



Monthly Newsletter – Market Flash – June 2015

ASX Closed Monday - 8th June

Please note the Australian Stock Exchange will be closed for the Queen's Birthday on Monday the 8th June. Accordingly no trading or settlement of stock/funds will occur on this day. Our office will be closed and will re-open Tuesday the 9th June.

Market Breaks Key Level-5650

It took the whole of three days for the Index to break the key level of 5650 Index points on the XJO, S&P/ASX200. The comments provided by RBA on Tuesday emphasized concern in the housing sector suggesting the RBA are hesitant in lowering rates further for fear of exacerbating the problem. The subsequent sell off reflects a view that the economy is now left to its own devices, a proposition participants consider risky. Despite yesterdays strong GDP read (0.9%) for the March quarter, the best in the last three quarters, the XJO still managed to fall another 79.3 Index points finishing at 5504.3. To determine the likely move in the Index from here we take a look at the Technical Indicators.



The significant move below 5650 (as shown above) is confirmation we are now heading to 5450 on the XJO or 61.80% on the Fibonacci Retracement. If we look at the 20 year chart below the Index has broken the longer term uptrend (highlighted by the blue circle) and suggests a slightly lower support level of 5400 Index points. Either way the end result is we can expect further negative market movements until support is found around these levels.

Preferably the market will retrace to 5400 and succeed a heavy test by market sellers. Our view is clients looking for a long term investment are best to remain patient in the short term and wait for signs of a reverse in current trend i.e. The Index closing higher than the same days opening Index level with high volume over consecutive days.

Don't miss a great opportunity to pick up some great high yielding companies at attractive prices. This could be the last correction before the market retests the 6000 index level towards the end of the year.



Upcoming RBA Events

Glenn Stevens, at the economic Society of Australia – 10th June

Minutes of the RBA meeting – 16th June

ABS releases March

Housing Finance (April) – 9th June

Labour Force (May) – 11th June

Lending Finance (April) – 12th June

Job Vacancies (May) – 25th June

Upcoming US Economic Releases

US Employment Situation – 5th June

Producer Price Index – 12th June

Industrial Production – 15th June

FOMC Meeting and Minutes – 17th June

FOMC Forecasts – 17th June

Consumer Price Index – 18th June

Existing Home Sales – 22nd June

Durable Goods Orders – 23rd June

GDP – 24th June

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