Webjet (WEB)** has had a good write-up in The Criterion column in The Australian this morning. It follows comments from the company earlier this month that they are not seeing “any drop off in demand at all”, are gaining market share off the physical shops like Flight Centre (FLT) and Jetset (JET) and the column highlights the potential growth in the industry in Australia where 30% of airline and hotel bookings are done on line compared to 60% in the US. The article is based on a bit of research from Bell Potter that forecasts 15% profit growth. They have \$28m net cash and no debt. What’s good for Webjet is also probably good news for Wotif.com (WTF). Not many stocks doing well in this environment. Seems the recession is driving a focus on price which is where these two companies sit.



- **Austock's** bank analyst predicts a 10% fall in the banks by the end of the year with the NAB particularly exposed to an extended recession in the UK. (Austock the broker just announced a \$15m impairment charge of their own).
- **Wesfarmers (WES)** – Interesting rally in Wesfarmers yesterday. Hit a low of 1515c after it came out of its trading halt post its \$2bn rights issue. The theoretical ex rights price was 1583c. It closed at 1640c...for a 3.6% rise on the day. Seems the rights issue has been a catalyst for a more positive view on the stock after weeks of rumours about a capital raising and concerns about debt problems. The stock is consolidating as the debt problem focus fades. Not sure you'd be buying it in a bear market, in a bull market you'd be having a lsh on the hope this is the short term sentiment nadir. A lot of brokers have taken the opportunity to upgrade their recommendations a notch although a lot still have NEUTRAL/HOLD. Price down 1.8% to 1590c this morning.



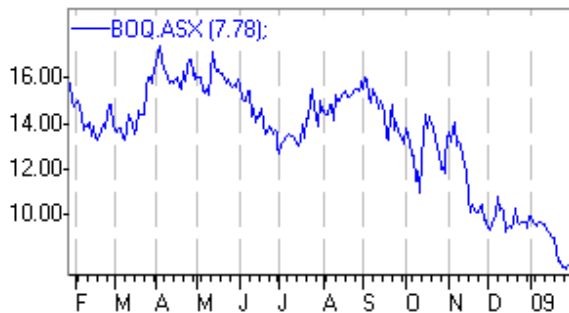
- **Telstra (TLS)** – Merrill Lynch has research out with a BUY recommendation and 425c price target (down from 455c). They say there is limited valuation downside even under the most bearish outcome of the NBN (National Broadband Network) bidding process, that there is little chance of Telstra missing their earnings guidance, their relatively defensive share price and a yield of 7.6% rising to 8.1%. They

have a bear case valuation of 349c. Price first thing at 373c up 5c.

- **Lihir's** 4th Q production report is out this morning. Look OK. Share price up 4% against Newcrest down 3% and the gold price down \$9.
- **Macquarie Group** (MQG) will have an operational briefing on Friday of next week (February 5th). Unlikely to contain great news in this environment.
- **TARP Statistic**– The 201 listed stocks that have received funds from the US Troubled Asset Relief Plan (TARP) have fallen an average 45% since the plan was implemented on October 28th. The S&P 500 on the other hand is down 11%. It only goes to show....getting government assistance is no reason to buy a stock. Only 15 of the 201 stocks have gone up.
- **US Home prices** fell 18.2% in November year on year.
- **Woolworths** H1 sales are up 8.8% in H1 to \$26.1bn. That's about \$2,500 per man woman and child in Australia pa. Market seems to like the numbers although some brokers suggesting they are a bit below expectations.
- **Breaking US news**– GE's finance arm may lose its AAA rating from Moody's. The CEO has highlighted the importance of the credit rating which ensures lower financing costs. GE is down 2.4% in after hours trade.
- **NZ expected** to cut rates by 100bp and maybe 150bp tomorrow.
- **US Consumer confidence** at a record low.

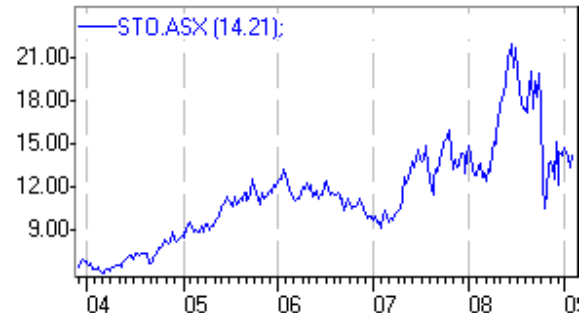
COMPANY

- **Bank of Queensland** (BOQ) raised \$108m at \$7.64 /share via an institutional placement to fund organic growth. Impairment charges remain in-line with those of FY08.



Woolworths Limited	WOW	2668	+48	+1.8%
Boral Limited	BLD	348	-60	-14.7%
Bank of Queensland	BOQ	779	+17	+2.2%
Lihir Gold Limited	LGL	311	+8	+2.6%
Santos Ltd	STO	1415	+19	+1.4%
WorleyParsons Ltd	WOR	1381	+66	+5.0%
Avoca Resources	AVO	171	-1	-0.6%
Aquarius Platinum	AQP	351	-12	-3.3%
Newmont Mining Corp	NEM	611	-48	-7.3%
CBH Resources Ltd	CBH	4	-0	-5.0%
Deep Yellow Limited	DYL	14	+1	+3.9%

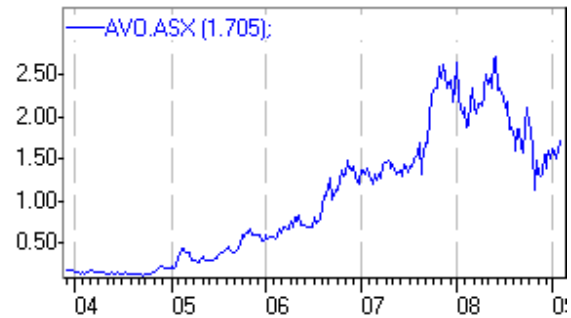
- **Santos** (STO) raised year-end 2P reserves 134MBOE driven by an increase in the coal seam gas reserves.



- **Worley Parsons (WOR)** secures a Saudi Arabian clean fuels project worth up to US\$400m.



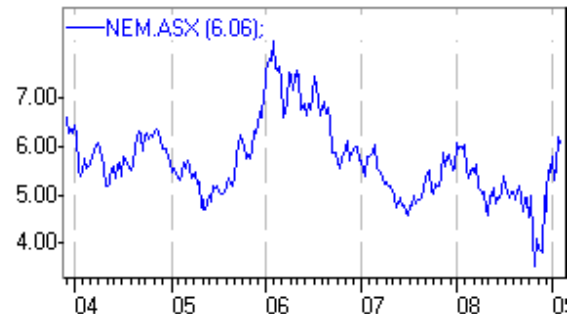
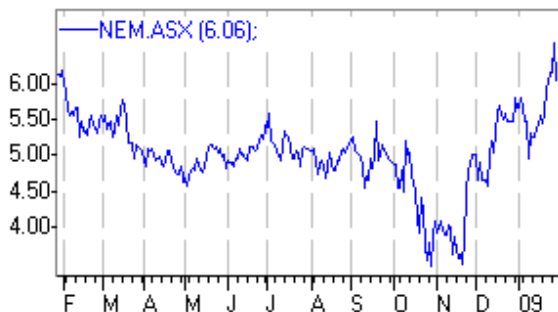
- **Avoca Resources (AVO)** posted 2Q gold production from trident in-line with expectations at 27,856 oz.



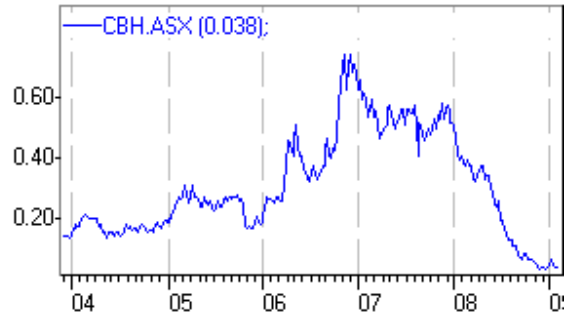
- **Aquarius Platinum (AQP)** increased group production over the 2Q09 and reduced cash costs but falling PGM prices led to an after tax loss of \$75-85m including a \$20m loss with the close down of their Everest mine.



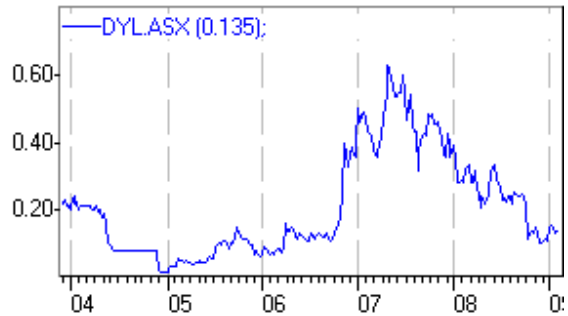
- **Newmont Mining (NEM)** posted positive operating results with equity gold sales of 5.2 million equity ounces at costs applicable to sales of \$440 per ounce. Equity copper sales were 130 million pounds at costs of \$1.38 per ounce.



- **CBH Resources** (CBH) said its Endeavor Mine performing ahead of expectations in their quarterlies.

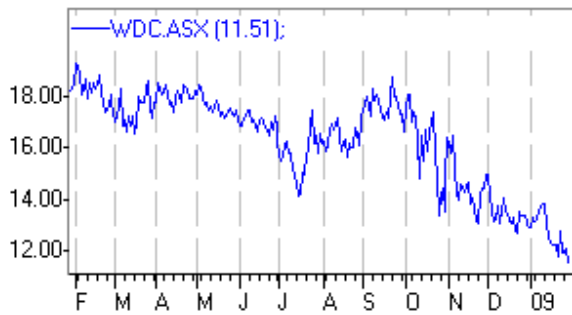


- **Deep Yellow** (DYL) said Inca mine is returning some high grade intersections. Said there's \$50m in cash and they have an exploration budget of \$12m for 2009.

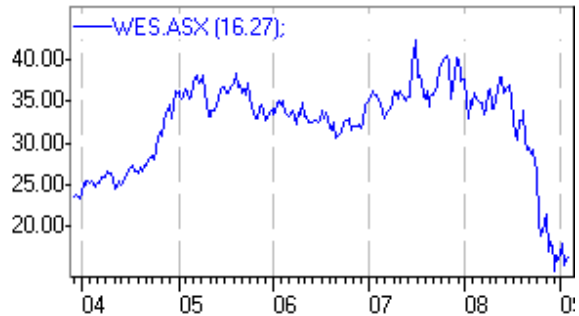


Broker Stuff...

- GSJB Were cut **Westfield's** (WDC) target price to 1167c from 1283c and cut their distributions expectations by 13% on the back of their \$3bn writedown. Merrills say BUY WDC with a 1475c target.



- Citi say BUY **Wesfarmers** (WES) – have 2480c target price – say WES' recent capital raising has reduced concerns about debt refinancing.



DIVIDENDS

ExDate	Security	Description	DivAmnt	Last	Yield	Frank	Pay Date	Gross Yield
29-Jan-09	HLG	Hedley Leisure	4	46	8.7%	0	3-Mar-09	8.7%
2-Feb-09	AAI	Alcoa Inc.	17	4600	0.4%	0	25-Feb-09	0.4%
2-Feb-09	DJW	Djerriwarrh	10	342	2.9%	100	20-Feb-09	4.2%
12-Feb-09	MLT	Milton Corporation	43	1400	3.1%	100	3-Mar-09	4.4%
17-Feb-09	CHO	Choiseul Investments	11.5	400	2.9%	100	6-Mar-09	4.1%
18-Feb-09	RIO	RIO Tinto Limited	0	4219	0.0%	0	8-Apr-09	0.0%
27-Feb-09	SUN	Suncorp-Metway.	0	754	0.0%	0	1-Apr-09	0.0%

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Charts courtesy of IRESS



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