



New York Securities Pty Ltd

Monthly Newsletter – January 2016

MERRY CHRISTMAS!

We would like to thank all our clients for their support during the year and hope you all have a safe and enjoyable Christmas. This year has been challenging as our economy adjusted from the decline in the mining sector brought about by weak commodity prices and falling demand from our biggest trading partner, China. The headwinds will remain leading into 2016, but there are some big positives we can take from this year that will drive our economy over the longer term. The first is the recently announced \$1.1 billion Innovation package announced by Malcolm Turnbull. This is great news for a country that has been responsible for many great products like the Fridge, Bionic Ear, Black Box Recorder and Wi-Fi but in recent years has been left behind in the innovation race. Innovation is important because it leads to the creation of new industries, jobs, productivity and wealth, all drivers of economic growth, something clearly needed given the current state of affairs. The second big positive was the signing of the Chinese Free Trade Agreement in June this year. This agreement brings with it huge benefits to our export and services industries by increasing our competitiveness within the Chinese market place and helping to create new opportunities that weren't available or were restricted previously. So contrary to the "trough" we find ourselves in within the business cycle the progress we are making, albeit in its infancy will only serve to strengthen our economy over the longer term. Perhaps if we take an optimistic view our motto for next year should very well be **"Invest today, be rewarded tomorrow"**.

SANTA RALLY CONTINUES, BUT FOR HOW LONG?

Each year around this time the Australian Stock Exchange gets a nice lift leading into the New Year, a phenomenon known as the "Santa Rally". This year hasn't been any different as the S&P/ASX200 began its ascension mid-month and finishing up today a good 62.6 index points higher. The case for its continuation through to the end of January, which has occurred over the past four years (and further) could however be at risk, no thanks to a trend that has been developing since the beginning of 2015 and is close to its final stages, **The Descending Triangle**.

What you will notice in the chart below is the distinct downtrend that has formed since the market highs earlier this year and its near interception of the distinct long term support at 5000 Index Points. The index point movements that have to date adhered to the two distinct lines creating the descending triangle formation is now closing in on its final stages as the index squeezes itself between the two distinct lines, the next phase is a "breakout" of this trend. A breakout can occur either side and it may very well be the case that the New Year brings the

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volume required to drive the market well above the 5400 Index Points which we consider necessary for the Index to surpass to convince us of higher moves further into 2016. If the Index does breakout below 5000 Index points let's hope it does so on low volume and does not exceed that the 4800 Index point mark on the downside or we are likely of feeling more pain earlier into the New Year.



ASX TRANSITION TO T+2 SETTLEMENT – MARCH 2016

The ASX has indicated in March 2016 they will reduce the settlement period for Equities and Warrants from Trade Date + 3 business days (T+3) to Trade Date + 2 Business days (T+2). The ASX has announced the current target date is now the 7th March, subject to change. This means all clients will need to ensure funds are available in their nominated bank account a day earlier than what is currently required.

The ASX has produced a brochure in relation to the change of settlement period. We recommend clients to view this brochure by clicking [here](#)

Performance of Key Indices

Equities	Close	Change (M)	Change % (M)
All Ordinaries	5256.1	+37.9	+0.73%
S&P/ASX200	5207.6	+41.08	+0.80%
Dow Jones (US)	17602.61	-117.31	-0.66%
NASDAQ	5045.93	-62.74	-1.23%
S&P500	2064.29	-16.12	-0.77%
FTSE 100 Index	6240.98	-115.11	-1.81%
Nikkei 225 (Japan)	18886.7	-860.77	-4.36%
10-year bond rate (US)	2.2561%	+0.0005	+2.27%

Upcoming RBA Events

None to be Advised

ABS releases March

Building Approvals (November) – 7th January
International Trade in Goods and Services (November) – 7th January
Retail Trade (November) – 8th January
Job Vacancies (November) – 13th January
Labour Force (December) – 14th January
Housing Finance (November) – 15th January
Sales of New Motor Vehicles (December) – 18th January
Lending Finance (November) – 19th January
Consumer Price Index (December) – 27th January
International Trade Price Indexes (December) – 28th January
Producer Price Index (December) – 29th January

Upcoming US Economic Releases

ISM Manufacturing Index – 2nd January
International Trade – 7th January
FOMC Minutes – 7th January
US Employment Situation – 9th January
Retail Sales – 14th January
Producer Price Index – 15th January
Consumer Price Index – 16th January
Industrial Production – 16th January
Housing Starts – 21st January
Existing Home Sales – 23rd January
Durable Goods Orders – 27th January
FOMC Meeting Announcement – 28th January
GDP – 30th January
Jobless Claims – Weekly Basis

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