



## MERIDIAN WEEKLY MARKET REVIEW

### **CORRECTION IN FULL SWING – “VOLATILITY IS BACK & INSURANCE NOW PAYING”**

**Hold on tight long term investors as nothing can stop this sharp sell off from taking place, seems the fear of inflation along with more write off's from Global banks including Australian banks are to blame for this move down..**

Index	30-Oct-09	23-Oct-09	% Change
S&P/ASX 200	4637.3	4859.4	-4.57%
All Ordinaries	4639.7	4859.7	-4.53%
Sector Indices (GICS)	30-Oct-09	23-Oct-09	% Change
S&P200 Cons. Discr	1579.6	1655.1	-4.56%
S&P200 Materials	11226.5	12015.8	-6.57%
S&P200 Telecom Serv.	1135.7	1102.6	3.00%
S&P200 Fin.-x-Prop Trusts	5565.9	5839.5	-4.69%
S&P200 Cons. Staple	7564.1	7681.6	-1.53%
S&P200 Financials	4756.7	5002.7	-4.92%
S&P200 Health Care	8368.6	8516.8	-1.74%
S&P200 Industrials	3774.8	3932.5	-4.01%
S&P200 Prop. Trusts	876.2	934.8	-6.27%
S&P200 Utilities	4202.2	4328.0	-2.91%
S&P200 Energy	15626.7	16589.6	-5.80%
S&P200 Info Tech	636.1	630.8	0.84%

**Last week we seen National Australia Bank and A.N.Z both produce their full year results and neither convinced the market to move higher.**

**When you see dividends being slashed by 20 - 25% and earnings per share being trimmed it is never a good short term sign for a higher share price. Banks will eventually shine again and return to making record profits however right now they are at their top end of their fair value trading range.**

**Our Telecommunication sector was the only sector that was able to hold on to solid gains.**

**Buy the banks after a good dip especially banks going ex dividend this month.**

### **AROUND THE GLOBE**

**Market meltdown everywhere as STRONG G.D.P FIGURES around the world are all coming in a little too high for Central banks to do nothing about them. Fears of a global rate tightening cycle are now underway, lets hope they don't hike too early for the softer economies...**

International Indices	29-Oct-09	22-Oct-09	% Change
NASDAQ (US)	2097.6	2165.3	-3.13%
Dow Jones Industrial (US)	9962.6	10081.3	-1.18%
S&P 500 (US)	1066.1	1092.9	-2.45%
FTSE 100 (UK)	5137.7	5207.4	-1.34%
CAC 40 (France)	3714.0	2589.2	-2.80%
Hang Seng (HK)	21265.0	22210.5	-4.26%
Nikkei 225 (Japan)	10010.7	10267.2	-2.50%
DAX (Germany)	5587.5	5762.9	-3.04%

**American G.D.P was stronger than expected also giving another signal that they are heading out of their recession, then one of America's largest banks Citigroup spooked the markets at the end of the week as they announced a further \$10 Billion write down on more bad loans..**

## OUR AUSSIE TECHNICAL WRAP UP

Technical indicators are all pointing downwards right now and this current correction looks to be a real good one, our patience should now be rewarded especially for those who locked in some short term profits recently, bought some insurance and are looking for cheaper prices to buy back in again.

Like we said in last weeks update "BEWARE IT'S COMING" and it hit us all right just when everyone thought we would keep going up more.

**"OUR R.S.I.'s TOLD US IT WAS COMING"  
"AND THE LONGER IT TOOK THE BIGGER IT WOULD BE"**

In this weeks technical wrap up we will look at where and why we should fall too along with some interesting info on Inflation..

First here's our Daily X.J.O chart showing the size and steepness of this current sell off, I was expecting 4,600 to offer some better support than what it did however it just goes to show how powerful this current sell off is.

**"WITH OUR DAILY MOVING AVERAGES NOW BROKEN – WILL OUR UPREND HOLD"**

**"CAN YOU SEE THE BEARISH DIVERGENCE"**



**Our longer term weekly X.J.O chart also tells us THAT WE HAVE MORE TO FALL...**

**We should see the 4,350 points area give us solid support, double the power with both the uptrend and a very powerful 20 week moving average..**

**It is this area we will target to buy back into the banks once again especially one solid bank that is due to pay a good dividend, EMAIL ME TO FIND OUT ??**

**A nice little fully franked dividend along with a bounce looks a strong probability.**



### **"INFLATION V's DEFLATION – THE BATTLE CONTINUES".**

**That nasty word INFLATION is popping back into our lives again and as economies around the world start to recover from our worst downturn in 80 years it has a huge amount of upside to move..**

**Many economists are now pricing in a 0.50% rate rise for Melbourne Cup day along with more in December and again in February..**

**If they are all only 0.25% increases we will see Interest rates back to a more "NEUTRAL" level for 2010..**

**SURELY 0.50% INCREMENTS WILL BE TOO AGRESIVE..**

**Our Australian reserve bank has got it right more times then many countries over the last 10 years, lets hope they continue this good form..**

For those who really take notice of things and do a lot of shopping know that Inflation has never really left us, take a look at some prices of things over the last 2 years despite huge falls in Real estate and our Stock market, maybe we should have all invested in Cheese....

**CHEESE = Up a huge 100% in over 2 years**

**NEWSPAPERS = Up over 25%**

**TOLL ROADS = Up close to 30% or greater**

**EDUCATION = Climbing fast above 10% each year**

**HEALTH CARE = A sneaky 9% min each year..**

**EVEN COUNCIL RATES SURGING OVER 30% IN MOST STATES..**

There's even more nastier ones like Rego and even the cost of bottled water as there's so many more examples of strong inflation over the last 2 years despite governments around the world saying there is no inflation and we have nothing to worry about..

"I recon the masses are only just starting to realise they are "WRONG"..

"GOLD has always been the best way to protect your wealth from rising INFLATION" and a weekly Aussie Gold chart is below...

"A very powerful moving average is now giving us a huge buy signal"

"INFLATION OR DEFLATION GOLD WILL WIN EITHER WAY"

**FOR MORE INFORMATION AND A LIST OF MY FAVOURITE GOLD STOCKS AND WAYS TO PLAY THIS UPCOMING GOLD BULL**

**EMAIL ME PLEASE.**

**[james@meridianfinancial.com.au](mailto:james@meridianfinancial.com.au)**



## OUR FUNDAMENTAL WEEK AHEAD

Australia is set to have one of its biggest weeks Fundamentally then in a long time and this week it is actioned packed every day with data..

We have just had strong Housing data released this morning with better than expected increases "AGAIN", a rates decision tomorrow along with the Melbourne Cup and then it just keeps coming with Retail sales figures and a Trade balance reading, even business loans data at the end of the week...

Globally it looks quiet but don't be fooled, we have the Euro zone rates decision also along with possibly the most important data to follow right now –

"THAT'S U.S. JOBS NUMBERS"...

**"FOR THIS GLOBAL RECOVERY TO HAVE ANY LEGS"  
"WE HAVE TO START SEEING SOON SOME JOB CREATION"...**

Our full global weekly calendar follows.

Enjoy your week folks and enjoy the Melbourne Cup..

GMT	Country/Event	Actual	Cons.	Previous	Volatility
Nov 1					
21:30	Australia <a href="#">AiG Performance of Mfg Index (Oct)</a>	51.7			◀
23:30	Australia <a href="#">House Price Index (QoQ) (3Q)</a>	4.2%		-1.5% ☹️	◀
23:30	Australia <a href="#">House Price Index (YoY) (3Q)</a>	6.2%		-0.7% ☹️	◀
Nov 2					
01:00	New Zealand <a href="#">ANZ Commodity Price (Oct)</a>			6.8%	◀

04:00	Japan	<a href="#">Vehicle Sales (YoY) (Oct)</a>	3.5%	◀
-------	-------	---	------	---

07:30	Switzerland	<a href="#">SVME - Purchasing Managers' Index (Oct)</a>	54.3	◀
-------	-------------	---	------	---

07:55	Germany	<a href="#">Purchasing Manager Index Manufacturing (Oct)</a>	49.6	◀
-------	---------	--	------	---

08:00	European Monetary Union	<a href="#">Purchasing Manager Index Manufacturing (Oct)</a>	49.3	◀
-------	-------------------------	--	------	---

08:30	United Kingdom	<a href="#">Purchasing Manager Index Manufacturing (Oct)</a>	49.5	◀
-------	----------------	--	------	---

14:00	United States	<a href="#">Construction Spending (MoM) (Sep)</a>	0.8%	◀
-------	---------------	---	------	---

14:00	United States	<a href="#">ISM Manufacturing (Oct)</a>	52.6	▶
-------	---------------	---	------	---

14:00	United States	<a href="#">Pending Home Sales (MoM) (Sep)</a>	6.4%	◀
-------	---------------	--	------	---

Nov 3

00:00	United States	<a href="#">Total Vehicle Sales (Oct)</a>	9.8M	◀
-------	---------------	---	------	---

03:30	Australia		3.50%	3.25%	◀
	<a href="#">RBA Interest Rate Decision</a>				
09:30	United Kingdom			46.7	◀
	<a href="#">PMI Construction (Oct)</a>				
15:00	United States		1.1%	-0.8%	◀
	<a href="#">Factory Orders (Sep)</a>				
21:00	United States			-51	◀
	<a href="#">ABC/Washington Post Consumer Confidence (Nov 1)</a>				
Nov 4					
00:01	United Kingdom			71	◀
	<a href="#">Nationwide Consumer Confidence (Oct)</a>				
00:30	Australia			0.9%	◀
	<a href="#">Retail Sales Trend (MoM) (Sep)</a>				
02:30	Japan				◀
	<a href="#">BoJ's Governor Shirakawa Speech</a>				
08:55	Germany			52.1	◀
	<a href="#">Purchasing Manager Index Services (Oct)</a>				
09:00	European Monetary Union			50.9	◀
	<a href="#">Purchasing Manager Index Services (Oct)</a>				
09:30	United Kingdom			55.3	◀

Purchasing Manager Index Services (Oct)

10:00	European Monetary Union <a href="#">Producer Price Index (YoY) (Sep)</a>	-7.5%	◀
10:00	European Monetary Union <a href="#">Producer Price Index (MoM) (Sep)</a>	0.4%	◀
10:30	United Kingdom <a href="#">BRC Shop Price Index (MoM) (Oct)</a>	0%	◀
12:00	United States <a href="#">MBA Mortgage Applications (Oct 30)</a>	-12.3%	◀
13:15	United States <a href="#">ADP Employment Change (Oct)</a>	-254K	◀
18:15	United States <a href="#">Fed Interest Rate Decision</a>	0.25% 0.25%	▶
21:45	New Zealand <a href="#">Unemployment Rate (3Q)</a>	6%	◀
23:50	Japan <a href="#">BoJ Monetary Policy Meeting</a>		◀
Nov 5			
00:30	Australia <a href="#">Trade Balance (Sep)</a>	-1524M	◀

08:15	Switzerland	<a href="#"><u>Consumer Price Index (MoM) (Oct)</u></a>	0%	◀	
08:15	Switzerland	<a href="#"><u>Consumer Price Index (YoY) (Oct)</u></a>	-0.9%	◀	
08:55	Australia	<a href="#"><u>RBA's Governor Glenn Stevens Speech</u></a>		◀	
09:30	United Kingdom	<a href="#"><u>Industrial Production (MoM) (Sep)</u></a>	-2.5%	◀	
09:30	United Kingdom	<a href="#"><u>Industrial Production (YoY) (Sep)</u></a>	-11.2%	◀	
09:30	United Kingdom	<a href="#"><u>Manufacturing Production (MoM) (Sep)</u></a>	-1.9%	◀	
09:30	United Kingdom	<a href="#"><u>Manufacturing Production (YoY) (Sep)</u></a>	-11.3%	◀	
10:00	European Monetary Union	<a href="#"><u>Retail Sales (MoM) (Sep)</u></a>	-0.2%	◀	
10:00	European Monetary Union	<a href="#"><u>Retail Sales (YoY) (Sep)</u></a>	-2.6%	◀	
12:00	United Kingdom		0.5%	0.5%	◀

	<a href="#">BoE Interest Rate Decision</a>			
12:45	European Monetary Union <a href="#">ECB Interest Rate Decision</a>	1%	1%	◀
13:30	Canada <a href="#">Building Permits (MoM) (Sep)</a>		7.2%	◀
13:30	United States <a href="#">Nonfarm Productivity (3Q)</a> <sup>Ⓜ</sup>		6.6%	◀
Nov 6				
13:30	United States <a href="#">Nonfarm Payrolls</a>		-263K	▶
Nov 9				
01:30	Australia <a href="#">Home Loans (Sep)</a>		-0.6%	◀
01:30	Australia <a href="#">Investment Lending (Sep)</a>		7.6%	

**Please Note Disclaimer**

The information contained in this newsletter is for educational purposes only and is not providing specific financial advice, of any kind.

As the information presented is a guide only, you must always seek professional personalised independent financial and legal licensed advice so it can be tailored to your specific circumstances, needs and objectives.

**There is absolutely no alternative for your own personalised, suitable, and tailored advice when it comes to building wealth.**

