BT Monthly Markets Chart Pack – May 2010

An overview of movements in global financial markets

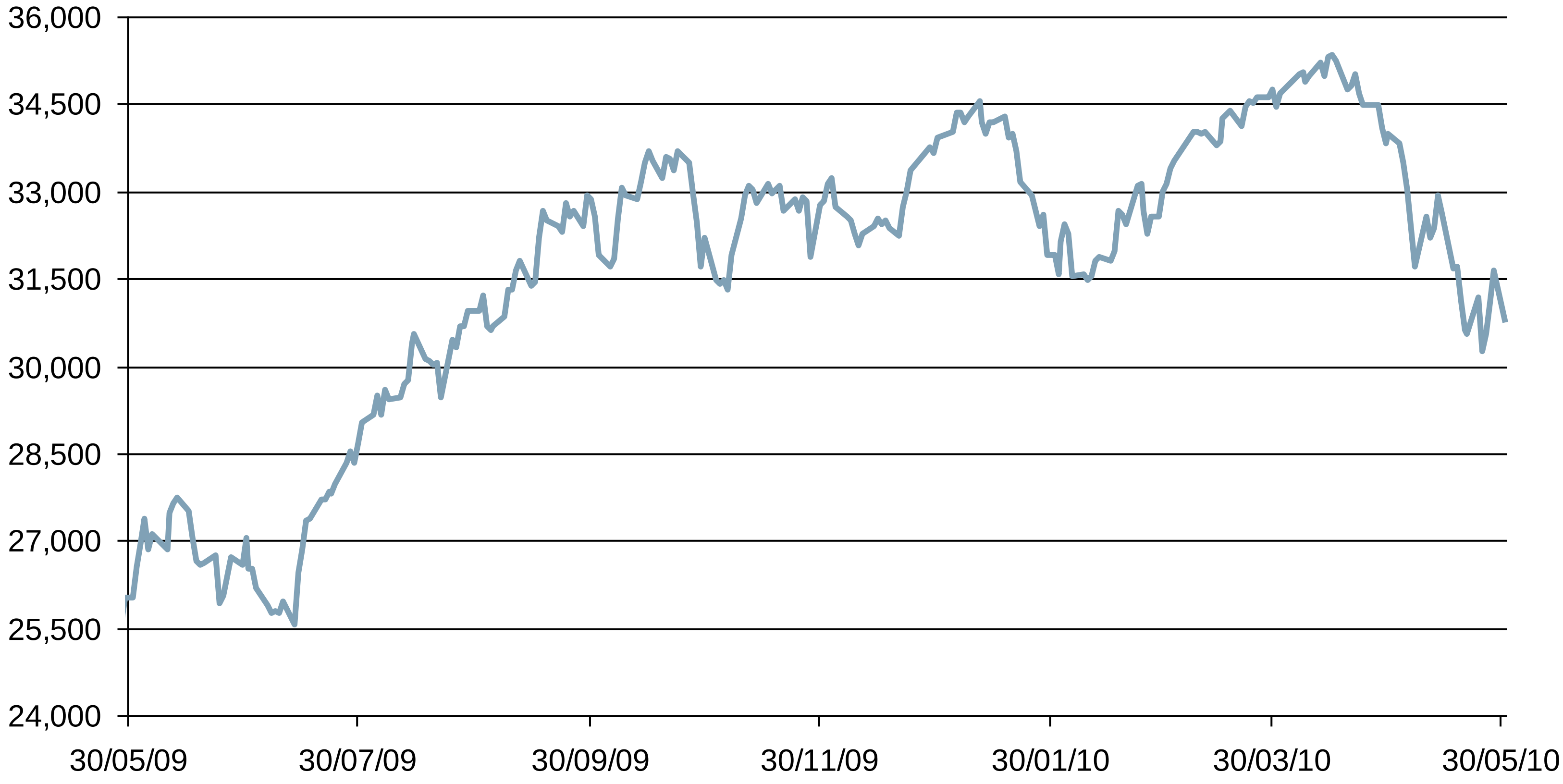
European sovereign debt and growth concerns dent stock markets markets in May.

- **Global share markets all declined sharply in May**
  In Europe all the main indices closed lower between 3% and 8%. In the US, the benchmark S&P 500 Index closed the month down 8.2%. Japan fell even more sharply with the Nikkei losing 11.7% as a stronger Yen hurt shares of exporters.

- **The Australian share market posted a decline in May** with the S&P/ASX 200 Accumulation Index closing the month 7.51% lower. This was the steepest decline since the equity market rally began in March 2009.

The Australian share market closed 7.51% lower in May

S&P/ASX 200 Accumulation Index – 1 year to May 2010



Source: BT Financial Group, Bloomberg

Key Australian economic news – May

- The Reserve Bank of Australia raised interest rates by 0.25% following its early May meeting. The RBA has since then paused its rate hiking cycle by not lifting rates at its June meeting. The official cash rate is now 4.5%.

- Building approvals showed growth of 23% year on year to May but this was below expectations of a rate of 33% because approvals fell in May more than expected.

- Business Inventories grew by a seasonally adjusted 0.5% in the March quarter.

- Job advertisements rose 4.3% in May and on a year on year basis job ads have increased by 21.7%.

- The unemployment rate declined to 5.2% in May from 5.4% in April.

- Retail sales grew by 0.6% in April which was above expectations of growth of 0.3%.
- Consumer confidence continued to decline with the Westpac/Melbourne Institute's consumer sentiment survey showing a steep drop of 7.1% from April to May. The annual increase in confidence fell back to 19%.

Source: BT Financial Group

The Australian dollar fell sharply in May as global risk appetite evaporated.

- The Australian dollar (A$) fell particularly sharply against the USD and the Japanese Yen. Many of the gains the A$ has made over the past months were quickly unwound.

- The A$ declined despite the high relative interest rate as global investors sought safety and consequently shed higher risk assets. The A$ is often seen as a barometer for global growth given our commodity based economy and strong trade with Asian countries. The US dollar and the Yen benefited from this flight to quality.

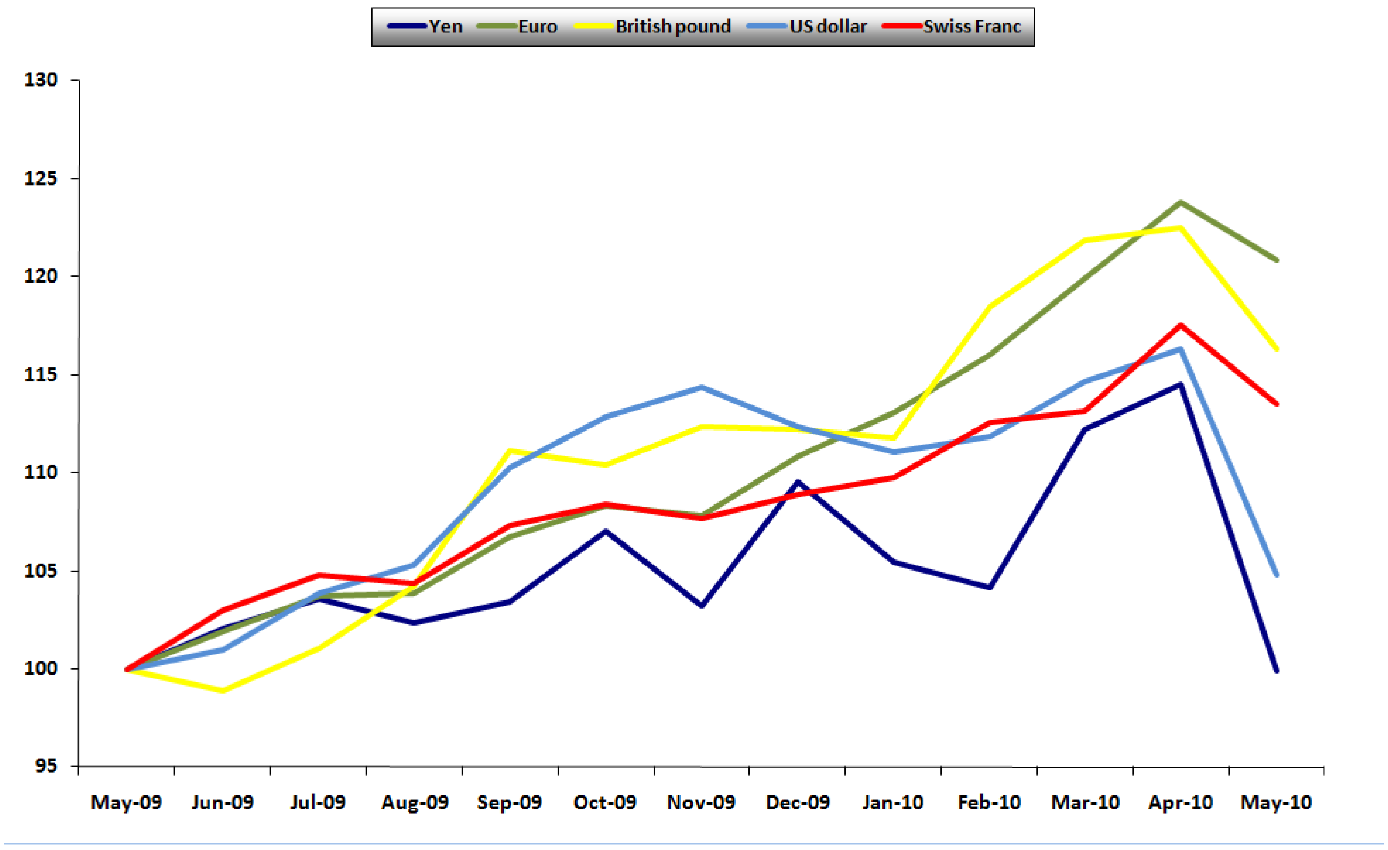
At the end of May:

A$1 bought	US$0.8388	▼ -9.89%
	€0.6836	▼ -2.36%
	¥76.36	▼ -12.75%

Source: BT Financial Group

The impact of global investment uncertainty can be seen in the sharp decline in the value of the A$

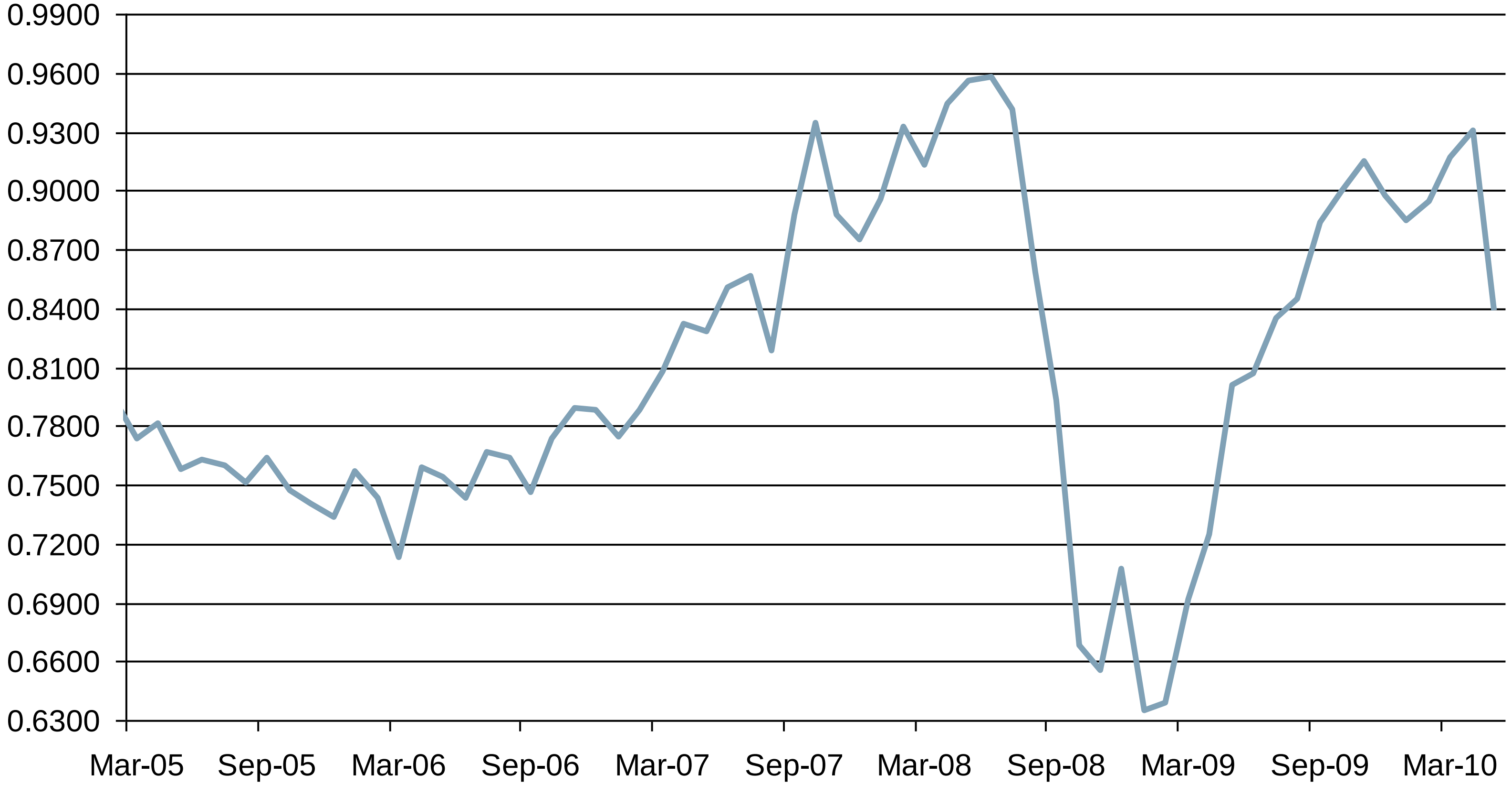
Rebased value of the A$ versus major currencies over the last 12 months



Source: BT Financial Group.

The Australian dollar versus the US dollar…

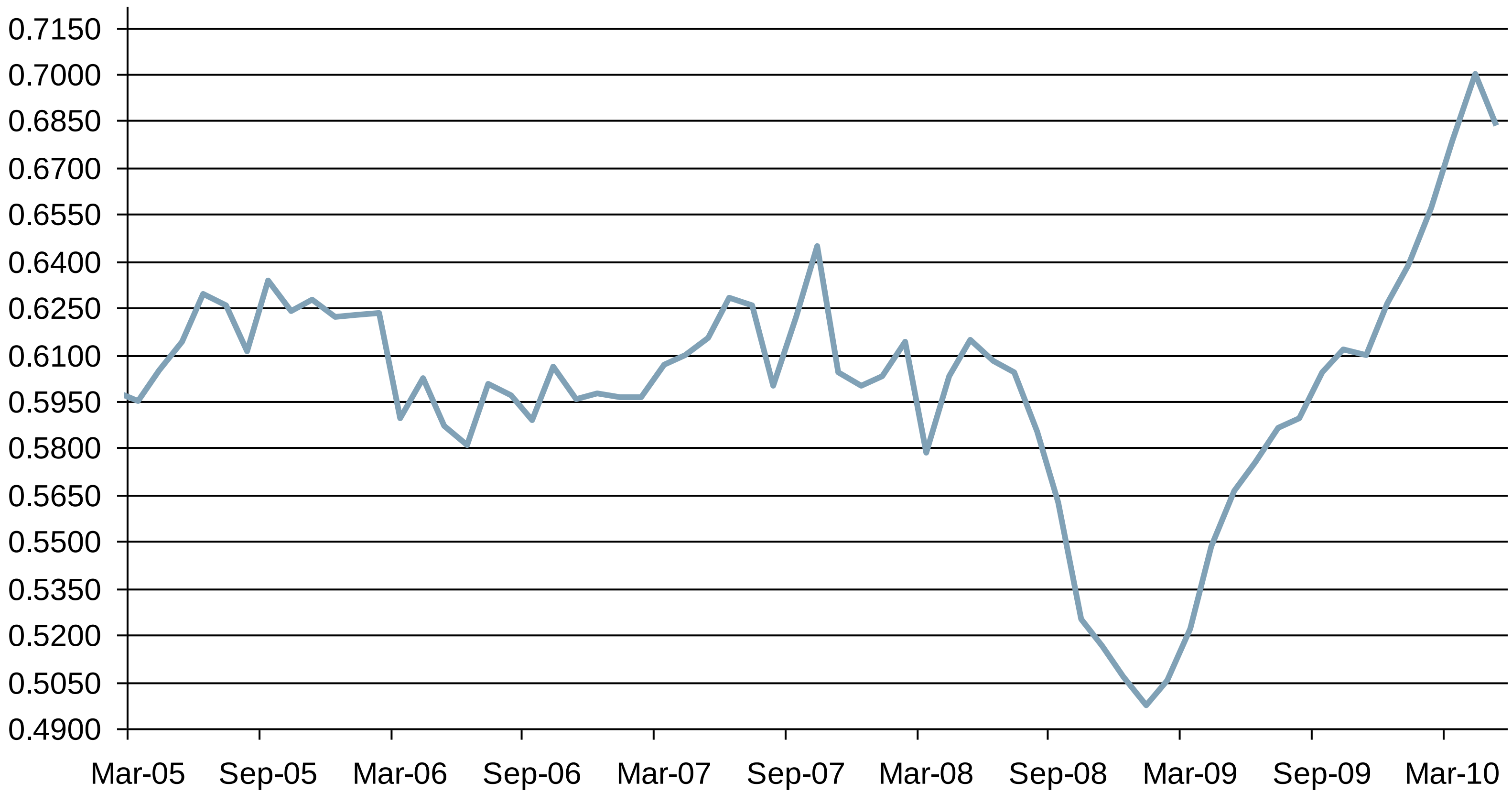
Currency markets – A$ per US dollar



Source: BT Financial Group. Figures at 31 March 2010

the Euro…

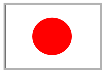
Currency markets – A$ per Euro



Source: BT Financial Group. Figures at 31 March 2010

and the Yen

Currency markets – A$ per Yen



Source: BT Financial Group. Figures at 30 April 2010

Official world interest rate movements – April

- Interest rates in the major economies remained unchanged in May. The Reserve Bank of Australia raised the official cash rate by 0.25% to 4.50% in May but in June they did not raise again.

		Current rate	Last moved	Direction of last move
	Australia	4.50%	May 2010	▲
	US	0% - 0.25%	Dec 2008	▼
	Europe (ECB)	1.00%	May 2009	▼
	Japan	0.14%	Dec 2008	▼
	United Kingdom	0.50%	Mar 2009	▼

Source: BT Financial Group

Global share market returns

As at 28 May 2010

	1 year	3 years (pa)	5 years (pa)
Global			
S&P 500 Index (US)	18.52%	-10.72%	-1.78%
Nasdaq (US Tech.)	27.21%	-4.66%	1.76%
Nikkei 225 (Japan)	2.59%	-18.24%	-2.83%
Hang Seng (Hong Kong)	8.77%	-1.42%	7.35%
DAX (Germany)	20.72%	-8.88%	5.98%
CAC (France)	7.01%	-16.86%	-3.17%
FTSE 100 (UK)	17.44%	-7.81%	0.89%
Australia			
S&P/ASX 200 Accum. Ind.	20.80%	-7.09%	6.06%
S&P/ASX Small Ordinaries	19.01%	-13.08%	4.69%
S&P/ASX 300 Listed Prop.	27.53%	-25.28%	-7.28%

Source: BT Financial Group

Short-term asset class performance

1-year rolling returns to 28 May 2010 (%)

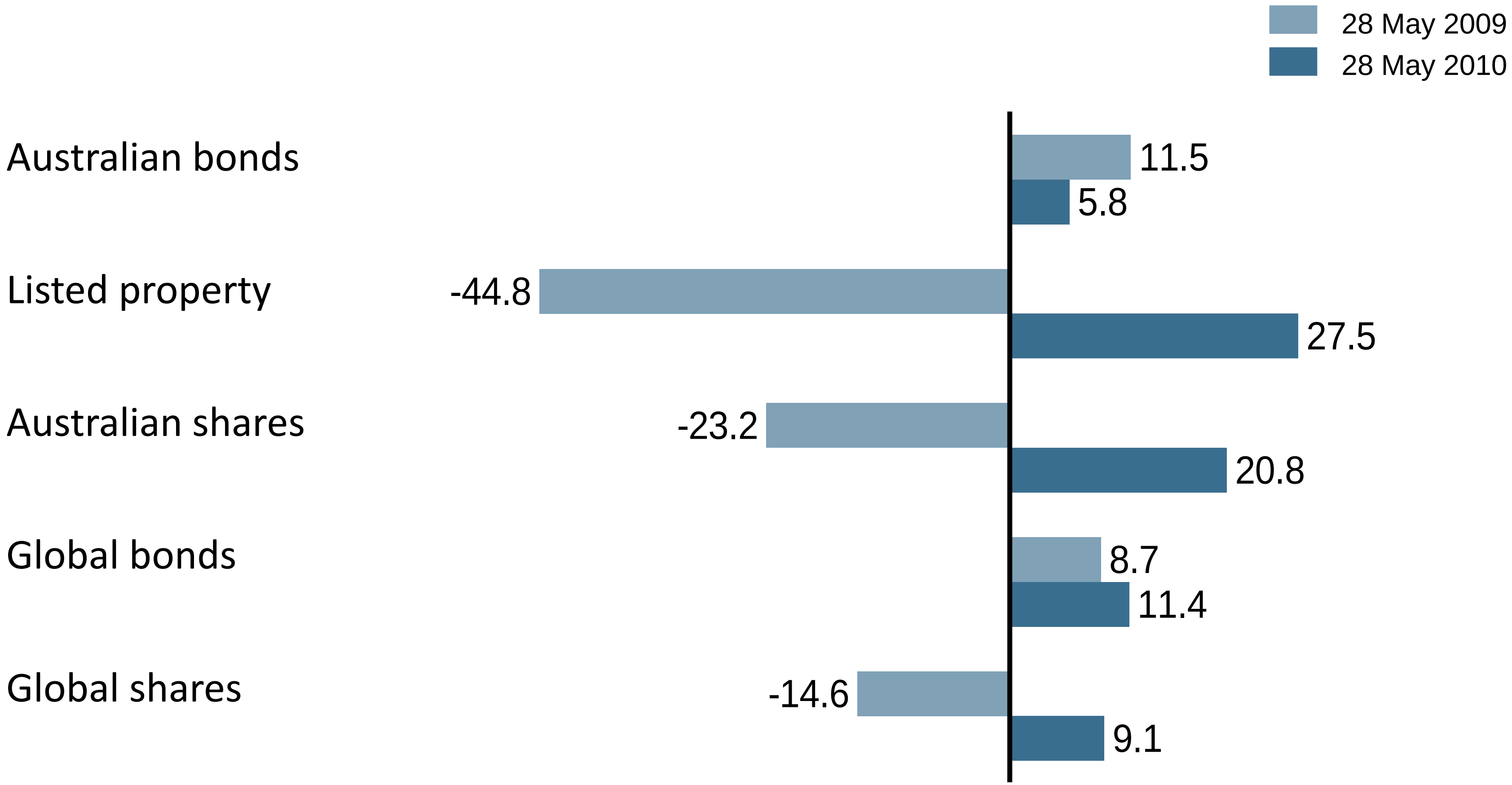
Best performing asset class for the year

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996	1995
Australian cash	3.75	6.69	6.99	6.21	5.80	5.56	5.11	4.91	4.77	6.36	5.24	5.09	5.41	7.14	7.89	6.21
Australian bonds	5.75	12.77	4.29	3.70	6.74	4.80	4.17	10.09	2.35	11.82	1.79	6.65	15.68	12.56	12.80	2.37
Australian property	27.53	-58.05	-24.16	28.62	18.48	19.97	13.94	13.84	17.38	13.03	2.91	4.26	28.76	19.95	4.71	1.82
Australian shares	20.80	-29.52	-7.04	21.78	30.35	25.63	23.41	-11.93	12.15	3.90	13.18	10.71	18.21	13.55	20.92	-1.89
International bonds	11.38	7.02	8.01	6.38	4.85	6.82	7.66	13.38	5.73	10.83	1.66	8.43	12.55	10.01	14.58	5.55
International shares	9.10	-24.48	-14.56	1.47	27.96	8.80	13.74	-33.38	-12.67	-7.05	27.06	18.40	56.60	9.13	12.51	4.56

Source: S&P/ASX 200 Accumulation Index, MSCI World ex-Australia (net dividends) Index in A$, S&P/ASX 300 Property Index, UBS Composite 0+ years index, Barclays Capital Global Aggregate Bond Index hedged to $A , UBS Bank Bill 0+ years

Short-term asset class performance (cont'd)

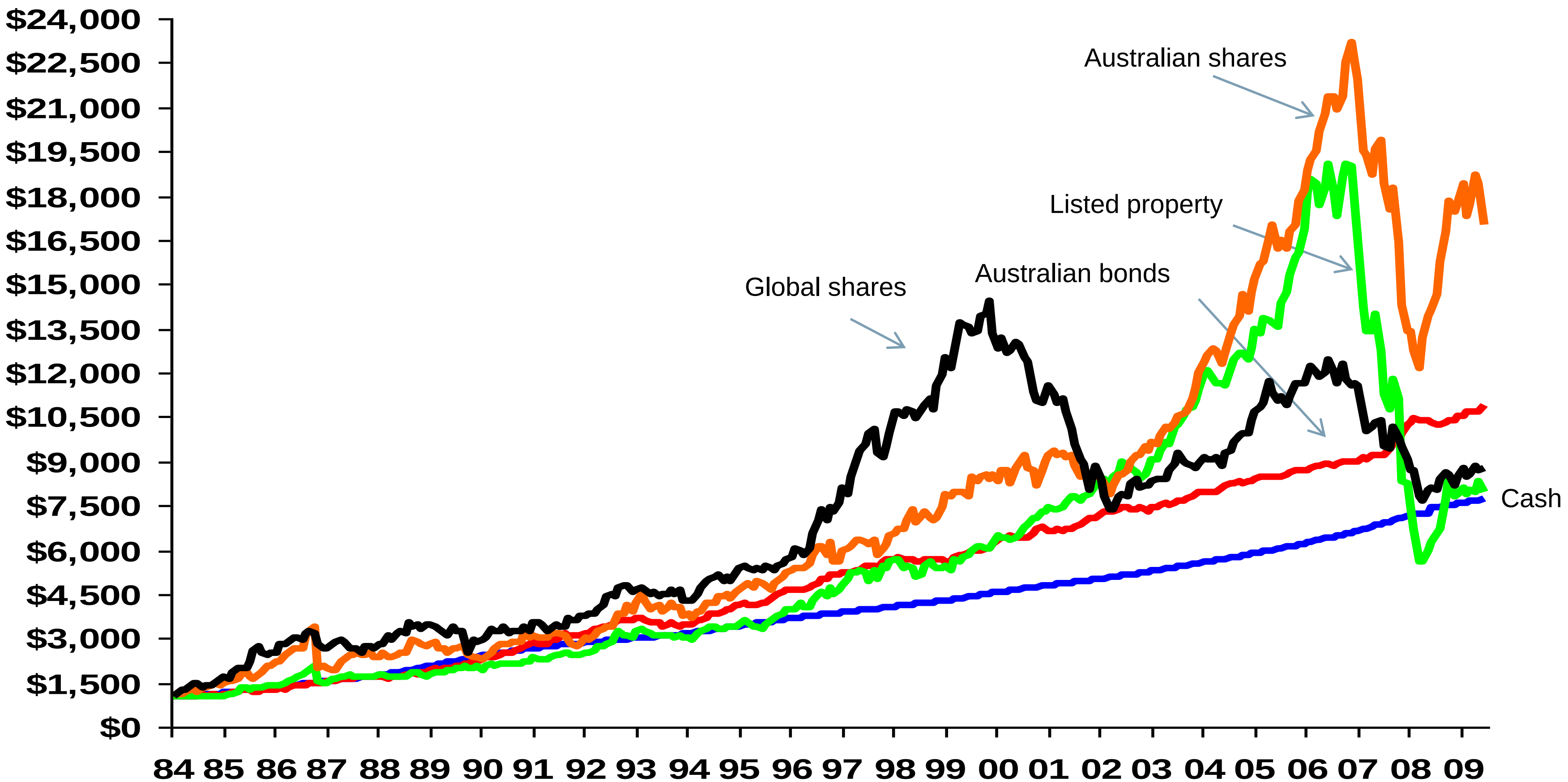
1-year return to 28 May 2010 and 1- year return in prior 12 months (%)



Source: S&P/ASX 200 Accumulation Index, MSCI World ex-Australia (net dividends) Index in A$, S&P/ASX 300 Property Index, UBS Composite 0+ years index, Barclays Capital Global Aggregate Bond Index hedged to $A

Long-term asset class performance

28 May 2010

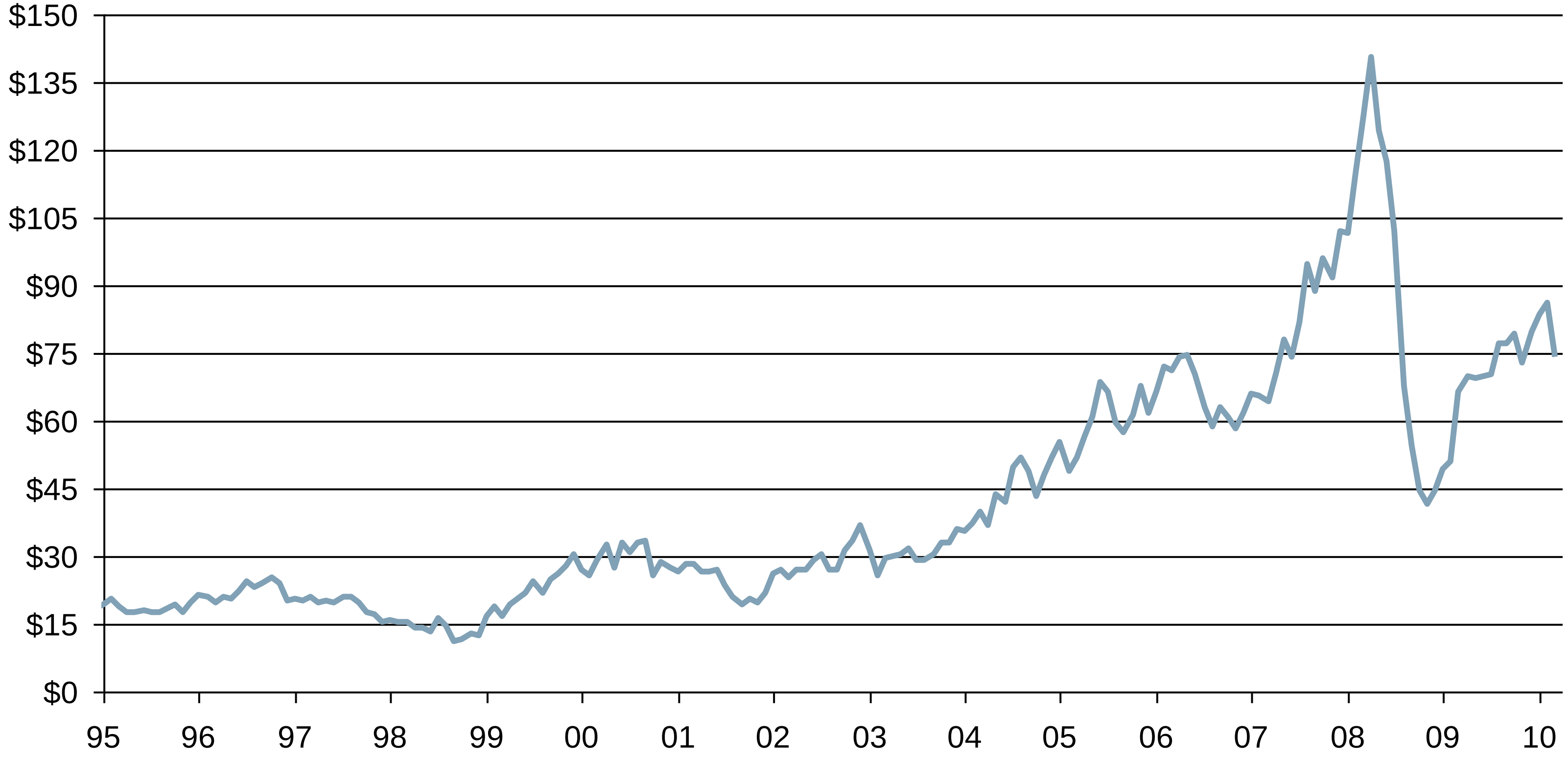


Note: Accumulated returns based on $1,000 invested in December 1984

Source: S&P/ASX 300 Accumulation Index, MSCI World ex-Australia (net dividends) Index in A$, S&P/ASX 300 Property Index, UBS Composite 0+ years index, UBS Bank Bill 0+ years

Oil prices fell sharply in May by 14%. This was the biggest decline seen since December 2008.

Oil prices – US$ per barrel



Source: BT Financial Group. West Texas Intermediate oil price at 28 May 2010