



MERIDIAN WEEKLY MARKET REVIEW

CORRECTION WHAT CORRECTION ? – “BEWARE ITS COMING”...

I did say when everyone believes that this market will keep going up, only then will we see a healthy correction, surely we must be close now as even I am beginning to think right now our markets will never fall again..

Index	23-Oct-09	16-Oct-09	% Change
S&P/ASX 200	4853.7	4836.4	0.36%
All Ordinaries	4855.9	4842.6	0.28%
Sector Indices (GICS)	23-Oct-09	16-Oct-09	% Change
S&P200 Cons. Discr	1648.9	1651.5	-0.16%
S&P200 Materials	11953.6	11819.9	1.13%
S&P200 Telecom Serv.	1099.5	1080.4	1.77%
S&P200 Fin.-x-Prop Trusts	5818.8	5854.7	-0.61%
S&P200 Cons. Staple	7657.0	7486.4	2.28%
S&P200 Financials	4994.1	5021.1	-0.54%
S&P200 Health Care	8550.0	8503.6	0.55%
S&P200 Industrials	3941.3	3891.7	1.27%
S&P200 Prop. Trusts	943.2	944.1	-0.10%
S&P200 Utilities	4330.5	4284.3	1.08%
S&P200 Energy	16740.6	16865.0	-0.74%
S&P200 Info Tech	638.1	653.5	-2.36%

To the untrained eye some may have thought it was a flat week for our Aussie market.

Don't be fooled, take a look at our weekly sector performances & it is crystal clear that a defensive move is under way with food and health sectors showing signs of strength.

The telecommunication sector & Telstra “FINALLY” had a good week as investors went bargain hunting..

Our Aussie commodity stocks continued to climb higher during the week & a much anticipated U.S dollar rally OR Aussie dollar breather remains still on hold..

“FOLLOW THE SMART MONEY NOT THE LATE MONEY”

AROUND THE GLOBE

Global Markets are very top heavy right now and without a significant increase soon in new jobs this stimulus lead recovery may not have the legs to keep going.

International Indices	22-Oct-09	15-Oct-09	% Change
NASDAQ (US)	2165.3	2173.3	-0.37%
Dow Jones Industrial (US)	10081.3	10062.9	0.18%
S&P 500 (US)	1092.9	1096.6	-0.33%
FTSE 100 (UK)	5207.4	5223.0	-0.30%
CAC 40 (France)	3820.9	2589.2	-1.62%
Hang Seng (HK)	22210.5	21999.1	0.96%
Nikkei 225 (Japan)	10322.3	10238.7	0.82%
DAX (Germany)	5762.9	5830.8	-1.16%

“I HOPE I AM WRONG”.

A strong jobless recovery is well underway around the globe and I will watch Unemployment figures everywhere.

Chinese G.D.P figures last week came in almost perfect, with a solid 9% growth satisfying most analyst.

What has me worried the most is how so many are expecting China to lead the world out of this mess all by themselves.

OUR AUSSIE TECHNICAL WRAP UP

With so much happening fundamentally around the globe right now along with such hawkish comments last week from our very own Federal reserve chairman we could spend a whole hour just on that, (Next week's report = "INFLATION")..

All I will say here is the Aussie reserve bank have got it right 9 out of 10 times over the last 7 years so lets hope their good form continues and they have not jumped too early with this aggressive rate tightening.

**Most are expecting another 0.25% hike for November and again in December.
"NOW THAT WILL HAVE TO HURT RETAIL"...**

In this week's Technical wrap up we will look at how our markets are behaving, what we can expect and finish off with some positive hope..

Let's start with how our markets are looking right now and what we can expect based on recent activity and the possible patterns now taking place.

The most likely pattern forming right now looks to be another head and shoulders pattern, "Another", yep another, see the chart below and note how we formed one earlier midyear only thing is it managed to hold above the neckline and it bounced upwards.

I don't think we will be as lucky this time as things now look set for a very similar pattern unfolding and 4,600 now becomes a crucial price point.

A break below the 4,600 level should see our markets continue to correct down to as low as 4,300 and there is some good support there too around 4,300..



"OUR GLOBAL BALTIC DRY INDEX CHART".

In our previous weekly update we looked at the Baltic Dry Index and it was in a strong downward correction following its 60 day moving average..

"LOOK" it's broken above the 60 day just like we thought it would, just how long it can stay above it now becomes the question.

Surely a strong Aussie dollar is starting to hurt our International trade partners if they remain pegged to the weakening U.S dollar...

A major move down for the U.S dollar is certainly underway and at some time we will see Japan and China let it fall independently..

With China clearly leading the world once again with a solid 9% G.D.P we will need to look for India, Russia, Brazil and even Europe to keep this momentum going. Like I said surely China can't do this all by itself.



OUR FUNDAMENTAL WEEK AHEAD

All eyes are on Australia this morning as we are set to release our Producer price index figures around mid day, these figures tend to lead our C.P.I by a good 3 to 4 months, a strong number is expected and will show that Inflation is returning once again.

Wednesday will be the day for our C.P.I figures and I recon the reserve bank is expecting this figure to be strong.

We also have German C.P.I figures mid week along with important U.S housing data, it's expected to be strong thanks to the mad rush of new home buyers grabbing their grant before it finishes just like here in Australia.

The end of the week we should see New Zealand make its rates decision, most are expecting them to remain steady for a few more months yet as their economy is still relatively mixed.

Our full global weekly calendar follows.

Enjoy your week folks.

GMT	Country/Event	Actual	Cons.	Previous	Volatility
Oct 25th					
00:30	Australia Producer Price Index (QoQ) (3Q)			2.1%	◀
00:30	Australia Producer Price Index (YoY) (3Q)			-0.8%	◀
Oct 26					
07:00	Germany Gfk Consumer Confidence Survey (Nov)			4.3	◀
Oct 27					
03:00	United States Richmond Fed Manufacturing Index (Oct)			14	◀
07:00	Switzerland UBS Consumption Indicator (Sep)			0.66	◀

09:00	European Monetary Union M3 (3M Avg) (Sep)		
09:00	European Monetary Union M3 (YoY) (Sep)	2.5%	
11:00	United Kingdom CBI Distributive Trades Survey - Expected (MoM) (Oct)	36%	
11:00	United Kingdom CBI Distributive Trades Survey - Realized (MoM) (Oct)	3	
14:00	United States Consumer Confidence (Oct)	53.1	
16:00	United States Treasury's Geithner Speech		
21:00	United States ABC/Washington Post Consumer Confidence (Oct 25)	-50	
23:50	Japan Retail Trade (YoY) (Sep)	-1.8%	
23:50	Japan Retail Trade s.a (MoM) (Sep)	1%	
Oct 28			
00:00	Germany Consumer Price Index (MoM) (Oct)	-0.4%	
00:00	Germany Consumer Price Index (YoY) (Oct)	-0.3%	
00:30	Australia Consumer Price Index (QoQ) (3Q)	0.5%	
00:30	Australia Consumer Price Index (YoY) (3Q)	1.5%	

00:30	United States		-2.4%	◀
	<u>Durable Goods Orders (Sep)</u>			

00:30	United States		0.8%	◀
	<u>Durable Goods Orders ex Transportation (Sep)</u>			

11:00	United States		-13.7%	◀
	<u>MBA Mortgage Applications (Oct 23)</u>			

14:00	United States		429	◀
	<u>New Home Sales (Sep)</u>			

14:00	United States		0.7%	◀
	<u>New Home Sales (MoM) (Sep)</u>			

16:00	New Zealand		49.1	◀
	<u>Business Confidence (Oct)</u>			

20:00	New Zealand		2.5%	◀
	<u>RBNZ Interest Rate Decision</u>			

Oct 29

00:00	Germany		1.3%	◀
	<u>Import Price Index (MoM) (Sep)</u>			

00:00	Germany		-10.9%	◀
	<u>Import Price Index (YoY) (Sep)</u>			

13:30	United States	Gross Domestic Product Annualized (3Q)	-0.7%	◀
13:30	United States	Gross Domestic Purchases Price Index (3Q)	0.5%	◀
13:30	United States	Real Personal Consumption Expenditures (QoQ) (3Q)	-0.9%	◀
Oct 30				
00:00	European Monetary Union	IFO - Business Climate (Oct)	90.7	◀
00:00	Australia	National Australia Bank's Business Conditions (3Q)	3	◀
00:00	United Kingdom	Nationwide Housing Prices n.s.a (YoY) (Oct)	0%	◀
00:00	United Kingdom	Nationwide Housing Prices s.a (MoM) (Oct)	0.9%	◀
00:00	Germany	Retail Sales (MoM) (Sep)	-1.5%	◀
00:00	Germany	Retail Sales (YoY) (Sep)	-2.6%	◀
04:00	Japan		0.1%	◀

Please Note Disclaimer

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