



# MARTIN BROS MONITOR

(For Clients and Friends of the Martin Bros)

March 2004



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## ASX Trading Days

The Australian Stock Exchange hours over the upcoming public holidays including the Easter period will be as follows:

- Monday 8<sup>th</sup> March – Labour Day market open, non-settlement day
- Easter Thursday – closes 2pm
- Good Friday – closed
- Easter Monday – closed
- Anzac Day (Monday) - open

As always, we will be contactable on our normal numbers throughout the entire holiday period.

## Stock Update - SUN

ABN AMRO's Analyst rates Suncorp an Add with a \$14.53 share price target, up from \$13.50, after its strong 1H results.

Suncorp's 1H FY '04 result was above ABN AMRO's expectations and at the top end of market expectations. NPAT was A\$281m versus ABN AMRO's forecast of A\$262m.

Suncorp increased its full year target for group underlying profit growth from 15% to 'mid 20s' percent level.

Suncorp's General Insurance division performed very well with an insurance margin of 13.5%, which was above its targeted range of 10-13%. Suncorp is now seeing the benefits after the successful integration of GIO – bought from AMP.

The Banking division pre-tax profit grew 18%, underpinned by strong growth in non-interest income (+29%).

The Wealth Management division had profit growth of 30%+ due mainly to stronger equity markets.

Suncorp increased its interim dividend from 26 cents to 30 cents per share – an increase of 15.38%.

Suncorp (\$13.58) is trading on a FY '04 P/E of 13.5x and a FY '05 P/E of 12.5x.

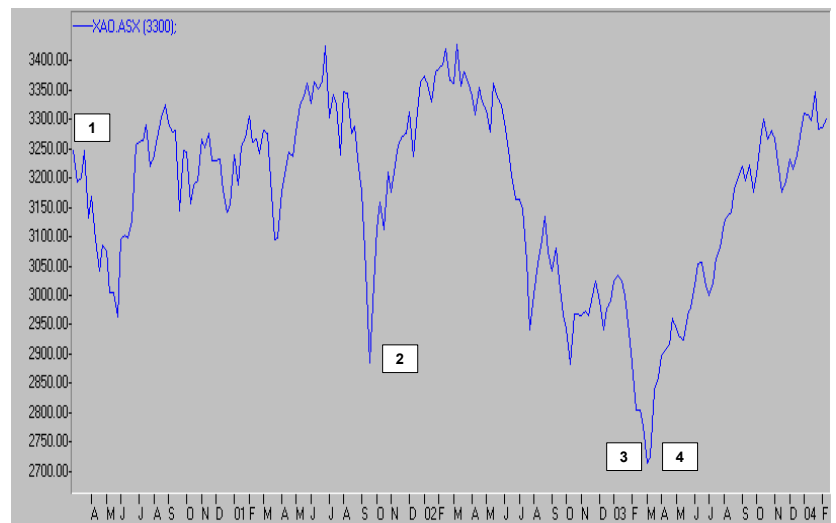
## Investor Psychology & The Media

With the recent strong rebound in equity markets it is surprising how quickly negative returns and 'bear' market conditions can escape the thought process / memory. Perhaps this is partly due to the power of the media. Less than twelve months ago most share market related magazines and publications were reporting negative outlooks on equity markets and cautioned investors about ever experiencing 'good' returns from shares again.

At the same time, property investment was riding high on endless reports about unlimited growth and the potential to get rich on the property wave with 'no end' in sight due to immigration, sea changes and investor demand.

Technical Analysis is based on the study of price action of the market. Perhaps a more meaningful approach would be 'media analysis'. Media analysis would be a system of tracking the number of positive (or negative) articles on a market, equities or property, over a period of time, to determine when the number of articles reaches an extreme level based upon a long term average. Therefore, enabling the investor to base their investment decision on the media 'hype' in an attempt to invest against the trend – a strategy that would have provided exceptional returns over the past few years.

Below is a graph showing the Australian sharemarket over the past few years and some quotes contained in sharemarket related publications.



- (1) "Buy Tech – Technology at the moment is one big buy signal" – Personal Investor Magazine March 2000. (One month before the Tech Crash)
- (2) "It's going to be a difficult environment for stock investors. Don't count on the market to move up" – Business Week, 30 December 2002.
- (3) "I Suspect that 2003 will end up being the 4<sup>th</sup> consecutive down year for the first time since 1932" – Smart Money, January 2003. (All Ords up 11.10% in 2003)
- (4) "I do not believe a long term investor will make money in this market because it is a secular bear" – Barrons, 27 January 2003.

The most dangerous saying in investing – "This time is different"

The most valuable saying in investing – "The willingness to let time pass"



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## CONUNDRUM RESULT

In the last edition of Martin Bros Monitor we ran a Christmas hamper competition where we sought the correct answer to the below conundrum in order to have your name entered in the draw for a Xmas hamper valued at \$200.

**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?’

The answer we were looking for was – “He is an astronaut standing on the moon looking down at earth”.

However, due to a slight technical mishap we soon realised that there are two correct answers to this question, the other being – “He is the son of an American diplomat who was born in China and who has never left the country”

To be fair we included all entries that had either answer – some had both – in the draw. Out of interest, five families answered with the ‘moon’ response and five answered with the ‘diplomat’ response.

And the winner was ..... Paul Flouch!

### Did You Know?

- The number of mobile phones sold in Australia in 2003? – 6 Million.
- 1:1 – World ratio of chickens to humans.
- People consume 315 kilojoules for a distance of 1 km on foot, whereas a car in an urban area consumes 3,100 kilojoules for the same distance.

### Enjoy Autumn!



## Health Tips For The Quarter

### Tips For Eating Out

Many people have found themselves very capable of eating properly at home but quickly fall into old habits when it's time to eat out. During the past 10 years or so, however, restaurants have become more aware that many of their patrons are on restricted diets. There is absolutely no reason to feel uncomfortable about ordering a baked potato and a salad in a fine restaurant. In fact, you can and should, make special requests for foods that are more appropriate to your needs. Keep the following tips in mind when you order a meal:

- Entrees covered with sauces, as well as creamy dressing, thick soups and casseroles should be avoided because they are usually rich in fat.
- Avoid fried foods. Choose baked, broiled, boiled, roasted, steamed and grilled.
- Club soda, herbal tea, and decaffeinated coffee are good choices of beverages at a meal, as is a glass of ice water with a wedge of lemon or lime.
- Sourdough, whole-wheat, rye and French breads are lower in saturated fats than biscuits, white bread, and dinner rolls.
- Salads are available almost everywhere. Order salads with reduced-calorie salad dressing. Choosing your meal from the salad bar is a good source of good foods (omitting the occasional fat-laden salads and salad dressings that are sometimes there!).
- Ask to have sauces and gravies omitted, or “on the side”.
- Don't be afraid to ask how a dish is prepared.
- Substitute low-fat choices (steamed vegetables for creamed sauces, baked potatoes for french fries, etc.).
- Avoid items described with terms like battered, creamed, au gratin, scalloped, breaded. Good terms include au jus, poached, steamed, baked, etc.
- Pizza: choose thin-crust, avoid meat toppings and get small amounts of cheese
- Dessert: Order the fresh fruit. If you HAVE to have that chocolate decadence (or whatever your hot button is), split it with a companion, and make sure you cut down somewhere else. Okay, I'm feeling sorry for you, sometimes you simply cannot resist temptation . . . eat the whole thing, but feel very guilty (and make sure you cut down somewhere else).

Source – Heartpoint