



The Visual Investor

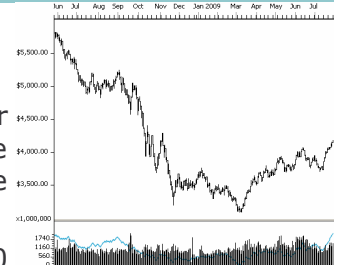
In Like a Lamb Out Like a Lion

The Australian market closed at 4249.5. A remarkable performance after a very shaky start to the month. Indeed the downward move over the first couple of weeks saw the market down over 6% from the start of the month, and had the doomsayers at it yet again.

The rally since the 14th saw the market finally close above the 4000 mark on the 20th, where it has remained since, giving a very positive signal.

Quarterly reporting from the US and the Australian annual reporting season has given variable results, but the very positive new housing figures from the US had the economists scratching their heads yet again coming in almost 9% above expectations. Microsoft, Yahoo and Amex had poor projections. Meanwhile Apple smashed its profit forecast thanks to Mac and iPhone sales – don't people realise there is a recession going on?

The capital raising frenzy has continued here in Australia with the big news being NAB going to the market yet again for another top up. NAB are raising \$2.1 billion with about \$800 million slated for the retail market. Interestingly, the vast bulk of capital raised in 08-09, has gone to top up existing companies, not new floats.



Moves above 4000



MARKET VIEW

Frank Watkins

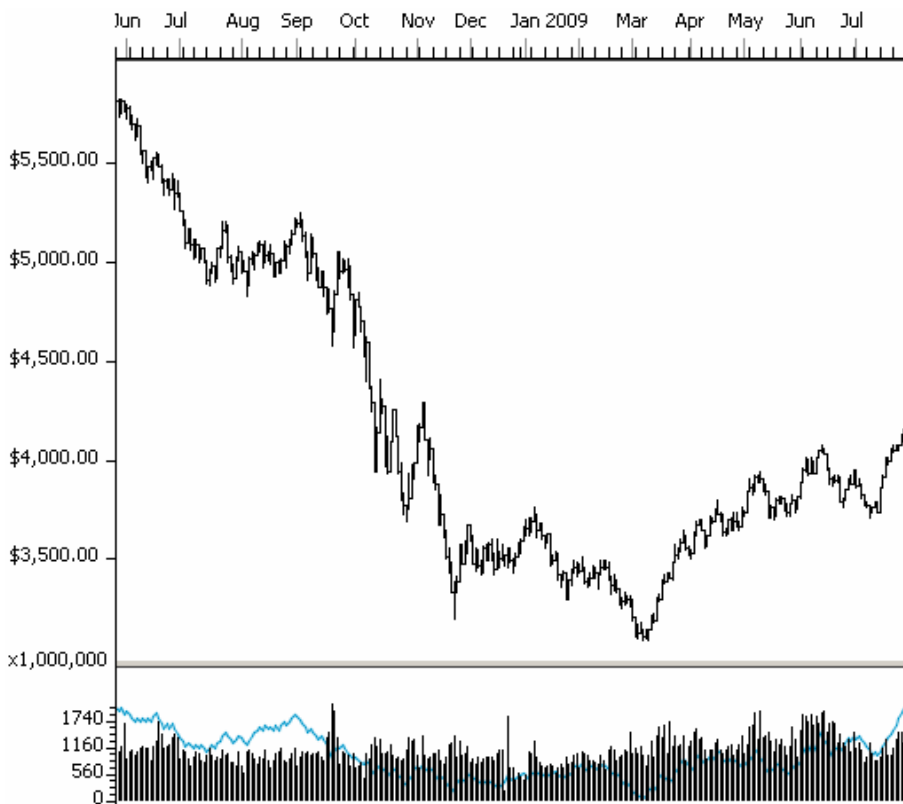
The current calendar year from January has the XAO up 16%. July saw the market rally after a very shakey start to the new financial year. We have further confirmation that the worst of the crisis is over. Housing starts in the US for the last quarter were very positive and locally the Reserve Bank governor was making positive noises. He did make one comment that surprised me and showed that there are always two sides to the argument. His comment was that the low mortgage interest rates were inflating real estate values. Hmmmm, I have always thought the biggest inflationary aspect of real estate was the \$21,000 FHBG.

I mentioned last month that there may be further bank debt to be exposed, so off goes the NAB and raises another \$2.1 billion. I still wonder what is really happening out there in banking land. As a technical analyst I am just riding the wave of price increases with relatively loose stops. The CBA, SUN and WBC have been particularly strong as has Wesfarmers. Our suggestion of taking up the capital raising in the CBA, WES and SUN has been very profitable. All we need now is some strong reporting to keep the market moving along. I must say that I think the market has already built in a little bit of premium in anticipation of good results. Therefore any company that comes in under expectations is going to be treated very harshly. Keep an eye on this activity as it may give a cheeky buying opportunity.

My neighbour is a Kiwi and he has been working in the mines for many years. Chatting to him last weekend he is adamant that there is no sign of a recession in his industry. He currently works near Karratha in WA. There are still plenty of jobs available (but they are being a bit more fussy). Also our Premier Colin Barnett has just finalized the sale of WA to the Chinese in a recent trade mission to China. And of course there is a couple of uranium mines in the middle of the "start-up" process, so we are all glowing over here.

From a trading perspective there are plenty of opportunities. It appears to me that the breakouts are now following through much better than they have for a while.

Broking Issues



Remember your risk level in any trade is the amount of money you are willing to spend to find out if you are right or wrong.

Index Performance for July		
XAO	+302	+7.6%
XJO	+290	+7.3%
XPJ	+18	+2.4%
XMJ	+959	+9.4%
XIJ	+41	+7.7%
XHJ	-267	-3.3%
XNJ	+300	+10%

The All Ordinaries closed out July at 4249.5 having started the month at 3947.8. It was a roller coaster ride from start to finish with an initial fall of over 6% until things picked up from the 14th onward.

We have already mentioned the NAB capital raising on the front page, but another of note was Virgin Blue **VBA** seeking to raise \$133 million. It is estimated that during the 08-09 financial year, that over \$90 billion has been raised by Australian companies with almost a quarter of all funds raised going to the big four banks. Even more remarkable is the fact that less than \$2 billion was for new company floats.

Conditional Orders

Conditional orders are part of the professional trader's arsenal, and often seem daunting to the newbie, but are an essential part of good risk and trade management. The following is an example of a conditional order:

Buy 1000 BHP at \$38.02 limit \$38.20 — *specifying the most you are prepared to pay*
 When filled, sell stop at \$37.60 — *limiting losses with a stop loss order*
 When filled, sell at \$42.0 — *setting a profit target*
 OCO— *One sell order cancels the other*

The order covers every eventuality, removing the need to make decisions emotionally. If you are unsure of how to place this kind of comprehensive order, give Pro Trader Securities a call and an adviser will explain it to you.

Does your broker offer conditional orders to help you optimise your entries and exits?

**No ... then isn't time you got another broker?
 Phone Pro Trader Securities on 1800 123 015**

Company Profile

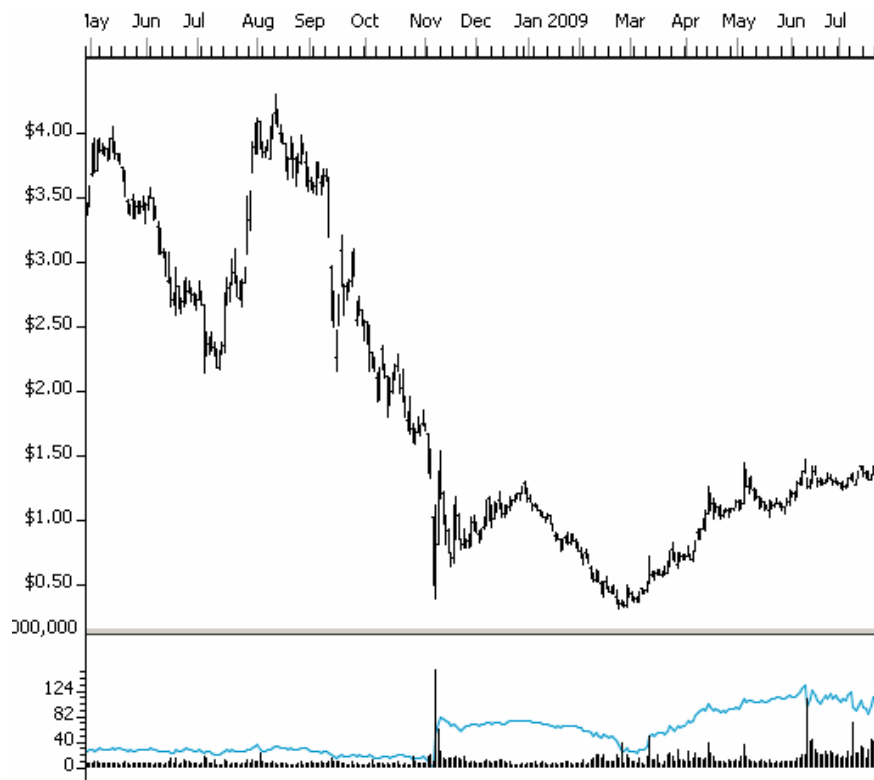
Definition

An Annual Report is a document required by Law and will include among other things, a balance sheet showing assets and liabilities, a profit and loss account, names of the directors, and an auditor's endorsement that the figures are true.

GICS Industry Group Codes

1010	Energy
1510	Materials
2010	Capital Goods
2020	Commercial Services & Supplies
2030	Transportation
2510	Automobile & Components
2520	Consumer Durables & Apparel
2530	Hotels Restaurants & Leisure
2540	Media
2550	Retailing
3010	Food & Drug Retailing
3020	Food Beverage & Tobacco
3030	Household & Personal Products
3510	Healthcare Equipment & Services
3520	Pharmaceuticals & Biotechnology
4010	Banks
4020	Diversified Financials
4030	Insurance
4040	Real Estate
4510	Software & Services
4520	Technology Hardware & Equipment
5010	Telecommunications Services
5510	Utilities

Asciano Group AIO



The Asciano Group AIO was formed from part of the logistics company Toll Holdings. The company owns a transport infrastructure and services business, operating container terminals, bulk export and stevedoring services, and extensive rail infrastructure interests.

The stock has been a poor performer, falling in price from a price adjusted high of around \$9 in mid-2007 to a price adjusted low of only \$0.35 in February this year. There is a lot of institutional interest in AIO with the CBA, NAB and WBC buying and selling recently.

From a technical point of view the stock is of interest, showing a good consolidation pattern with Ascending Triangle characteristics and a breakout level around \$1.50

We sent a buy recommendation SMS out on Monday 27th July for AIO with an entry above \$1.50 with an initial stop at \$1.37. As we write it has already been as high as \$1.575, another reason to get registered for SMS alerts!

Have you registered for our SMS trading alert service? It's FREE to Pro Trader Securities clients so why miss out, contact your adviser today and register to get alerts on potential trades straight to your mobile phone!

Technical Issues

Teamviewer

Sometimes it can be difficult, both diagnosing and finding a solution to a technical issue remotely by phone or email. This can be frustrating, both for you and our technical staff. In order to help with the process, we have acquired a license for Teamviewer software. This application allows our technicians to take control of your computer remotely, diagnose the issue, and find a solution quickly.

The application works by sending you a link to download the software, and a username-password combination by email. The download is small, less than two megabytes. Once the software is installed and the username and password entered, the session begins and communications between the two computer is encrypted. This ensures that nobody else can hijack the connection.

While the session is running, our technical staff can see and control your computer. We can examine the Pro Trader application file structure directly, and fix the problem quickly. Bear in mind that most of our technical support issues are not related to the Pro Trader application, but to other culprits such as antivirus software and pop up blockers. Diagnosing these problems can be very difficult, but with Teamviewer we can usually see what is causing the issue quickly.

Once the session ends, the connection is broken and we can no longer see or interact with your computer. It is very safe and easy, and a very efficient way to solve difficult technical issues.

The End of an Era

As most of our broking clients are aware, Hugh Watkins has joined the Pro Trader Securities advisory team. Hugh has been a key member of our technical staff for nine years and has helped many of you over the years. He will be sorely missed in technical support, and we wish him all the best in his new role with Pro Trader Securities.

Windows Tip

Backing up important files is an essential task for computer users. From time to time files will corrupt and may not be recoverable. If you have any important files such as watchlists or plans, it is a good idea to regularly make back up copies. Use the Windows Explorer application to copy files to an external drive or a disk.

Software Tip

To go to a particular date in a chart, click in the date text box and hit the enter key. A calendar widget will appear and you may select the date from the calendar. The green cursor will automatically position at the selected date. If the date was not a trading day, the system will alert you.

Financial Planning

Illegal early access of super benefits

From time to time there are schemes which advertise early access to superannuation money. These generally take the following form:

- Promoter sets up a self managed super fund (SMSF) for the member and has all their super money transferred to the newly created SMSF, Then the promoter arranges for the funds to be withdrawn and paid to the member(s) usually deducting a large fee in the process (up to 30% of the benefit).

Everyone should be aware that there are strict rules which members must comply with in order to withdraw money from superannuation. Contraventions may be subject to large fines and/or jail terms.

SMSF update

SMSFs are now the single largest sector in Australia's superannuation system. Senator Nick Sherry told conference delegates of the Self-Managed Superannuation Fund Professionals' Association of Australia (SPAA) conference in March that trustee education is the **baseline** for reform.

"...in a recent Australian Taxation Office (ATO) survey of new SMSF trustees, ...30% of trustees could not explain the sole purpose test and 15% did not have an investment plan.."

Sherry stated that the lack of available data on the long-term investment performance of SMSFs is a weakness that must be addressed **as part of the government's move** to monitor SMSF performance.

The Minister has asked the ATO to start collecting this information, beginning with the 2008/2009 financial year. This will mean SMSF performance can be measured against the larger funds overall for the first time.

Sherry said there is no intention to legislate minimum balances for SMSFs. However, the Australian & Securities Commission have concluded a viable minimum balance of \$140,000 was required for a two-member SMSF account.

WARNING: The above is a guide only. You should consider speaking to a registered tax agent about your personal circumstances or visit the Australian Tax Office web site for additional information.

GENERAL ADVICE WARNING

The information contained in this publication may be regarded as general advice only. That is, your personal objectives, needs or financial situations were not taken into account when preparing this publication.

You should consider the appropriateness of any general advice we have given you, having regard to your own objectives, financial situation and needs before acting on it.

Where information relates to a particular financial product, you should obtain and consider the relevant product disclosure statement (PDS) before making any decision regarding that financial product.

Pro Trader Securities Pty Ltd is a holder of an Australian Financial Services Licence number 293645