



Ph: 9612 1401

MARTIN BROS MONITOR

(For Clients and Friends of the Martin Bros)

Christmas 2003



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ASX Trading Days over Xmas

The Australian Stock Exchange hours over the Christmas and New Year period will be as follows:

- 22nd & 23rd – Normal hours
- Christmas Eve – closes at 2pm
- Christmas Day - closed
- Boxing Day –closed
- 29th & 30th – Normal hours
- New Years Eve – closes at 2pm
- New Years Day – closed
- Friday 2nd – closes at 2pm
- Monday 6th onwards - Normal

We will be contactable on our normal numbers throughout the entire holiday period.

Stock Update - ANZ

ABN AMRO's Analyst rates ANZ a Buy with a \$20.50 price target after its recent acquisition of the National Bank of New Zealand (NBNZ).

ANZ's FY '03 result was in line with expectations and increased its final dividend by over 10%.

ANZ paid \$5.438bn for NBNZ and is part funding it through a \$3.6bn Rights issue at \$13.00 per share. The price paid for NBNZ is considered to be reasonable at 11.2x FY '03 earnings. The synergy benefits ANZ have disclosed appear to be conservative.

Although smaller and less diversified, the NZ market is seen as having a similar growth profile and potential returns of those available in Australia.

The big four banks have recently being sold down, ANZ's fall can be partly attributed to going ex rights and ex dividend over the past few weeks. Some institutional selling and re-allocation of money to overseas markets is likely a major factor also. However, with an attractive earnings growth profile over the next three years and a cash P/E ratio of 11.5x and a forecast FY '04 dividend yield of 5.75% fully franked, ANZ now looks very attractive.

Rate Rises and the Property Market – What Does It Mean?

As you will no doubt be aware, the Reserve Bank of Australia (RBA) raised official interest rates (the cash rate) in early November by 0.25%. This increased the official cash rate to 5.00%. As a result, banks and lending institutions have been quick to pass on the interest rate rise to consumers.

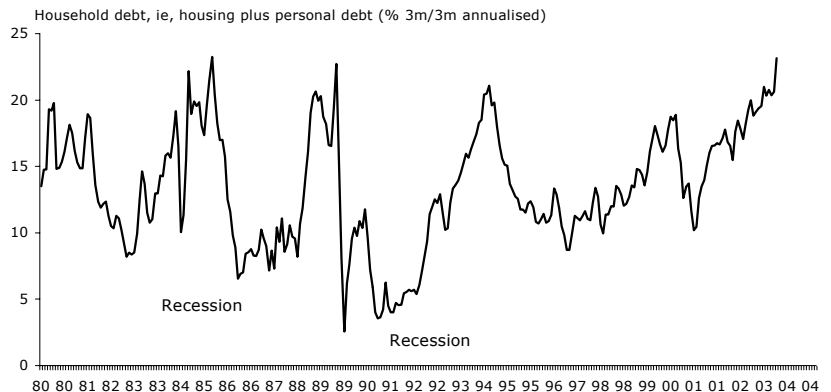
This has been the first rate rise since June 2002 and came a little sooner than the majority of the market expected. This has left the door open for the RBA to possibly raise rates again in December. The reasons cited for the change in rates are:

- Improving world economy
- The breaking of the drought
- Strength in domestic demand
- Unsustainable growth in housing and housing debt

It is this last point, being the only negative reason for raising rates, that is of most concern to the RBA. The RBA has been worried about the appreciating \$A and the effect raising rates will have on its continued climb. However, with the world economy improving and the housing cycle in Australia at dangerous levels (particularly household debt growth) – the RBA unusually describing it as a 'bubble' – they had no option but to commence the tightening cycle (raising rates).

The graph below shows the growth in household debt year on year. As you can see, recent growth is at historically high levels. Typically after these periods, housing prices have suffered.

Rapid growth in household debt has fuelled the RBA's concerns about the vulnerability of consumers



The effect of this first rate rise on the property market has been swift – also fuelled by many media reports over the past couple of months about a housing 'bubble'. Clearance rates at auctions in Melbourne fell to 56 percent on the 22/23 November, the third consecutive fall in November. This is off a high of 71% at the end of September.

Most analysts expect interest rates to be raised 1% in total this tightening cycle. While this may not sound like a lot, it is all relative to current rate levels. A one percent rise on a mortgage rate of 6% equates to a 16.67% increase in interest costs. The recent property boom has been fuelled by investors who are often highly geared. Future interest rate rises could force investors into financial trouble. It would only require a very small percentage of property owners to need to sell, coupled with buyers cooling off to cause property prices to go backwards, rather than advancing.



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Win a Christmas Hamper Valued at \$200

With the festive season upon us we are running a competition in this edition's Martin Bros Monitor.

All you have to do is work out the answer to the conundrum below and ring/email your answer through to Margot by 11:00am on **Tuesday 9th December**.

Those who answer correctly will go into the draw to win the Christmas hamper valued at \$200. The draw will take place the same day at 12:00pm. The winner will receive the hamper delivered to their door later that week.

In the interest of transparency we will publish the winners name in the next edition of Martin Bros Monitor.

CONUNDRUM

An American who has never been to another country sees the Great Wall of China with his own eyes. He's standing on solid ground. How is this possible?

Call Margot with your answer on – 9612 1402 or, Email Margot - mbiggs@abnamromorgans.com.au

Did You Know?

- \$39 B - the amount that Australian baby boomers will inherit in 2020
- 27 - the average number of litres of wine consumed during the year to June 30, 2003 by Australians over the age of 15. Where do you sit?

Enjoy the Summer!



Health Tips For The Quarter

Summer is a period of intense Heat and Fire. It is generally accompanied by Dampness and humidity as well. Fire belongs to the Heart organ, which governs the ability to sleep, control the mind, and opens into the mouth - especially the tongue.

At this time of the year, people with underlying heat syndromes, either arthritic or temperature regulatory issues, can experience a flare-up of their conditions. As an example, a person, whose arthritic joints are swollen, red, and feel warm to the touch may find that this time of the year, their arthritis becomes even worse. Other manifestations of heat are increased irritability and restlessness, mouth and tongue sores, and difficulty falling and staying asleep at night. Also, insect bites become more numerous.

Although a lot of people will try to consume cold fluids as a way of cooling themselves down, we need to be aware that when very cold substances enter the body, our stomach will actually raise the body's temperature in order to offset the cold; this can actually make the heat symptoms worse. Chinese medicine suggests eating watery fruit like watermelon, canteloupe, and other melons and particularly, the pickled watermelon rind. These fruits will cool our bodies and increase fluids in a healthier way. Also, we need to drink room temperature or just slightly cool fluids (primarily water or flower teas like jasmine or mint) as well as eat lighter foods, which means more fruits and vegetables and less meats and oily-greasy foods.

Like all seasons of the year, we need to remain in balance with the weather, not fight against it. We hope you have an enjoyable and healthy summer.

Vitamins and Minerals

Vitamin A - is available in two forms: Vitamin A in the form of retinol (*comes from foods of animal origin such as liver, fish oil, eggs, milk fortified with Vitamin A and other Vitamin A fortified foods*) and carotenoids (*such as beta carotene that convert to Vitamin A in the body, which are found in red, yellow, orange, and many dark-green leafy vegetables*).

- vitamin C - most Vitamin C comes from plant sources. All citrus fruits, including oranges, grapefruit and tangerines, are good sources. Other good sources are berries, melons, peppers, dark-green leafy vegetables, potatoes and tomatoes.
- vitamin E - is an antioxidant. It is found most abundantly in vegetable oils, salad dressings and margarine. Vitamin E is also found in wheat germ, whole-grain products, seeds, nuts and peanut butter.
- vitamins A, B-6, C, D, and E, Copper, Folic Acid, Selenium and Zinc - have been shown to regulate immune function.

Increase your consumption of these vitamins by improving your dietary intake. If insufficient, dietary supplements may help.

For a versatile food product, try soy! Soybean products are excellent sources of nutrients. Examples are tofu, soy nuts and whole soybeans.