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## Diversified's View

October 2011

***"It is a lousy, stinking time to be a money manager. Price movements are driven by news flows surrounding the euro zone debt crisis rather than business fundamentals".***

Chen Zhao, Managing Editor, BCA Research, Global Investment Strategy, Weekly Bulletin of October 14<sup>th</sup>, 2011.

Diversified proprietary investment strategies are provided to:

- The Law Retirement Plan KiwiSaver Scheme;
- The Law Retirement Plan Superannuation Scheme;
- Diversified Wealth Management's 'Balanced' or 'Dynamic' PIE Funds;
- As Individually Managed Accounts for Private Clients.

DWM 'Balanced' Fund at 30<sup>th</sup> September was \$1.0215/ unit.

DWM 'Dynamic' Fund at 30<sup>th</sup> September was \$0.9007/ unit.

An Investment Statement is available at [www.diversified.co.nz](http://www.diversified.co.nz)

Law Retirement KiwiSaver Scheme's Balanced Fund at 30<sup>th</sup> September was \$1.00129/unit.

Law Retirement KiwiSaver Scheme's Dynamic Fund at 30<sup>th</sup> September was \$0.9593/unit.

Investment Statements for KiwiSaver are available from the scheme's website: [www.lawretirement.co.nz](http://www.lawretirement.co.nz)

### Summary

- As ever, our investment process is based on a one-year to 18-month outlook for economic fundamentals. Tactical positions are formulated around systematically diversified strategies in response. Sadly, fundamentals are not particularly effective in managing emotive sell-offs, such as the recent episode.
- We find the greater probability remains that a good pace of aggregate global economic expansion will persist—albeit at a pace slightly slower than was earlier envisioned.
- Regional disparities have resurfaced Emerging Markets should continue to enjoy strong growth. The USA is expected to contribute modest growth, with scope for surprise to the upside. Europe likely faces a prolonged period of hardship, as dominant State sectors adapt to successive waves of austerity.
- New Zealand is a sanctuary relative to some region's troubles. Still good export prices should support modest growth off a low base. RWC euphoria will wane, and normalization of current monetary and fiscal stimuli loom.
- Europe is finding the limitations of government. Economic dominance funded by avaricious tax and excessive debt, leave few options to cuts, recession and restructuring. USA, is wrestling with a political schism as to how big government should be permitted to become.
- Generally across the West, State and Household indebtedness are burdensome, and incomes near static. Corporations by contrast have generally robust balance sheets and expanding earnings. It puzzles that Sovereign Bonds thrive whilst Equities languish.
- For now, both monetary and fiscal stimuli remain operating across the Developed World, but austerity is spreading and will be a persistent force for the medium term. Emerging Markets took a hammering during the emotive sell-off of the last Quarter, but their national accounts, growth outlooks and social cohesion are generally superior to those of more traditional investment destinations.

*Norman Stacey is an Investment Analyst and Portfolio Manager of the Diversified Wealth Management PIE Funds.*

#### Disclaimer

Diversified's View is an economic commentary of a general nature. It is not intended to be personal investment advice and does not consider any individual's circumstances. Retail Investors contemplating an investment should consult a government Authorized Financial Adviser.

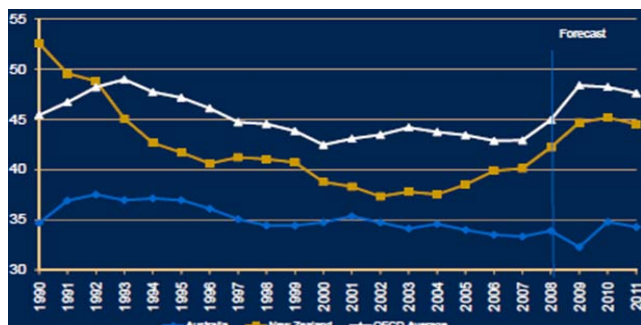
**Expertise You Can Trust**

## New Zealand – “Best Horse in the Knacker’s Yard”

With the Rugby World Cup over, attention will soon turn to NZ’s General election on November 26<sup>th</sup>. Treasury’s consequent Pre-election Fiscal Update [PREFU] scheduled for October 25<sup>th</sup>, will provide investors and rating agencies with fresh data on NZ’s growth outlook and expected fiscal slippage. Beyond rhetoric, PM Key’s regime has not applied austerity to NZ’s big, inefficient and over-reaching bureaucracy – now numbering over 150 agencies and still multiplying.

Over the past few years, NZ’s governance has continued its pursuit of the high-tax, big-spending socialist experiments now troubling Europe. Any serious attempt to ‘catch-up’ with Australia has been implicitly abandoned.

### NZ Government Expenditure as a% of GDP



Source: NZ Treasury, April 2011, Role of Public sector Performance in Economic Growth.

Whichever government results from November 26<sup>th</sup> Elections, will need to address NZ’s unsustainable Budget Deficit - now running at over 9% of GDP (before the PREFU). Gov’t Expenditure in NZ exceeds Revenue by NZ\$18.4 billion, of which only about half is attributable to the Christchurch earthquakes. Gradual withdrawal of the strong fiscal stimuli now operating is inevitable. Investors should plan on NZ’s fiscal impulse – that part of GDP growth attributable to deficit spending – being withdrawn mostly within our tactical horizon.

### Fiscal Impulse - June Years



Source: ANZ Market Focus, 17<sup>th</sup> October, 2011

Recent statistics are coloured by the wonderful influence of the Rugby World Cup. Electronic Card Transactions - up by 0.4% in September may be softer than was hoped amidst RWC euphoria – but served to mask the dour influence of a September downturn globally. Statistical distortions will encompass domestic figures too. Even superficially unrelated activities (e.g. house sales) will have been brought forward or deferred by RWC activity. Trend growth one year ago, or even one month ago, figures should be treated cautiously.

NZ’s primary sector is robust in aggregate, but is two-speed. The Dairy industry continues prospering, while meat, forestry and even pip-fruit are faring generally well. However grape-growers and kiwifruit orchardists are materially distressed. The PSA virus is estimated to have cost Bay of Plenty \$500 million, and halved the value of effected land.

### Key Economic Forecasts – annual % change

	Dec 2011	Dec 2012	June 2013
Growth (GDP)	3.0%	+2.7%	+3.7%
Inflation (CPI)	2.9%	2.7%	2.9%
Unemployment	+6.1%	+5.5%	+5.4%
Current Acct (% GDP)	-3.3%	-4.4%	-4.5%

Source: ANZ Market Focus, 17<sup>th</sup> October, 2011

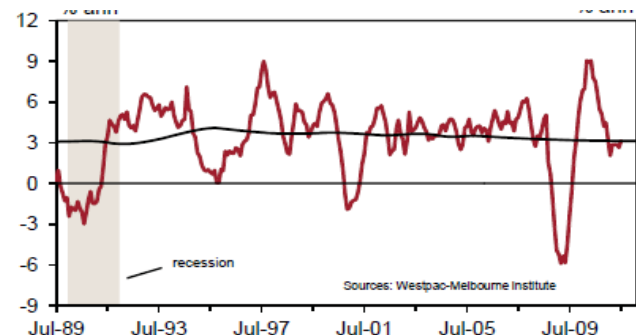
ANZ’s forecasts remain rosier than some. Other forecasters have recently revised down their growth forecasts significantly - to 1.8% growth in 2011, and 2.6% in 2012, (down from 2.1% and 3.7% previously) in the case of Credit Suisse.

But growth it is and the New Zealand economy is holding up better than many Developed Economies. As an investment destination, our NZ economy presents as relatively attractive. *Diversified’s* model strategies include a significant allocation to NZ assets, including both of direct Equities and Cash.

## Australia - Inverted Yield Curve Operating

An ‘inverted yield curve’ (short-dated and Cash rates being higher than yields on longer-dated Bonds), has emerged in Australia. The traditional consequence of this situation is to stifle domestic demand, inducing severe slowing, often to the extent of recession if it persists. In Australia’s instance, sharp slowing in their domestic economy has already been wrought, with their important mining sector more captive to the vagaries of Asia. Fortunately, Leading Economic Indicators in this instance suggest overall slowing is likely to level out at about the long-run average of 3.1% GDP growth. A downturn in the Share market component of the most recent data was offset by an upturn in house starts (mostly apartments).

### Westpac-Melbourne Institute - Leading Index



Source: Westpac Bulletin, 17<sup>th</sup> August 2011

The expectation now, and reinforced by softer commodity prices in the export sectors, is that the Reserve Bank of Australia’s next move will be to cut its high, Official Cash Rate from 4.75% shortly – and progressively over the coming year. Westpac forecast the first cut in to 4.5% in December, with further reductions to 3.75% by September next year. (This puts

Australia's OCR on a converging trend with the expected rise on NZ's OCR).

### Key Economic Forecasts

	2011	2012	2013
GDP	1.3%	3.1%	4.0%
CPI	3.4%	2.5%	3.5%
Unemployment	5.1%	5.5%	5.3%
Current Account (% GDP)	-1.6%	-0.5%	-1.6%

Source: ANZ Australian Economics Weekly, 14 Oct., 2011

Overall, the economic outlook for Australia remains attractive. Inflation pressures are succumbing, and monetary authorities have the ammunition to cut more aggressively if circumstances warrant. Australia's bastion, Resources sector is committed to long-term developments. Certainly operators' share prices may be a 'high alpha' play on global growth - and amplify emotions that the global economy is alternatively either rebounded, or descending into recession anew - but operations continue and developments are committed.

For investors, the key point is that Australia's 21-year-old, developed-world-leading, economic expansionary cycle is intact. Exuberance has been dimmed, leaving renewed scope for surprise to the upside.

*Diversified's* investment models continue to favour Australasia, with a slight bias to the New Zealand sector at present.

### International - Growth the Probability

Sadly, the rosy, 'robust' synchronous global economic expansion story is over. It was wounded by the USA's credit downgrade (and political impasse), and felled by recognition Europe's prodigious over-spending has caused a debt crisis. But the emotional swing from comfortable elation to depression and panic may have swung too far.

Certainly there are major economic challenges, but other regions are strong and the still powerful USA economy is dynamic, mostly free (about 76% of GDP is non-government) and responsive. *Diversified's* research finds a reduced, but still good pace of aggregate global economic expansion, to be the greater probability for our tactical horizon. Further, we find the economic projections more promising than pervasive sour sentiment suggests - providing scope for surprise to the upside.

### World Economic Outlook - Year on year, % GDP

	2011 GDP (revision)	2012 (revision)
USA	+1.6% (-0.3%)	+1.9% (-0.7%)
Euro Area	+1.6% (-0.6%)	+1.1% (-0.6%)
Japan	-0.5% (+0.2%)	+2.3% (-0.6%)
UK	+1.1% (-0.4%)	+1.6% (-0.7%)
Emrg Europe	+4.3% (-1.0%)	+2.7% (-0.5%)
Russia	+4.3% (-0.5%)	+4.1% (-0.4%)
China	+9.0% (-0.1%)	+9.0% (-0.5%)
India	+7.8% (-0.4%)	+7.5% (-0.3%)
Brazil	+3.8% (-0.3%)	+3.6% (unchanged.)
Sub-Sahara Africa	+5.2% (-0.3%)	+5.8% (-0.1%)
World Total*	+4.0% (-0.3%)	+4.0% (-0.5%)

\* Total weighted by Purchasing Power Parity, not share market capitalization.

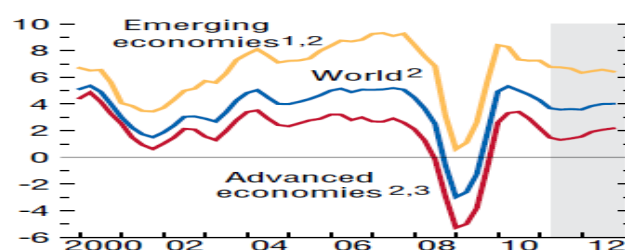
Source: IMF WEO of Sept., 2011. Revisions on June's WEO

Salient points include:

- i) Strong (+4%) aggregate global growth is expected this year and next; i.e. **Global economic expansion is intact**;
- ii) **Emerging Economies will continue to grow vigorously**, to decelerate least and have generally milder downward growth revisions since June;
- iii) **Africa is now growing** at a good pace and is accelerating.

The expected global prosperity is critically dependent on Emerging Economies. The projected pace of growth elsewhere is close to recession (generally defined as +1.5% on an aggregate global basis). The success of China and India's economic models (essentially emphasizing free-markets over government), is being embraced by Russia and Africa.

### Prosperity driven by Emerging Economies - real GDP % p.a.



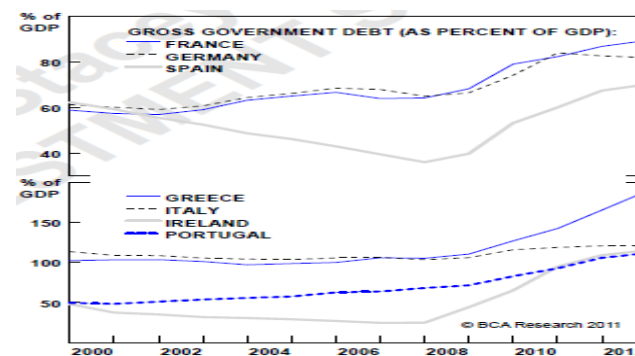
Source: IMF WEO of Sept., 2011.

**Austerity measures adopted** by Britain may show early rewards. Growth in the UK is projected to accelerate in 2012, whilst Europe slows further. (Certainly they can be grateful to Baroness Thatcher for avoiding the euro)

**In Europe, 'Social Security' is neither.** State welfare promises already unaffordable, are debt-funded, intensifying and clearly unsustainable. Rampaging publics are insecure, knowing not what retirement benefit might be there, nor when it might start.

Europe's economic challenges are not new. They have worked hard to earn their debt crisis. It is now daunting; government responses are forced, reluctant and inadequate. Default by at least Greece is inevitable - and maybe others. Taxes are already high and austerity can be counter-productive when government sector is up to 53% of GDP. Even for the "good" members, exceed the 60% debt-to-GDP ceiling prescribed in the Maastricht Treaty.

### Euro-land's Sovereign debt levels

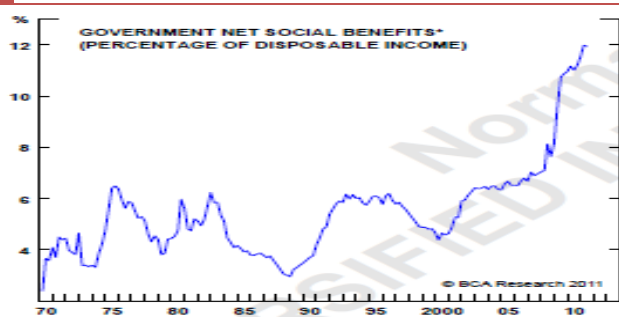


Source: BCA Special Report, October 20, 2011

A creative euro solution might involve member's not inconsiderable gold reserves, to back new debt. But resolution is unlikely within our tactical horizon. European policymakers have no constituency to answer to, while national politicians are constrained by self-interest. Officials can be relied on to react to 'crisis' developments only when markets force them to, and then minimally. Protest is an essential input.

Apparently undeterred by Europe's unfolding dilemma, President Obama's administration in USA is on trajectory to expand government as a percentage of GDP, from the current 24%, to 40%. In addition to Medicare combined with an ageing population, the Obama / Pelosi team has hiked benefits materially.

### Increasing USA Gov't Income Redistribution

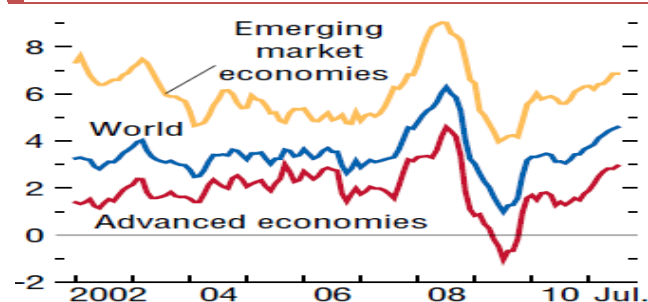


Source: Excerpted from BCA GIS, Oct., 21, 2011

The extent and role of government in USA is at the heart of the political impasse (and 'Tea Partiers' vs 'Occupy Wall-Streeters' vituperation). It can be expected to fester through to elections on Tuesday, Nov. 6<sup>th</sup>, 2012. The Administration has been kind to its natural constituency too. Metropolitan Washington's Federal employees in average remuneration now exceeds US\$126,000p.a., making it the nation's wealthiest area - with average per capita incomes beating Silicon Valley.

One happy by-product of moderating pace of global growth is an expected reduction of inflationary pressure. Particularly Emerging Economies, had been facing rising inflationary pressures, fuelled by synchronous demand for commodities including energy. Supplies will be in easier balance ahead.

### Global inflation - settling ahead?



Source: IMF WEO of Sept., 2011.

We do find a basis to expect a hard landing for China. Successful taming of inflation also provides scope for monetary authorities to ease restrictions now in place and even to add to stimuli, in the even economic slowing intensifies. In common with USA, latter 2012 is a momentous time for China's leadership. All the current crop of leaders – President Hu Jintao, Premier Wen Jiabao, and Congress Chairman Wu Bangguo and perhaps seven

members of the none-member Politburo, will retire at the 5-yearly, 18<sup>th</sup> National Congress of the Chinese Communist Party, to be held in latter 2012.

### Greek Default – it is in their culture

There is no doubt the Greek private sector is suffering (though less so the jobs-for-life civil service), nor that such as Germans regard the Greek government as feckless. But those expecting Greece to suddenly, voluntarily or at all, embrace austerity without external compulsion should know that Greek culture, disposition, and history augur against it. **Greece has defaulted on its external sovereign debt obligations at least five times (in 1932, 1894, 1860, 1843 and 1826), since its independence in 1821.** Neither were these brief technical defaults or rapidly righted. Historically, Greece made little effort to settle debts, preferring instead to spend 90 years – almost half its 'independence' – in default.

From a Greek perspective, austerity packages appear more method of extracting concessions than real intent to cut back. **Following the round in May 2010, spending by the Greek State actually increased by US\$6 billion in 2011.** Superfluous railway workers have been transferred to hospitals but not a single civil servant has been laid off. The latest round proposes 30,000 Civil servants be given a year sabbatical on 60% of pay. Existing retirees under age 55 will lose 40% of their pensions, and the age of retirement may be raised to 66 - by 2020.

Core Europe's dilemma is to find a method of forgiving the uncollectible 50% of Greece's debt, but with sufficient pain and opprobrium to make that course unattractive of peripheral Europe's other precarious debtors.

*Diversified's* research is based in economic fundamentals. Fear and hope are impossible to model. We profess no particular insight to the swings in sentiment amplifying perceptions of global economic risk. But with history as a guide, fundamentals will reassert. However a flare-up in the European debt crisis, or political clash causing impasse in America, would provide further transient bouts.

*Diversified's* key finding is that projections for global economic expansion remain intact, albeit at a slightly lesser pace than earlier. Consequently our model strategies remain positioned for growth.

### Fixed Interest – Fundamentals vs 'The Fed'

Sovereign Bonds are overpriced, provide derisory yields and carry risks of default or capital loss from current market prices. Further, abundant new supply is assured by sovereigns need to fund large ongoing deficits – and perhaps compounded by the need to bail-out banks.

Yet sovereign Bonds as an asset sector have been the major beneficiary of the recent wave of fear, driving yields to multi-decade lows. From now fear-depressed and currently extremely low levels, indicative US 10-rates could rally back to 3% gross yield, while still retaining their medium-term down-trend.

### Bond Yields - US 10-Yr Treasuries



Sources: Excerpted from BCA GIS, Oct., 21<sup>st</sup>, 2011

On a purely fundamental basis, *Diversified* would normally consider (and had recommended) selling the US Bond market short, in anticipation of capturing gains by covering the sale when capital prices revert. The complication is that the US Federal Reserve Board has announced a 'Twist' programme – aimed at artificially depressing US Bond yields, using its formidable resources to print money.

With some reluctance, *Diversified* now recommends investors who short-sold the Bond markets should cover in an orderly fashion. To persist is to 'fight the Fed', which is seldom rewarding trade.

Model strategies continue to advocate a range of non-conventional Fixed Interest instruments, including Corporate Debt. New York listed DNP Income Fund is a preferred holding.

### Equities - Scope for Whiplash

There is no denying the Quarter to September 30<sup>th</sup> was an ugly one for Equities as an asset class. Indicative that the sell-off was emotion-driven, rather than fundamental in nature, was that all regions, industries, sectors and issuers were hit in unison – irrespective of their widely divergent valuation, risk parameters or prospects.

At September 30<sup>th</sup>, the share market swoon had taken flagship Standard & Poor's 500 Index down 18.5% in six months, achieving what is commonly regarded as a 'Bear Market' for the year (a low-point from it has rebounded from in Oct., to date).

### US S&P 500 - Performance 6 mths to Oct 24th



Source: CNN Money.Com Quote (for 'SPY' ETF)

Confounding those of us (including *Diversified*) who do not believe a steep global contraction is most probable, was that growth-focussed sectors – notably Emerging Markets and commodity producers – were clobbered hardest. Over the medium-term, we expect business fundamentals will reassert. When the panic selling passes, market rationale will be restored, anticipating economic developments. While the turmoil in Europe's debt crisis may have more chapters, share market

valuations are now better than earlier, price multiples are modest, and both of corporate balance sheets and earnings prospects are strong.

Share markets have discounted the slow-growth economic environment. Market valuations now price shares in aggregate at an undemanding 12 to 13 fold sustainable earnings, for key markets including the USA, Japan and Switzerland.

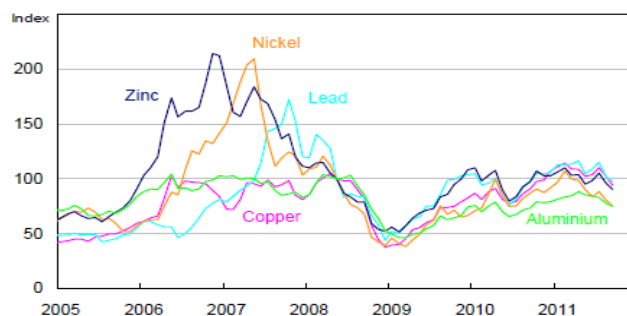
On the up-side, an economic outlook less dire than consensus, could trigger a broad rally. Markets we find particularly prospective include that of the USA, where money supply and credit are now both expanding, and, where 76% of the economy is non-government. USA Retail sales are also reported to be increasing palpably. In China too, credit policy will turn easier as inflation tapers. Bull Markets in Equity have preceded every change of leadership in China's modern history.

*Diversified's* model strategies persist with a full weighting to the Equities Asset Class, including China and other Emerging Markets.

### Commodities - a derivative of global growth

In unison with growth sectors of Equities, and even selected currencies, commodity prices generally were hit hard in the latter stages of the recent sell-off – and after exhibiting resilience earlier. Even economic bellwether, Copper joined the base-metal sell-off during September.

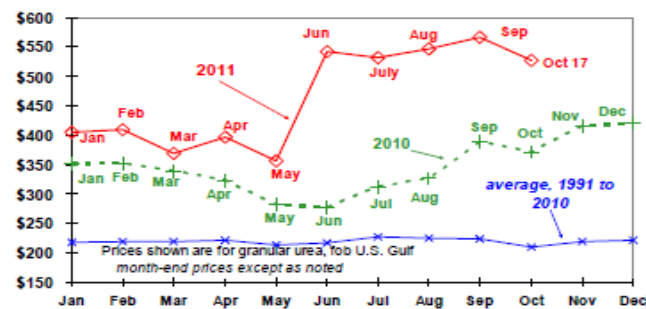
### Base Metals - fell 10% in September



Source: NAB Base Metals Update, 24 Oct. 2011

Scrutiny finds the commodity sell-off was not completely comprehensive. Fertilizer prices - a proxy for rising Emerging Markets' prosperity, proven an outlier - maintaining levels well above those of last year, or of longer-term averages.

### Nitrogen Fertilizer - Gulf of Mexico Urea (US\$/tonne)



Source: Salman Partners Metals Morning Note of Oct., 17<sup>th</sup>, 2011

Sadly, the resilience in fertilizer process did not extend to the shares of fertilizer producers, suggesting opportunity for an above average rebound.

### Gold:

Those who look to government for investment guidance might note closely central authorities' trades on gold. From active and co-ordinated sellers when the price of bullion was rock-bottom a decade ago, Central Banks have progressively converted to being holders and accumulators as the price of bullion soared. Now, selling has ceased, while at least China, Russia and India are active Buyers.

#### Central Bank's Official Gold Holdings

Nation	Tonnes	% of reserves
USA	8,133.5	74.2
Germany	3,401.0	74.7
Italy	2,451.8	74.4
France	2,435.4	71.5
China	1,054.1	1.6
Switzerland	1,040.1	17.2
Russia	852.2	9.0
Japan	765.2	3.7
Netherlands	612.5	62.7
India	557.7	9.9

Source: World Gold Council, October 2011.

*Diversified's* model strategies persist with a significant allocation to commodity producer's shares, including producers of fertilizer – as a proxy for agricultural commodities. Earlier allocation to Gold bullion were sold into rising markets (as the systemic risks passed after 2008), to be replaced by shares in gold producers. Gold miners benefit from the expansion of ore reserves, as well as from stronger earnings, that sustained bullion prices allow.

### Currency – NZ\$ a 'risk on' yo-yo

Few asset sectors have depicted the emotional roller-coaster in financial markets recently, as much as the exchange rate of our New Zealand dollar. In sessions where sentiment is exuberant ('risk on' in the parlance), our NZ\$ soars; during 'risk off' sessions it has plunged. These extremes have occurred on alternate days.

We Kiwis' are price-takers for our currency, completely at the whim of powerful global forces. Local influences, punditry or economic fundamentals are irrelevant in the short-term.

Investors' confusion over likely exchange rate possibilities has been in distinguished company recently. The experts are confounded too. Normally reputable forecasters not prone to excitement, have rendered major and repeated revisions to their forecasts for NZ\$/US\$ exchange rate resulting in conflicting directional signals. E.g. from current levels around 80c, Westpac forecast depreciation, while ANZ forecasts appreciation.

#### NZ\$ in terms of US\$, ANZ vs. Westpac

Dec 11		June 2012		Dec 2012		June 2013	
ANZ	W'pac	ANZ	W'pac	ANZ	W'pac	ANZ	W'pa
0.77	0.73	0.83	0.69	0.89	0.77	0.90	0.79

Sources: ANZ Market Focus of 21 Oct., & Westpac Weekly of 17 Oct.

NZ\$ exchange rate with other currencies are more consensual. Those below are by ANZ.

#### NZ\$ Exchange Rate Forecasts - Month-end

	December 11	December 2012	June 2013
A\$	0.79	0.81	0.90
Euro	0.57	0.61	0.62
GBP (£)	0.50	0.55	0.55
Japan ¥	57.8	64.1	63.0
NZ\$ TWI	68.4	74.8	75.4

Source: ANZ Market focus, 21 Oct 2011

Generally, *Diversified* prefers a diversity of currencies arising from asset allocations, rather than to hedge Offshore positions into NZ\$ positions. While that approach may result in peer group underperformance when the NZ\$ appreciates, there is a comfort to diversity from single currency risks.

## Salient Rates, Indices, & Exchange Rates

Following are the September 30th, 2011 rates and selected equity market indices, relevant currencies, with their percentage gain or loss from that of three months, six months, and one year earlier. Figures are before taxation, fees or impact of NZ currency.

\*Indices, figures and performances in respective local currencies unless otherwise stated.

### ACTUAL

Salient Rates, Indices & Exch Rates	Current	1 Mth Ago	3 Mths Ago	6 Mths Ago	12 Mths Ago	2 Yrs Ago	3 Yrs Ago	5 Yrs Ago
Prevailing Monetary Conditions Index	532	793	616	342	387	275	703	797
Prevailing NZ Cash Rate (90-day) - p.a	2.86%	2.97%	2.61%	2.63%	3.17%	2.82%	7.96%	7.64%
Prevailing 2011 NZ Govt Stock Yield - p.a	2.54%	2.65%	2.67%	2.62%	3.43%	4.17%	5.53%	6.12%
Prevailing 2015 NZ Govt Stock Yield - p.a	3.35%	3.61%	3.06%	4.40%	4.29%	5.33%	5.67%	0.00%
Prevailing 2016 NZ Govt Inf. Ind. Yield - p.a	0.99%	1.12%	1.67%	2.26%	0.00%	0.00%	0.00%	0.00%
Prevailing 2021 NZ Govt Stock Yield - p.a	4.46%	4.55%	5.10%	5.68%	0.00%	0.00%	0.00%	0.00%

### CHANGE

Salient Rates, Indices & Exch Rates	Current	1 Mth	3 Mths	6 Mths	12 Mths	2 Yrs	3 Yrs	5 Yrs
NZX NZ Govt Stock (Gross Returns Index)	1264.36	0.93%	3.51%	6.55%	7.79%	17.57%	25.92%	43.71%
NZX50 (Gross)	3343.35	0.70%	-3.04%	-2.81%	5.20%	5.77%	8.19%	-6.84%
NZSCI (Gross)	19812.9	-3.09%	-5.05%	-8.52%	-2.46%	-4.49%	-6.51%	-14.13%
S&P/ASX200 (Australian)	4008.6	-5.83%	-12.69%	-17.14%	-12.53%	-15.45%	-12.87%	-22.23%
MSCI World Index (Capital)	1104.06	-8.85%	-17.06%	-17.29%	-6.77%	-2.03%	-6.63%	-19.61%
Dow Jones (USA)	10913	-6.03%	-15.50%	-11.43%	0.77%	11.87%	0.57%	-6.56%
NASDAQ COMP	2415	-6.61%	-12.93%	-13.16%	1.86%	13.48%	15.98%	6.95%
FTSE 100 (UK)	5128	-4.95%	-13.75%	-14.68%	-8.31%	-0.61%	4.60%	-13.97%
Nikkei DJ (Japan)	8700.29	-2.84%	-11.37%	-10.72%	-7.53%	-14.14%	-23.28%	-46.05%
Hang Seng (Hong Kong)	17679.22	-13.91%	-21.02%	-24.76%	-20.78%	-15.63%	1.33%	0.78%
NZD/USD	0.7697	-9.95%	-6.67%	1.02%	4.75%	6.42%	14.91%	17.84%
NZD/AUD	0.7916	-0.89%	2.45%	7.23%	4.31%	-3.36%	-6.42%	-9.46%
NZD/JPY	59.11	-9.63%	-11.23%	-6.41%	-3.92%	-8.87%	-17.85%	-23.29%
TRADE WEIGHTED INDEX (TWI)	69.05	-5.31%	-3.06%	3.71%	4.19%	5.18%	7.59%	4.86%
Gold (US\$/f.oz., troy)	1613	-11.62%	7.10%	14.04%	23.13%	60.08%	79.76%	169.82%
Crude Oil (WTI, US\$/bbl)	81.86	-7.80%	-11.86%	-21.51%	7.53%	18.19%	-23.15%	30.14%

**NORMAN W. STACEY, INVESTMENT ANALYST**