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Key Indices

Equities	Close	Change	% change
All Ordinaries	3875	3	0.07
S&P/ASX 200	3877	3	0.09
10-year Bond Rate	5.54	--	--
Dow Jones (US)	8281	-223	-2.63
S&P 500	896	-27	-3.00
NASDAQ	1797	-49	-2.67
FTSE 100 Index	4234	-106	-2.45
Nikkei 225 (Japan)	9876	-64	-0.64

Exchange Rates

Currency	Close	Change	% change
AUD/USD	0.7911	--	-0.02
AUD/GBP	0.4836	--	-0.17
AUD/YEN	75.85	-0.05	-0.07
AUD/EUR	0.5666	--	-0.19
AUD/NZD	1.2612	--	-0.09
AUD/CAD	0.9197	--	-0.09

Key Commodities

Commodities	Price	Close	Change	% change
Aluminium	US\$/t 3mth	1640	-22	-1.32
Copper	US\$/t 3mth	5025	-90	-1.76
Nickel	US\$/t 3mth	16500	250	1.54
Gold	US\$/oz	927.30	-13.30	-1.41
Oil	US\$/bbl	66.73	-2.58	-3.72
Zinc	US\$/t 3mth	1575	-15	-0.94
Lead	US\$/t 3mth	1705	-35	-2.01

TOP ASX/S&P 100 (Previous Trading Day)

Best	%	Worst	%
GMG	5.3	AQP	-5.2
GPT	5.3	MIG	-4.3
IOF	4.7	AOE	-4.1
SGP	4.2	CTX	-3.8
SKI	3.2	AWE	-3.5
NCM	3.0	TEL	-3.2
WDC	2.7	ORG	-2.7
COH	2.6	JHX	-2.6
MOF	2.6	ERA	-2.5
AWC	2.5	DOW	-2.4

Australian Market Report -Weak Leads for Local Market

Weak offshore leads overnight are expected to send local stocks lower today.

Ahead of the local open the September SPI futures were 82 points (2.10%) lower at 3,779.

Companies trading ex-dividend today (ASX 300):

Programmed Maintenance Services Ltd.

Market and Company News | Thursday 2 July 2009 - close

Westpac Bank (WBC)

Westpac Bank expects to see increasing pressure on consumer loans as unemployment rises, Chairman Ted Evans said in a letter to shareholders. Evans also said he expects loan growth to slow amid lower demand and as consumers and businesses deleverage their balance sheets. "It is expected that more customers will come under pressure as the effects of the slowing activity become more widespread," Evans said. "We are already seeing more pressure across our business customers and expect consumer stress to grow as unemployment rises," he added. WBC shed 10 cents (0.51%) to \$19.58.

Rio Tinto (RIO)

Rio Tinto said there has been a 96.97% take up of the UK portion of its US\$15.2bn rights issue. The deadline for acceptances was Wednesday and Rio said it had received valid acceptances for 508.6m new shares of its London-listed stock, representing 96.97% of shares offered. Shareholders in Rio's London-listed stock were offered 21 new shares for every 40 held at a price of GBP14. The miner did not give any detail of the acceptance level in the parallel Australian rights issue, which also closed Wednesday and saw shareholders offered stock at \$28.29. The high take up rate in London, where the majority of the dual-listed group's shares reside, guarantees Rio will raise the funds it needs to pay down its debt, a move analysts have said should improve market sentiment towards the miner.

Aluminium Corp. of China, or Chinalco, said it has taken up all of its allocation of rights in Rio Tinto's US\$15.2bn raising and will maintain its position as the miner's biggest shareholder. "This was an economically rational decision as it prevented the dilution of our ownership in Rio," Chinalco said in a statement. "Chinalco believes in the long-term prospects of the industry and will continue to explore opportunities to advance its strategic objectives." Chinalco

said it will continue to monitor developments at Rio as its biggest shareholder. RIO rose 15 cents (0.29%) to \$51.75.

GPT Group (GPT)

GPT Group said that it has the capacity under existing funding facilities to acquire a 16.7% stake in the Highpoint Shopping Centre. The group said it received a put option exercise notice in relation to the Besen retailing family's 16.7% stake of the shopping centre. The price will be determined by an independent valuation process and the deal is expected to settle in August. "As one of Australia's best regional shopping centres, the acquisition of a further share of Highpoint Shopping Centre is a great fit with our strategy and enhances our exposure to the ownership of high quality Australian real estate," Michael Cameron, GPT's chief executive, said in a statement. GPT rose 3 cents (5.26%) to \$0.50.

Arrow Energy (AOE) and Liquefied Natural Gas (LNG)

Arrow Energy Chief Executive Officer Sean Scott said it is possible that the company's coal seam gas joint venture with Royal Dutch Shell could have enough gas to fully underpin Shell's proposed LNG plant in Queensland. Shell is proposing to build up to four LNG processing units at the Gladstone plant in Queensland to produce up to 16m tonnes a year of LNG. Scott said Arrow would have to prove up about 20tn cubic feet of its estimated 70 tcf resource to underpin the four trains and also supply gas to the smaller-scale LNG plants being built by Liquefied Natural Gas. "There's no reason that we can't do that; it's certainly possible," Scott said.

However, Scott said the oil price would influence the joint venture's ability to be able to completely underpin both proposed LNG plants with its own reserves. "Clearly the oil price has an impact, and at about US\$70 today you've got no issue," he said. It's probably unlikely that Arrow will use its \$400m cash balance to acquire other coal seam gas companies, Scott said. Scott said Arrow already has enough good-quality assets and that it plans to use the money to prove up and develop its existing resource. AOE lost 14 cents (4.05%) to \$3.32 and LNG firmed 1 cent (2.04%) to \$0.50.

Extract Resources (EXT)

Extract Resources upgraded the resource at the first zone of its Rossing South uranium prospect in Namibia by about a third, confirming the venture as one of the world's most significant uranium discoveries. Extract said the resource in the first zone at Rossing South increased to 145m pounds of uranium oxide from the previous statement of 108m pounds, while the overall resource grade increased to 449 parts per million of yellowcake. Rossing South is six kilometres away from the Rossing uranium mine that's jointly owned by Rio Tinto and the Namibian government, and which produced 8% of the world's uranium oxide in 2008. Extensive exploration potential is still to be tested at the first zone of Rossing South and the maiden resource for the second zone is due August, Extract said. "Once the Zone 2 resource estimate is completed, Rossing South is expected to be one

of the top 10 global uranium deposits by contained metal," Extract said in a statement. EXT strengthened 4 cents (0.64%) to \$6.28.

Panoramic Resources (PAN)

Panoramic Resources said it produced a record 18,750 metric tonnes of nickel contained in concentrate during the 2008-09 financial year, a 26% rise on the previous year. Output for 2009-10 is again expected in the 18,000 to 19,000-tonne range, as part of a 10-year plan to increase output to at least 20,000 tonnes. As part of that plan, Panoramic seeks to become a diversified mining house, with a primary focus on nickel, copper, gold and platinum group metals in Australia. PAN firmed 18 cents (8.04%) to \$2.42.

NIB Holdings (NHF)

NIB Holdings said that policyholder growth was slightly better than expected in the year ended June 30 after a late surge in new clients, but it reaffirmed guidance. In a statement, the private health insurance group said that policy holder numbers grew by 5.17%, or 18,899 new policies in the latest financial year. The group had forecast growth of around 4% in late April. Managing Director Mark Fitzgibbon said despite the result the company's expected pretax underwriting result for the full year was still in the range of \$35m-\$40m. "We have seen a higher than previously forecast increase in the number of policy sales in the past few weeks," Fitzgibbon said. "Due to this growth being in the latter stages of the financial year, our FY09 premium revenue and earnings are not going to be materially impacted," he said. However, he warned that economic conditions would continue to challenge the group's outlook for the new financial year. The group will release its annual results on Aug. 27. NHF added 4 cents (3.95%) to \$0.92.

Economic News

Trade Figures

Australia posted its largest trade deficit since July 2008 in May as export receipts remained in freefall, highlighting the threat of weaker economic growth in coming quarters as the global economic slowdown lashes demand for commodities. The merchandise trade deficit widened to a seasonally-adjusted \$556m in May, from a revised \$282m in April, the Australian Bureau of Statistics said. Exports dropped 5% over the month, with some offset coming from a 4% fall in imports. Sharp falls in contracted prices for iron ore and coal exports were the main driving force behind the deterioration in the trade balance. Economists said the source of the weakness in the trade balance was almost entirely price related.

Overseas Market Report -US Stocks Close Lower as Jobs Report Disappoints

A weak US jobs report on Thursday roiled financial markets and traders' already sagging hopes for a second-half economic rebound. Consumer stocks including Home Depot and energy companies including Chevron paced a broad sell-off.

At the end of a holiday-shortened week of trading, the most eagerly anticipated report on the economy was a stark letdown. The US Labor Department said nonfarm payrolls shed 467,000 jobs in June, a much greater decline than the 350,000 economists in a Dow Jones Newswires survey had expected.

Monthly payroll declines had narrowed steadily since hitting about 700,000 job losses at the start of the year. However, last month's figure was 322,000, meaning the June report moved in the opposite direction and cast serious doubt for those expecting the economy to pickup in the already begun second half.

The unemployment rate continued to creep toward double digits, rising 0.1 percentage point to 9.5%, its highest level in more than 25 years. Wages remained stagnant from the previous month.

Overall, the Dow Jones Industrial Average closed down 223.32 points (2.63%) at 8,280.74. All of its 30 components were in the red, led by Alcoa, down 49 cents (4.7%) at \$9.86, and Travelers Cos., down \$1.93 (4.7%) at \$39.20.

For the week, the Dow slid 157.65 (1.87%) marking its third straight weekly decline and its lowest closing value since May 22.

A slide in oil prices also came on the heels of the jobs report, with energy giants Chevron off \$2.10 (3.2%) to \$64.42, and Exxon Mobil down \$2.07 (2.9%) at \$68.49.

The Standard & Poor's 500 flirted with 900 for much of the day, eventually pushing below that previous support level at 896.42, down 26.91 points (3.0%). The index lost 22.38 points (2.44%) on the week, also marking its third straight week in the red.

The Nasdaq Composite Index lost 49.20 points (2.67%) to 1,796.52, finishing the week down 41.70 (2.27%).

Consumer stocks were among the weakest, even though that sector tends to move in the opposite direction of energy. Consumer companies tend to benefit from higher consumer spending at times when their pocketbooks aren't burdened by high fuel costs.

But this week was an exception, with consumer stocks and energy moving in lockstep on several occasions as traders bet that a new round of economic weakness would be so painful that it would spread across all categories.

Among the declining consumer names, Home Depot closed down 90 cents (3.8%) at \$22.81.

Also on the list of sliding energy companies, Hess fell \$3.46 (6.5%) to \$49.65, and Halliburton declined \$1.32 (6.4%) to \$19.38.

Staffing firms and employment services companies were particularly weak, with Manpower down \$3 (6.9%) to \$40.32, and Robert Half International off \$2.23 (9.5%) to \$21.35.

Life-sciences tools maker Illumina said revenue for its second quarter would fall below Wall Street estimates after falling short in the first quarter as well. The company, which

closed down \$4.68 (12%) at \$33.46, said customers delayed orders in anticipation of a new product and money from the federal government's stimulus program.

MSCI rose 67 cents (2.8%) to \$24.74, after saying its fiscal second-quarter profit rose 5.2% as higher revenue and lower operating expenses boosted the bottom line. MSCI produces indexes that track stocks, and is best known for its MSCI international stock indexes.

For Australian ADRs listed on the NYSE, BHP Billiton dropped \$1.92 (3.46%) to US\$53.58, Rio Tinto Plc shed \$5.49 (3.35%) to US\$158.49, ResMed lost 77 cents (1.91%) to US\$39.62, Telstra Corporation dipped 39 cents (2.84%) to US\$13.32, Telecom Corporation of NZ declined 55 cents (6.27%) to US\$8.22 and Westpac slid \$2.99 (3.76%) to US\$76.53.

Shorter-term Treasuries jumped, but longer-term Treasuries deteriorated on remarks from Federal Reserve Bank of San Francisco President Janet Yellen that interest rates could stay very low for some time. At 7:45 AM (AEST), the 10-year Treasury note yield was 3.50% and the five year yield was 2.42%.

European shares fell sharply on Thursday as traders sold automakers and miners following downbeat unemployment data from both the US and Europe and a decision by the European Central Bank to keep interest rates at lowest-ever levels.

The pan-European Dow Jones Stoxx 600 index declined 2.4% to 204.47, erasing the prior session's gains.

On a regional level, the German DAX index dropped 3.8% to 4,718.49, the French CAC-40 index declined 3.1% to 3,116.41 and the UK's FTSE 100 index fell 2.5% to 4,234.27.

On a busy day for economic news, US nonfarm payrolls shrank by more than expected and data showed that euro-zone unemployment hit a 10-year high in May as the European Central Bank kept interest rates at a record low of 1%.

Shares of miners fell, with platinum producer Lonmin losing 5% and Anglo American dropping 5.8%.

Oil companies also came under pressure, with shares of Total down 3.8% and Royal Dutch Shell down 3.3%. Carmakers were under pressure as investors digested a sector downgrade from analysts as well as June sales data from the US.

In Frankfurt, shares of Daimler fell 5.5%. Its US sales fell 26.5% in June.

Porsche shares turned in a similar performance, falling 4%, as the company said US sales dropped 66% last month.

Shares of BMW gave up 3.4%, as its US sales declined 20.3% in June.

Shares of Irish drugmaker Elan climbed 20.2%, Johnson & Johnson said that it will take over Wyeth's venture with Elan on Alzheimer's and invest \$1bn in Elan to obtain an 18.4% stake.

On the FTSE 100, Rio Tinto slipped 123.00 pence (5.7%) to 2,035.00 pence and BHP Billiton weakened 67.00 pence (4.7%) to 1,364.04 pence.

Asian shares ended mostly lower on Thursday, with investors locking in profits ahead of US jobs data.

Japan's Nikkei 225 Average closed down 0.6% at 9,876.15, while Hong Kong's Hang Seng Index gave up 1.1% to finish at 18,178.05 as trading resumed after Wednesday's holiday. China's Shanghai Composite gained 1.7% to end at its highest level in 13 months.

The New Zealand stock market's early strength in response to Wall Street's rise dissipated as Asian markets reacted in a lukewarm fashion. The NZX-50 Index closed down 0.4%, or 12.81 points, at 2,768.19 after rising as high as 2,806.50 in the morning.

Base metals on the London Metal Exchange traded lower while equities declined and the US dollar strengthened. Aluminium fell \$22 (1.32%) to \$1,640 while copper weakened \$90 (1.76%) to \$5,025 and nickel rose \$250 (1.54%) to \$16,500. Zinc dropped \$15 (0.94%) to \$1,575 and lead shed \$35 (2.01%) to \$1,705. Comex copper was last quoted at 229.00 US cents per pound.

Gains posted by the US dollar combined with pre-holiday liquidation to send gold and other precious metals lower. Spot gold was last quoted at \$927.30. Comex gold futures slid \$10.30 (1.09%) to \$931.00. Spot silver was last quoted at \$13.38.

Crude accelerated its decline after US payrolls fell more than expected last month, shaking confidence in an economic recovery by the world's largest energy user. West Texas Intermediate was last quoted at US\$66.73 per barrel.

The US dollar posted relatively large gains versus the euro and most other major currencies on Thursday, after a weak US June nonfarm payrolls report encouraged currency players to shy away from risk ahead of Friday's US Independence Day holiday.

At 08:05 a.m. (AET) the US dollar was quoted at 0.7168 euros, 95.89 yen and 61.21 pence.

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