

## Market Review – month ending March 2010

### Economic Developments

March was a strong month for share markets around the world. Good economic growth in Asia as well as some better economic statistics from the USA, have resulted in fears of a return to recession subsiding. There are still some concerns in Europe, with the Greece sovereign debt issue still causing some market unease, despite the European Union and IMF agreeing to provide loans as a last resort. The recent downgrading of the Portugal's credit rating caused further concern.

Market Returns to March 2010	Index Performance (%)		
	Month	3 Months	1 Year
<b>Australian Shares</b>			
S&P/ASX 300 Accumulation Index	5.74	1.25	41.94
<b>International Shares</b>			
MSCI World ex-Australia Index, Unhedged in \$A, Gross	3.58	1.24	15.13
MSCI World ex-Australia Index, Hedged in \$A, Gross	6.78	5.67	49.94
<b>Listed Property</b>			
Mercer Unlisted Property Funds Index (Pre Tax)	0.50	1.62	-5.42
S&P/ASX 300 Property Trusts Accumulation Index (GICS Sector)	0.00	-1.60	42.00
<b>Australian Bonds</b>			
UBS Composite Bond Index (0+ years)	-0.58	1.26	2.73
<b>International Bonds</b>			
Citigroup World Government Bond Index, Hedged in \$A	0.30	2.05	5.66
Barclays Capital Global Aggregate Index, Hedged in \$A	0.56	2.69	10.24
<b>Cash</b>			
UBS Bank Bills Index	0.33	1.02	3.54
<b>Exchange Rates</b>			
\$A to US Dollar	2.50	2.06	32.10
Australian Trade Weighted Index	3.17	2.87	24.91

### Financial Markets

Markets continued to rally in March following on from a positive February, with both Australian and global shares rising at a decent clip. In Australia the market rallied 5.7%, with cyclical shares benefitting from a positive domestic outlook. Resource shares benefitted from very buoyant bulk contract prices as well as resurgence in merger and acquisition activity with a number of bids for smaller mining companies. The Energy sector also performed well, while Property trusts and Telstra were weaker with the latter dragged down by the recent profit announcement and uncertainties regarding the NBN saga. Listed Property Trusts returns were largely flat for the month. Unlisted Property trusts are expected to show stable returns for the month. Global shares were also higher, rising by 6.8% on a fully hedged basis; however a higher Australian dollar saw unhedged returns significantly lower at 3.6%. The majority of countries had a positive month with Japan and some smaller European markets leading the pack. More defensive sectors such as Healthcare and Utilities underperformed while Materials and Financials outperformed. Emerging Markets outperformed Developed markets but returns were diverse ranging from -2.4% for Chile to as high as 17.1% for Hungary.

Bond markets returns were mixed, with rate rises in Australia leading to a negative return for the bond market, while overseas markets performed better as credit spreads continued to contract giving further modest capital gains. World Central Banks have again kept cash rates stable, and have indicated that this stance will remain until economic conditions recover. In Australia the RBA is expected to increase the cash rate further in months ahead.

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