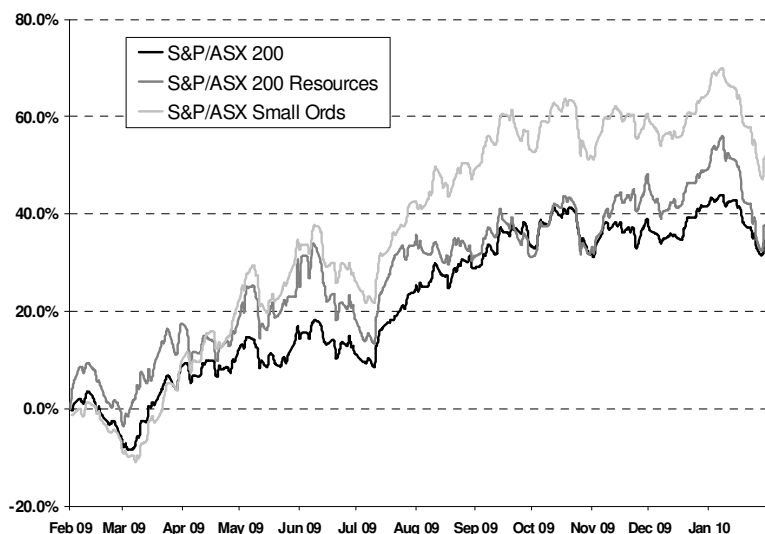


## No Company Report Today

### Market Overview

- ✓ Interest rates remain Steady
  - The Reserve Bank of Australia left its cash rate target unchanged at 3.75%, saying it needed time to assess the effects of rate rises in late 2009 and increases in bank margins.
  - But the interest rates would need to rise if the economy grows as expected.
  - *If economic conditions evolve broadly as expected, the Board considers it likely that monetary policy will, over time, need to be adjusted further in order to ensure that inflation remains consistent with the target over the medium term, RBA Governor Glenn Stevens said.*
  - The RBA also noted moves by China to tighten the monetary screws, saying expansion in major economies is likely to be modest.
- ✓ In the US, a solid rally sparked by strong housing data put the stock market on track for its best two-day gain in nearly three months. The National Association of Realtors' index for pending sales of previously owned homes gained 1% to 96.6; Economists were expecting a flat reading.
- ✓ Investors are also waiting for Greece to present its deficit-reduction plans to the European Commission on Wednesday before making major bets,
- ✓ Gold futures continued their bounce over concerns about Greek sovereign debt eased and the US dollar faltered,



### Market Indices

Index	Close	Change	%
All Ord	4,628.8	83.99	1.85
S&P/ASX200	4,605.3	81.23	1.80
Dow Jones	10,296.9	111.32	1.09
S&P 500	1,103.3	14.13	1.30
NASDAQ	2,190.1	18.86	0.87
FTSE 100	5,283.3	35.90	0.68
Nikki 225	10,371.1	166.07	1.63
Shanghai	2,934.7	-6.65	-0.23
MSCI World	1,145.0	15.67	1.39

### Commodities

Units/\$US	Latest	Change	%
Gold	1,113.55	-0.85	-0.08
Aluminium	2,075.0	28.5	1.39
Copper	6,865.0	190.0	2.85
Nickel	18,125.0	100.0	0.55
Lead	2,095.0	94.0	4.70
Zinc	2,157.5	65.0	3.11
Oil	77.27	2.52	3.37

### Currency and Fixed Interest

Name	Latest	Change	%
\$US/\$A	0.886	-0.001	-0.07
¥/\$A	80.105	-0.010	-0.01
€/\$A	0.634	0.000	-0.05
\$NZ/\$A	1.246	0.002	0.13
10 Year Bond	5.50%	-0.006	-0.12
90 Day Bill	4.12%	-0.150	-3.52

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**INTERNATIONAL OVERNIGHT NEWS**

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A solid rally sparked by strong housing data put the stock market on track for its best two-day gain in nearly three months. The Dow Jones Industrial Average gained 111.3 points (1.09%) to 10,296.9. The Nasdaq Composite Index increased 18.9 points (0.87%) to 2,190.1.

The S&P 500 advanced 14.1 points (1.30%) to 1,103.3, helped by gains in every sector. Short-term traders have welcomed the return of some volatility to the market after a mostly humdrum stretch of trading in the first few weeks of 2010.

But the picture remains murkier for long-term investors, who have received a mostly positive run of data on the market's fundamentals lately with trepidation that weaker-than-expected employment readings, inflation, or other pitfalls may yet lie ahead.

Most of the market's gains came after a forecasting gauge of existing-home sales unexpectedly rose in December, suggesting the housing market is steadying after sharp swings caused by a government tax credit.

Adding to the cheer, builder DR Horton posted its first quarterly profit since the housing-market slump. Its shares jumped 11% as virtually every measure of its business showed improvement, boosted by low mortgage rates, home prices and a federal tax credit. Still, the market's enthusiasm was tempered ahead of key US jobs data being released this week, with a report on private-sector jobs due on Wednesday and the government's release on monthly nonfarm payrolls due on Friday.

Investors are also waiting for Greece to present its deficit-reduction plans to the European Commission on Wednesday before making major bets. In addition, former Federal Reserve Chairman Paul Volcker is testifying before the Senate Banking Committee on Tuesday afternoon. Volcker is pressing for restrictions on banks' proprietary trading, in line with President Barack Obama's recent proposal.

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**US Economic News**

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A US forecasting gauge of existing-home sales unexpectedly rose in December, suggesting the housing market is steadying. The National Association of Realtors' index for pending sales of previously owned homes gained 1% to 96.6; Economists were expecting a flat reading.

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**European and Asian Markets**

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European shares advanced for the third consecutive session on Tuesday, with miners offsetting sharp losses from oil giant BP, as worries about the economic backdrop faded.

The pan-European Dow Jones Stoxx 600 index advanced 1% to close at 250.80. Miners were in the lead, with Rio Tinto shares up 3.4% on the London Stock Exchange after a broker upgraded its rating on the firm to buy on a valuation call.

Anglo American, up 3.2%, was also lifted to buy from hold.

However, it wasn't all good news for commodity-sector firms, with shares of oil giant BP falling 3.8% after it swung to a fourth-quarter adjusted profit of \$4.38bn but missed consensus forecasts for a profit of \$4.66bn.

Shares of Telecom Italia jumped 5.5% on Borsa Italiana. The operator's shares played off a report in La Repubblica newspaper that the Italian government is willing to give the go-ahead to an all-stock bid by Spain's Telefonica so long as its fixed-line network remains under Italian management. As for Telefonica, its shares rose 0.3% on the Bolsa de Madrid.

Asian markets ended mixed as Toyota Motor took steps to fix recalled vehicles, though their South Korean rivals declined in Seoul after a string of recent gains. Japan's Nikkei 225 advanced 1.6%, Hong Kong's Hang Seng Index rose 0.1% and Shanghai Composite lost 0.2%.

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**Commodities**

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Base metals ended higher on the London Metal Exchange, finding a steadier footing after last week's correction.

Gold futures continued their risk-fuelled bounce as concerns about Greek sovereign debt eased and the US dollar faltered.

Crude oil closed at a near two-week high on Tuesday, after positive US home sales data aided momentum to the economic recovery.

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**Currencies**

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No news

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**AUSTRALIAN OVERNIGHT NEWS**

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**Australian Markets**

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Local shares are likely to open higher after a two day rally on Wall Street.

Ahead of the local open the SPI futures were 54 points higher at 4,626.

**Companies in the News**

**Rio Tinto (RIO)**

Rio Tinto has completed the US\$1.948bn sale of its Alcan packaging assets to Amcor, the two companies said. Rio Tinto said the sale completed excludes the Alcan packaging medical flexible operations in the US, which are the subject of an ongoing review by the US Department of Justice. Amcor said earnings for the Alcan packaging businesses increased in the second half of CY09 due to improved economic conditions and benefits from earlier restructuring. Rio Tinto's Chief Financial Officer Guy Elliott said the Amcor deal is another significant step in the miner's recapitalisation. "These proceeds, together with the proceeds from our successful rights issues and strong underlying cash flows, provide us with the flexibility to pursue value adding investment opportunities as they arise," Elliott said. RIO gained \$3.60 (5.34%) to \$71.01.

**Toll (TOL)**

Toll Holdings said it expanded its global forwarding operations with the \$80m acquisition of Summit Logistics International. Toll said Summit will be integrated into its Toll Global Forwarding operations. "With the Summit acquisition, TGF's mix of international freight forwarding and domestic US capabilities will enable the business to offer a more extensive domestic deliver-to-customer capability, from China to all major city destinations in the US," said Toll Managing Director Paul Little. TOL fell 10 cents (1.17%) to \$8.48.

**Arrow (AOE)**

Arrow said it is considering a number of options to fund the proposed liquefied natural gas terminal at Fisherman's Landing in Queensland, including sourcing more debt, issuing new shares, or selling down part of its interest in the project. The company didn't provide cost guidance for its share of the LNG plant's development, other than to provide a \$1.32bn cost estimate for expenses relating to the production of feed gas for the project and a pipeline from Arrow's gas fields to the plant. Arrow said that any share issue would likely be "predominately entitlement based". Arrow confirmed that by making a final investment decision on the Fisherman's Landing project it will trigger a previously agreed payment from Shell of US\$133m. A final investment decision is still expected to be made by March 31, it said.

Arrow also said that it expects earnings before interest, tax, depreciation and amortisation before one-off items for the six months to Dec. 31 of between \$10m and \$12m, compared to the previous corresponding period's \$5.5m. AOE rose 18 cents (5.07%) to \$3.73.

**Equinox (EQN)**

Equinox announced that it has secured commitments from four banks, Standard Bank Plc, Standard Chartered Bank, Industrial and Commercial Bank of China and BNP Paribas, to provide a new corporate loan facility totalling US\$400m. The company will utilise the facility to repay its existing

senior and subordinated debt provided to the company's wholly owned subsidiary Lumwana Mining in 2006 for the development of the company's Lumwana copper mine. Equinox said that it expects to achieve financial close during March 2010. EQN rose 19 cents (5.32%) to \$3.76.

**UGL (UGL)**

UGL said its joint venture with Bilfinger Berger's Australian engineering arm has won a government contract as part of a \$380m upgrade of a water treatment plant in Melbourne. UGL said the JV with Baulderstone is the preferred construction partner under an alliance with Melbourne Water for the upgrade of the plant. The project is subject to a final government approval and is expected to commence by the middle of 2010. UGL strengthened 22 cents (1.71%) to \$13.08.

**Hills (HIL)**

Hills upgraded its annual earnings guidance after it reported a 40% rise in first half profit. Net profit for the six months to Dec. 31 rose to \$22.1m from \$15.8m in the previous corresponding period, and was boosted by a reduction in interest expenses owing to the group's \$50m share issue last year. Hills forecast a full year net operating profit, which excludes the impact of one-off items, of \$36m - \$42m, compared to \$22.1m in the first half. Chairman Jennifer Hill-Ling said due to a reduction in its cost base, the company has recorded an improved result despite revenues slipping 8.5% to \$601.87m. Hill-Ling said it's difficult to provide specific financial guidance, "especially considering the variety of views of economic forecasters". The company will pay an interim dividend of 7 cents, down from 8 cents last year. HIL gained 25 cents (12.73%) to \$2.17.

**Mincor (MCR)**

Mincor Resources provided its half-year profit guidance, reporting its NPAT for the half year to December 31, 2009 will increase to approximately \$14m, based on a Profit Before Tax of approximately \$19.9m, and gross revenues of approximately \$94m. The figures are approximate, based on internal management accounts, and un-audited. MCR gained 12 cents (8.51%) to \$1.53.

**Australian Economic News**

**Interest rate**

The Reserve Bank of Australia left its cash rate target unchanged at 3.75%, saying it needed time to assess the effects of rate rises in late 2009 and increases in bank margins. But RBA said interest rates would need to rise if the economy grows as expected. "If economic conditions evolve broadly as expected, the Board considers it likely that monetary policy will, over time, need to be adjusted further in order to ensure that inflation remains consistent with the target over the medium term," RBA Governor Glenn Stevens said. The RBA also noted moves by China to tighten the monetary screws, saying expansion in major economies is likely to be modest.



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