

## Market Review – month ending March 2009

Financial markets experienced a recovery in March, with a particularly strong rally in equity markets late in the month.

Market Returns to March 2009	Index Performance (%)		
	Month	3 Months	1 Year
<b>Australian Shares</b>			
S&P/ASX 300 Accumulation Index	8.07	-1.85	-29.80
<b>International Shares</b>			
MSCI World ex-Australia Index, Unhedged in \$A, Gross	-1.34	-11.77	-23.97
MSCI World ex-Australia Index, Hedged in \$A, Gross	6.09	-10.21	-38.27
<b>Listed Property</b>			
S&P/ASX 300 Property Trusts Accumulation Index	0.40	-24.11	-58.05
FTSE EPRA/NAREIT Global Real Estate Index, Hedged in \$A, Gross	-1.56	-21.83	-43.30
<b>Australian Bonds</b>			
UBS Composite Bond Index (0+ years)	0.12	0.28	12.77
<b>International Bonds</b>			
Citigroup World Government Bond Index, Hedged in \$A	1.23	0.31	10.02
Barclays Capital Global Aggregate Index, Hedged in \$A	1.05	0.64	7.01
<b>Cash</b>			
UBS Bank Bills Index	0.26	0.96	6.69
<b>Exchange Rates</b>			
\$A to US Dollar	8.76	-0.34	-23.89
Australian Trade Weighted Index	4.74	3.24	-16.69

### ► Economic Developments

Economic growth has continued to deteriorate with the IMF downgrading its forecast for global economic growth. Australia to date has held up relatively well, which can be attributed to several factors including a Government with limited debt and a well capitalised Banking system. On a positive note China's latest economic figures show signs of improvement, which is supportive for the global economy and in particular Australia.

### ▶ Australian Shares

The market made a new low early in the month before a sharp rally moved the market well off its lows. When the market rallied it was primarily in the previously weak sectors including Financials and Information Technology, while the more defensive sectors lagged including Consumer staples and Healthcare. Small companies stocks outperformed larger stocks, as investors rediscovered some appetite for risk.

### ▶ Overseas Shares

Global and domestic equities followed a similar path in March with values falling early in the month, followed by a sharp rebound in the previously weak sectors such as Financials and Information Technology. Emerging markets outperformed developed markets as cheap valuations and promising economic news from China helped market sentiment. Asia appears to have a more functional banking system than the west, which is a major positive in the current environment.

### ▶ Property

In the Australian property market the stand-off between buyers and sellers continues with few direct property transactions taking place. Domestic listed property finished the month virtually unchanged, however this masked extreme price volatility where investors were balancing refinancing issues and deteriorating fundamentals against very attractive valuations.

### ▶ Fixed Interest

Bond markets around the world have been volatile over the quarter, but on balance there was little change in yields. Cash rates continue to be cut to record low levels, while some Governments have resorted to buying back their own longer dated bonds to help keep bond yields down. Credit spreads tended to widen as economic news generally continued to worsen and defaults continued to rise.

*(Catholic Super wishes to thank JANA Investment Advisors for this monthly Market Commentary)*