

Focus

August 2010



Interest Rates Remain Unchanged, Investment Dictionary, 50% Savings Discount For Interest Income From 1st July 2011, Macquarie Term Deposit Products, Australian Equity Market, Cromwell Group Share Entitlement Offer.

Interest Rates Update

Interest Rates Remain Unchanged

The Reserve Bank board left the cash rate unchanged at 4.5 per cent for a third straight month at its board meeting today.

The decision follows the release of two fresh pieces of economic data.

The Australian Bureau of Statistics said retail spending grew by just 0.2 per cent, seasonally adjusted, in June to \$20.2 billion.

That was half the growth economists had predicted.

At the same time, building approvals sank for a third straight month.

"These data appear to provide further evidence of the impact that earlier tightening is having on household spending," Macquarie Research economist Ben Dinte said earlier today.

"Given that inflation was subdued in the June quarter, we believe there is no immediate need for the RBA to raise interest rates."

Clothing and food retailing proved the weak spots during June, falling 1.2 per cent and 0.3 per cent respectively.

Household retail, department stores, and cafes and restaurants all strengthened.

The big spenders in June were Victorians, where retail spending grew 0.6 per cent, followed by the ACT, NSW and the Northern Territory.

Spending in South Australia fell 1.0 per cent and by 0.9 per cent in Tasmania, while in Queensland and Western Australia it was flat.

However, during the June quarter, retail volumes rose by 0.8 per cent compared to the previous three months, and slightly larger than had been forecast by economists.

"After a slow start to 2010, consumption growth looks to be trending higher, and should be further supported in coming months by steady interest rates and a tighter labour market," National Australia Bank senior economist Spiros Papadopoulos said.

Building approvals fell 3.3 per cent in June, compared to economists' forecasts for a 1.5 per cent per cent increase.

Statement by Glenn Stevens, governor: monetary policy decision

At its meeting today, the board decided to leave the cash rate unchanged at 4.5 per cent.

The global economy grew faster than trend over the year to mid-2010. The expansion has been uneven, with the major advanced countries recording only moderate growth overall but growth in Asia and Latin America very strong.

There are indications that growth in China is moderating to a more sustainable rate as policies are now less accommodating.

Source | News.com.au

Investment Dictionary

What does "Volatility" mean?

Volatility refers to the relative rate at which the price of a security moves up and down. If the price of a stock moves up and down rapidly over short time periods, it has high volatility. If the price almost never changes, it has low volatility.

Investing

50% Savings Discount For Interest Income from 1st July 2011

The Government plans to provide a 50% tax discount on up to \$1,000 of interest earned by individuals, including interest earned on deposits held in authorised deposit taking institutions, bonds, debentures and annuities. Currently there are relatively higher levels of taxation applying to interest income, compared to other forms of investment income. The discount will be available for interest income earned directly as well as indirectly, such as via a trust or managed investment scheme, and is expected to benefit around 5.7 million taxpayers in 2011-12.

Source | colonialfirststate.com.au

Investing

Macquarie Term Deposit Products

Macquarie Term Deposit Rates as at 30th July:

1 Month:	4.80%	5 Month:	5.70%
2 Month:	4.90%	6 Month:	6.00%
3 Month:	5.60%	12 Month:	6.10%
4 Month:	5.80%	24 Month:	6.25%

- Minimum investment \$10,000,
- Competitive interest rates on a range of investment terms up to 24 months,
- **No ongoing fees:** Macquarie charge no establishment, monthly account keeping or management fees,
- **Flexibility:** have your interest reinvested or deposited into your bank account,
- **Specialised service:** you will speak to a real person when you call us during business hours,
- **SMSF ready:** can be invested in by Self-Managed Super Funds (SMSF).



Please refer to the Product Disclosure Statement (PDS) for further product terms and conditions. Otherwise, speak to your Focus Private Wealth adviser today.

Source | Macquarie.com.au

Super

Planners and SMSF Investors

The latest research on SMSF investors has shown their use of financial planners is on the increase again after a brief lull that coincided with the global financial crisis.

The Investment Trends April 2010 SMSF Investor Report, set to be released this month, has revealed 55 per cent of SMSF clients are now using some form of planner to help them with the running of their funds.

Advisers under this definition included RG146-compliant accountants and those practitioners that regard themselves as 'superannuation specialists'.

The number of SMSF investors using any form of financial planner is up from 48 per cent in May 2009.

This represented the lowest level of financial planner usage by SMSF investors in two years.

As a general trend, research from previous years found the use of planners among the SMSF sector had been waning over the duration of the global economic downturn.

In May 2007, 62 per cent of SMSF investors were using a financial planner, however this figure had dropped to 54 per cent by July 2008.

The rebound in the use of financial planners by SMSF investors has happened in conjunction with the tax planning season.

Source | Morningstar.com.au

Australian Equity Market

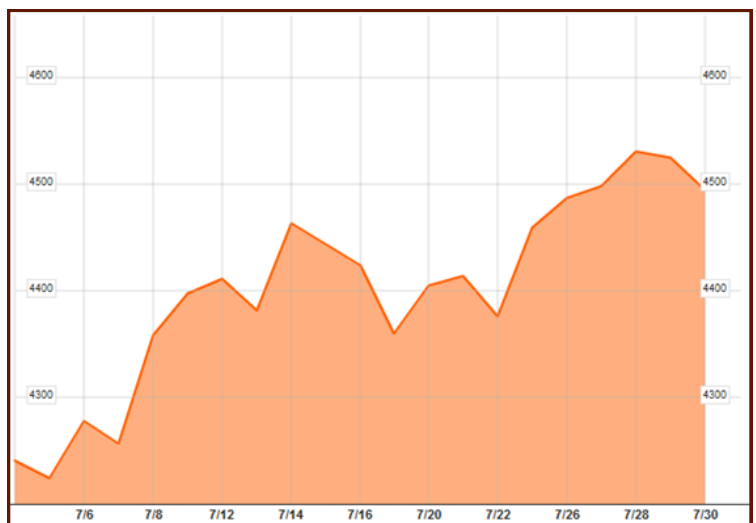
S&P ASX200 - Month of July 2010

Month High: 4532

Source | Bloomberg. &

Month Low: 4182

Commsec



Current Share Entitlement Offers

Cromwell Group (CMW) - Share Entitlement Offer

On Wednesday 14th July 2010, Cromwell Group announced the successful Placement of 72 million stapled securities at a price of \$0.75 per stapled security raising \$54 million. In line with Cromwell's intention to give all securityholders the opportunity to participate on similar terms, Cromwell is now offering eligible securityholders the right to apply for additional Cromwell Group stapled securities at **\$0.72** per stapled security through a **1 for 10** non-renounceable rights issue. New stapled securities issued under the rights issue will be issued on the same terms as, and from allotment will rank equally in all respects with, existing stapled securities. In particular, new securities will have full entitlement to the September quarter distribution, which will be paid around the 15th November.

Key Dates

Key Dates	
Announcement of the Rights Issue	Monday 12 July 2010
Record date for determining Entitlements to New Securities	7:00pm, Thursday 22 July 2010
Rights Issue opens	9:00pm, Monday 26 July 2010
Rights Issue Offer closes	5:00pm, Friday 13 August 2010
Allotment of New Securities	Thursday 19 August 2010
Expected dispatch of holding statements	Monday 23 August 2010
Expected normal trading of New Securities on ASX (subject to ASX quotation being granted)	Thursday 24 August 2010

If you are an existing Cromwell Group securityholder and would like further information about this rights issue or would like advice on whether to participate or not, please do not hesitate to contact your Focus Private Wealth

Business

Election Must Focus on the Economy

Business wants the election focus to get back on the economy, rather than the fear campaign of population and workplace policies that have dogged the first week.

Australian Chamber of Commerce and Industry (ACCI) chief executive Peter Anderson said the national interest is best served by political leaders putting the economy before poll-driven focus groups.

Mr Anderson released a pre-election survey of 1186 business owners that found 64 per cent of respondents nominated the high level of government spending as their top concern.

Sound economic management was put as the top priority for the next government by 42 per cent of respondents.

"It's now more important than during the last two elections," Mr Anderson said.

ACCI has put forward a 10-point plan for economic reform that places economic growth and jobs as the centrepiece of the election campaign.

"Australia's national interest is best served by political leaders putting the economy before poll-driven focus groups and showing leadership on how future opportunities for prosperity can be seized," he said.

"ACCI's reform agenda contrasts to the tone of political debate this week, with its negative focus on static population and no-change workplace policies that concede ground to fear over fact."

Among ACCI's measures are tax reform that includes reducing income and company tax and the removal of payroll tax, as well as investment in both skills and infrastructure.

It is also calling for fiscal responsibility that returns the budget to surplus, having invested public funds heavily to stave off recession.

Source | News.com.au