

Market Update February 2, 2009.

Greetings,

Well, well, 2008 will be a year firmly embellished in our minds. The lessons we have all learned have been historic and the cost of tuition is still growing.... O the pain.

I mentioned the importance of the relationships forged from the last Davos meeting of world leaders in my March 2008 market update.

So now once again all the Kings horses & all the Kings men are trying to put the global economy back together again, but what scares me now is that the blame game and finger pointing have started in this forum. Not a good sign to form a coordinated plan.

I believe that capitalism will reconfigure and possibly some of the massive imbalances around the world will start to correct.

The issue will be the behavior and reactions of governments / economies during these highly pressured times.

I think the volatility will still be with us this year and that does present trading opportunities in our market. Taking profits as they come and placing the appropriate sized bets will be the focus in my view.

I see much of the equity market in the top ASX 200 presenting pockets of value; I don't however see these opportunities in any property sectors.

While Australians are still paying six times average annual income to buy a property and the rest of the western world is paying about half that you know there is a lot of downside risk.

I also don't buy the supply demand story either we have 4.6 million spare bedrooms in Australian homes right now and when things get tough people share and rent out those rooms.

This year will be a time to be nimble with equities and stay tuned with fast moving developments.

As for Humpty Dumpty / The Economy, its going to be a bit by bit operation, its been a great fall.

Talk to you soon.

Kind regards.

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