

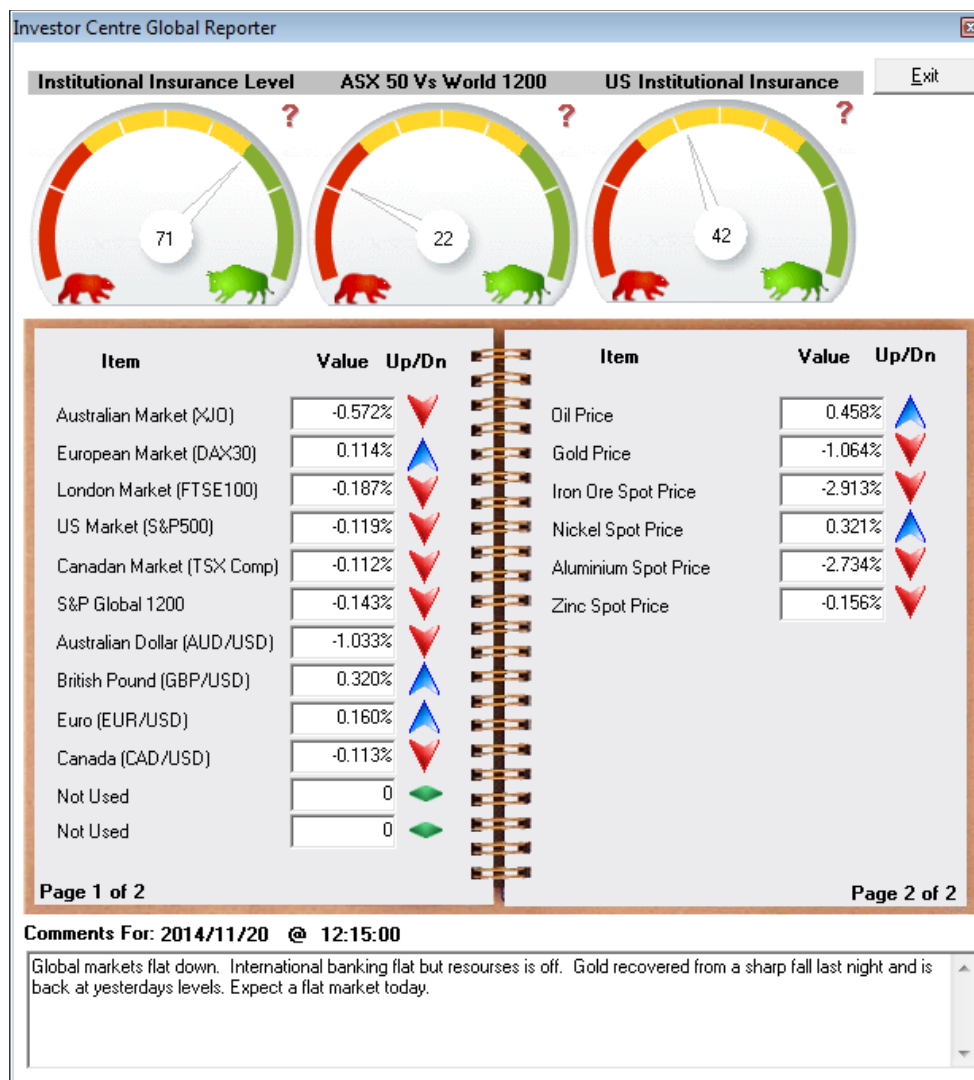
# Investor Centre Global Reporter (IGR)

## Introduction – Why the Investor Centre Global Reporter

The Investor Centre Global Reporter is designed to give an overview of the overnight activities from around the world that may affect our market outcomes, *today*. It is mainly interested in the percentage move for each market or commodity and therefore it gives an extremely pertinent reference on how the world markets closed, thus allowing us to get a *feel* for world sentiment.

For commodities, it is referencing the previous close to the current or latest close. Market index figures reference the change from open to close of the relevant “day session” for each applicable Index. As all moves are expressed in percentage terms it is very easy to relate them to our market.

## About the Investor Centre Global Reporter:



## Gauge 1 - Institutional Insurance Level

This gauge measures the difference between the current Index and the futures contract price. Institutions use the futures contracts in the Australian market to insure current blue chip holdings against a sudden devaluation. Institutions can NOT readily sell large parcels of shares so instead they insure these parcels on the futures market. The futures market becomes a gauge for institutional sentiment in the Australian market.

The market will tend to go bearish prior to reaching a market top as institutions increase insurance for downside risk. The market will tend to go bullish prior to reaching a market bottom as institutions release downside risk.

## Gauge 2 - ASX 50 V's S&P World 1200

The ASX50 is the Australian component of the S&P World 1200 and this gauge is a comparison between the two and as a consequence it looks at the movement between the two Indexes. Whilst we would traditionally believe that we just follow the world, the last few years since the Global Financial Crisis have provided a different story. The S&P ASX 50 tends to lead the direction of the world markets.

A **bearish** reading indicates that our market is not performing as well as the International markets and there is some underlying downside in our market. This will be bearish when the commodities are weak, the \$AUD is very high, or the fifty leaders is trailing the world 1200 – indicating a potential weakness in the Australian market.

A **bullish** reading indicates that our market is outperforming the international markets and there is an underlying weakness in the world markets. This will be bullish when commodities are strong, the \$AUD is very low or the ASX50 is leading the World 1200 indicating a potential strength in the Australian market.

## Gauge 3 - US Institutional Insurance

This gauge measures the difference between the current US S&P 500 Index and the US S&P eMini futures contract price. Institutions use the futures contracts in the US market to insure current blue chip holdings against a sudden devaluation. Institutions can NOT readily sell large parcels of shares so instead they insure these parcels on the futures market. The futures market becomes a gauge for institutional sentiment in the US market. As this is the largest futures market in the world, it can also be an indication of world or international sentiment in relation to US economic factors.

The market will tend to go bearish prior to reaching a market top as institutions increase insurance for downside risk. The market will tend to go bullish prior to reaching a market bottom as institutions release downside risk.

## The Comments Panel

The comments in this panel relate to the interpretation of pertinent information and professional observations by the Investor Centre Research Team. There may be no comments in this area or there may be pertinent sector or market observations relating to Australian or International

markets. They may also relate to the movement of commodities and to a lesser extent, currencies. Upon occasions this area may contain some stock recommendations.

## The Market Data

All data is expressed as a percentage change so that a direct comparison can be made between all markets.

### **Australia Market (XJO)**

This is a measurement of the Top 200 Index showing the difference between the *open* of the last session to the *close* of that session.

### **European Market (Dax30)**

This is a measure of the Top 30 German stocks from the Frankfurt exchange. It compares the *open* of the last session to *close* of that session. The German market is the largest \$ value exchange in Europe and is used to reference the primary European sentiment.

### **London Market (FTSE100)**

This is a measure of the top 100 London stocks in the FTSE 100 out of the London exchange from the *open* of the last session to the *close* of that session. It is an important indicator for the Australian market because many of our major resource stocks such as BHP, RIO, and NCM are listed in the London market.

### **US Market (S&P500)**

This is a measure of the 500 US stocks on the New York exchange from the *open* of the last session to the *close* of that session. It is an important indicator for the Australian market because many of our top 50 stocks have dual listings in the US including, BHP, RIO, & NWS.

### **Canadian Market (TSX Composite)**

This is a measure of the top 70%, by market capitalisation, of stocks on the Canadian exchange out of Toronto. Whilst this bears no direct correlation to the Australian market since no major Australian stocks are listed in Toronto, it does give us reference to another commodities based exchange.

### **S&P Global 1200**

The S&P 1200 Global Index is a free weighted equities index that covers almost 70% of total market capitalisation spanning 31 countries.

It is made up of six regional indices:

- S&P 500 Index (United States)
- S&P/TSX 60 Index (Canada)

- S&P Latin America 40 Index (Mexico, Brazil, Peru, Chile)
- S&P/TOPIX 150 Index (Japan)
- S&P Asia 50 Index (Hong Kong, Korea, Singapore, Taiwan)
- S&P/ASX 50 Index (Australia)
- S&P Europe 350 Index

The largest sector, in terms of weight and number of companies, is financials. Other top sectors represented are consumer discretionary, health care, and information technology. Among the smallest are utilities, materials, telecommunications services and energy.

## The Currencies Data

All data is expressed as a percentage change so that a direct comparison can be made between all markets.

### **\$AUD/USD**

This is the movement of the cash price from 4.00pm Sydney time on the last trading day to 9.00am Sydney time on the following day (in other words the overnight price).

### **\$GBP/USD**

This is the movement of the cash price from open of London time on the last trading day to 9.00am Sydney time - (in other words the overnight price).

### **\$EUR/USD**

This is the movement of the cash price from open of German Market time on the last trading day to 9.00am Sydney time -(in other words the overnight price) .

## The Commodities Data

All data is expressed as a percentage change so that a direct comparison can be made between all markets.

### **Oil Price**

This is the movement of West Texas Light Sweet oil from midnight on one day to midnight the next day, Chicago time, from Chicago Boards of Trade CBOT.

### **Gold Price**

This is the movement of Gold from midnight on one day to midnight the next day, New York time, from New York Stock Exchange NYSE

## **Iron Ore Price**

This is the movement in iron ore price for the day session of the London Metals Exchange (LME).

## **Nickel Price**

This is the movement in Nickel price for the day session of the London Metals Exchange (LME).

## **Aluminium Price**

This is the movement in aluminium price for the day session of the London Metals Exchange (LME).

## **Zinc**

This is the movement in Zinc ore price for the day session of the London Metals Exchange (LME).