

The Hudson Report

Thursday
3rd December,
2009

This weeks Hudson Report is brought to you by The Hudson Institute **Financial Adviser - Louise Falsone**

Dear[membersalutation], **Username** [membershipno]

Now that we are into December, and Christmas is only 22 days away (not that I am counting!), the Christmas shopping has moved high on the 'to do' list of many.

In this week's Hudson Report, I will provide some effective Christmas shopping tips that may take the stress out of this task on your finances... and even physically!

I take my hat off to those who have bought all their presents and have them wrapped and ready to go. The tips outlined in the article may aid in your shopping strategy for next Christmas, so still worth a read.

If you would like more information about any of the subjects in this week's Hudson Report, [make an appointment](#) online or speak with your Hudson Adviser on (free call) 1800 804 296.



All the Best,
Louise Falsone
Financial Adviser



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If you have been to the shopping centres lately, you would have no doubt seen the decorations, tinsel and trees on display, heard repetitive carols playing, and perhaps spied a bearded fat man in a red suit. All the telltale signs that Christmas is around the corner.

For most of us, Christmas is an exciting time of the year, with festivities, parties and celebrations, catching up with friends and family, and giving and receiving presents. It also can be a stressful time.

I will provide some tips on how to reduce some of the stress associated with Christmas time, in particular, the stress on your wallet. Sorry for those of you hoping to get pointers on how to handle Uncle Arthur's wisecracks, or how to deal with the in-laws at family gatherings... I wouldn't know where to begin there!

There are a number of major expenses associated with Christmas such as family dinners and lunches (usually paid for by the host), Christmas parties, taxi costs to and from venue's (for those that drink), and the presents, which can be the biggest expense, especially if you have children.

Buying Christmas presents is an expense that most people incur, and the following are tips for great ways to reduce these costs and save some money.

TIPS on HOW to SAVE when BUYING PRESENTS:

TIP 1	Write a list of who you will buy presents for
TIP 2	Write down how much (total dollar amount) you plan to spend in total
TIP 3	Write down how much you plan to allocate spending on each person

NOTE: Tip 2 and 3 are often the hardest steps, as you may not know what you want to buy as a gift or what the price is. Tip 4 may help out with this decision

Tip 4	Read through catalogues and brochures (hard or online). Often termed 'junk mail' - a misnomer if you ask me, as they can be very helpful, and can save you a significant amount of money than if you impulse buy.
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By reading through catalogues and brochures you will –

1. Get ideas of what to buy as gifts
2. Know how much the gift will cost, both the regular retail price and the sale price.

If you have Internet access and don't like the clutter you get in your letterbox, throw them in the recycling bin, and go online to view the catalogues. There are a number of website's that compile recent catalogues from an array of retailers and categorise them for easy viewing.

www.lasoo.com.au and www.cataloguecentral.com.au are great sites. Alternatively, you can go to each individual retailer's website to view their current catalogue. Viewing on-line retailers' sites is also worth doing if you have the time.



If you really want to be organised, figure out your total budget for presents, pick your presents from the catalogues, and either cut them out or print them out, and paste to an A4 sheet with the price and store listed.

Then STICK to the list and don't buy extra presents you really don't need, especially when buying for your kids.

Significant savings can also be made shopping at factory direct warehouses, such as ' DFO' where under one roof there are many big name brands in an array of items such as clothing, footwear, manchester, homewares, and jewellery at up to 70% off. They do not have a catalogue so you will need to physically get there; it's well worth going there if you can.

Tip 5	Compare prices and sale prices of the same items (that you plan to buy as a present) between different retailers. On-line is the simplest way to do this, comparing catalogues.
Tip 6	Don't forget to make use of the discounts retailers provide under your private health insurance, and/or automotive club memberships (E.G. RACQ, RACV or NRMA). Visit the individual websites for details.
Tip 7	Ask a retailer to beat the purchase price of the item. Many of the larger department stores will beat, or price-match, prices on identical products in stock at a local retailer, however, it may exclude some sale prices. It's worth asking... they can only say no.
Tip 8	Purchase the items when on sale, or lay-by early and pay it off over the coming weeks before Christmas.

By following above steps you can save a significant amount of money when buying gifts at Christmas.

TIPS on SAVING on FOOD and ALCOHOL –

Tip 1	Each Christmas we pretty much have the same food for Christmas lunches and dinner each year, so in your weekly shopping trips to the supermarkets, prior to Christmas, start adding a few extra items. The supermarkets put Christmas items out in October, so it's never too early. Add things like Bon Bons, decorations, and long-life items such as drinks, packet and tinned foods. A little each week will help reduce the overall bill when the time comes to buy the fresh food.
Tip 2	Another great way to save money on the food bill at Christmas is to join one of the many Christmas hamper clubs like Crisco.com.au at the beginning of the year. A few dollars each week saves you a bundle at the end of the year, and you get a great hamper arrive at your door just before the big day, saving you the hassle of grocery shopping at peak times.
Tip 3	

A great website for finding the cheapest alcohol is boozle.com.au. Boozle searches 1000's of liquor stores in Australia to find your favourite beer, spirits and premixed drinks at the cheapest price, and at your closest outlets.



You can save yourself much time and effort by doing the research online, from the comfort of your home rather than traipsing through all the shops. You really only need to get to the shop to purchase the gift that you have selected. This also inhibits impulse purchases! Some retailers offer online orders and delivery - provided the price is competitive... in which case, you may not even need to go to the shops at all.

The best time to plan for Christmas is as early as possible, early in the year, as there is time to prepare and set aside funds for the expenses. Just after Christmas there are many sales on Christmas related items, so perhaps, if your decorations and tree are looking a shabby this year, you might consider buying new items for next year post-Christmas, and take advantage of the significant savings, rather than just before Christmas where you will pay top dollar.

This all sounds great in theory, and makes perfectly good sense, however, in reality it is very rarely put into practice, generally the reason is due to procrastination. This could be another New Years resolution!

Although there is now less than a month to go until Christmas 2009, there is no need to throw in the towel and let your Christmas expenses be thrown to the wind... there is still time for expenses to be trimmed and bargains to be had, so good luck!

Source | Louise Falsone



Concentration in Bank Markets

The 'big four' banks now account for over 90% of new housing lending in Australia, with Westpac and the Commonwealth Bank accounting for the vast majority of this (\$42 Billion).

As reported in The Australian this week "The division of the major banks into "two pillars and two stumps" has become more stark, with **October half-year figures showing Commonwealth Bank and Westpac grabbed 80 per cent of credit growth for the big four**".

The recent takeovers by these banks have enabled them to do so (CBA takeover of BankWest, and Westpac takeover of St George).

Is this a good thing? Well if this week's **rate rise by Westpac of 0.45** percentage points is anything to go by, compared to the 0.25 official percentage point rise – the answer is no, and Westpac mortgage holders will no doubt concur.

It appears that Westpac is trying to convert their large market share into even larger profits for shareholders with one analyst putting a figure of an extra \$230 million in profits from this one move.

Fortunately not all the banks are trying to follow Westpac's lead to raise rates beyond the RBA increase, with National Australia Bank announcing it would only raise rates in line with the RBA increase. NAB commented through group executive Lisa Gray:

"Today's announcement will see NAB customers paying \$51 a month less in repayments than Westpac customers on an average \$300k home loan"

Maybe there is a home for disgruntled Westpac customers elsewhere. If you would like to discuss further your own lending structure contact Matthew Kerr, **Hudson Institute Finance Manager on 1800 804 296**

Source: The Australian

behind the investment news...



In the news this week a proposal was released by federal Treasury to formally exempt offshore Sovereign Wealth Funds from paying Australian tax on certain income, in the hope to make Australia more appealing to these funds.

So what are Sovereign Wealth Funds (SWF)?

Sovereign Wealth Funds (SWF) are investment funds owned by a government. The money within the SWF's come from central bank reserves that accumulate as a result of budget and trade surpluses, or from revenue generated from natural resources exports.

"They emerged in the 1970's in oil-producing emirates, such as Kuwait and Abu Dhabi, as a way to accumulate current account and budget surpluses during the oil boom. Now, Abu Dhabi boasts the largest fund, sized at \$600-700 billion, and other countries have followed its lead. Norway established a fund for its excess oil incomes in 1990. Singapore has accumulated two large funds that, unusually, are not based on oil income. And more recently, China and Russia have instituted large Sovereign Wealth Funds of their own."

The types of acceptable investments included in each SWF vary from country to country. "Some countries have created SWF's to diversify their revenue streams. For example, the United Arab Emirates (UAE) relies on oil exports for its wealth; therefore, it devotes a portion of its reserves to a SWF that invests in other types of assets that can act as a shield against oil-related risk."

There are approximately 50 Sovereign Wealth Funds worldwide. With Sovereign Wealth Funds currently having \$US3.8 trillion under management, it is no wonder that the exemption from tax on Australian investments of these funds has been proposed.

Sources: Australian Financial Review: : www.investopedia.com : : www.foreignpolicy.com

from the floor...



Ingenious Parking

If you've ever battled through a major city airport trying to do what should be, a simple task of picking up a passenger without having to pay the exorbitant parking fees, only to find the plane is delayed and your passenger isn't there, you'll really appreciate this rather simple but ingenious idea out of the US.

Instead of circling around the airport trying not to lose it, or getting killed by the other 100 raging drivers waiting for a passenger to turn up, some clever people in the US, came up with the idea of 'Cell Phone Waiting Lots'. These are free car parks near the pickup terminals at major airports, that a driver waits in until they are notified of their passengers arrival. Electronic screens let drivers know of flight delays or that passengers are 'ready for pickup'.

Phoenix Airport even provides phone box assistance and wireless internet access so you can surf the net while you wait.

In Australia however, it seems we are a bit behind the times and it seems for profitable reasons. In March this year, the ACCC found that parking revenue and prices in major airports rose significantly in the last 4 years. It's no surprise really when it costs \$12 an hour at Brisbane airport, and \$14 an hour in Sydney airport to park.

Brisbane at least is trying to ease the frustration, but it's not free. They now offer 'Park Quick', 15 minute parking for \$2 when you need to pickup or drop off a passenger. This is good if your passenger has let you know they are there, but I'm sure many get caught out with delays and have to pay the extra time. The new Cell Phone Parking Lots are really successful in the US, and not only do they ease driver rage, they help considerably with congestion and security.

Australia has adopted many of Americans ways over the years, both good and bad. And as we have seen here, sometimes desperate situations can bring about brilliant, yet simple ideas, so I wonder how long we will have to wait until our congested airports apply this great idea, or are the profits just too good to consider it?

SOURCE | Lisa Miller ABC Online



Share market update for the week ending Wednesday 02/12/2009

The sharemarkets locally and offshore did not move much over the past week, and our exchange rate against the USD remained unchanged at 0.925c.

Our market was up marginally over the week, with the All Ordinaries gaining 36 points to close at 4,777 points. The ASX200 closed up at 4,762 points. Banking shares were up on the back of anticipated rise in profits after Westpac's hefty interest rate rise. Westpac was up 9c to close at \$24.27, NAB up 25c to \$28.80, ANZ closed up 14c to finish yesterday at \$22.11 and CBA shares closed 85c higher at \$54.70.

The best performers yesterday were mining shares, with gold companies reaching annual highs. Lihir Gold was up 15c to close at \$3.73, Sino Gold Management closed 47c higher at \$8.34, Newcrest Mining closed at \$39.26 up \$1.86 for the day. With news from the US and China that manufacturing there grew, our commodity prices rallied and resource stocks BHP Billiton and Rio Tinto closed 58c and \$2.14 higher to \$41.92 and \$73.45 respectively.

Nufarm shares closed down 73c to finish at \$10.51 yesterday. Also down for the day were Caltex shares closing 13c lower at \$9.47 in response to the blocking of it's plans to buy Exxon Mobil service stations.

Index	Close at 2/12/09
All Ordinaries (Aus)	Closed at 4,777 Up 36 points for the week
Dow Jones (US):	Closed at 10,453 Down 11 points for the week
Nikkei 225 (Japan):	Closed at 9,609 Up 167 points for the week
Hang Seng (Hong Kong):	Closed at 22,290 Down 322 points for the week

S&P 500 (US):	Closed at 1,109 Down 2 points for the week
FTSE 100 (UK):	Closed at 5,327 Down 38 points for the week
Australian Dollar	Closed at 0.925c against the \$US no change for the week

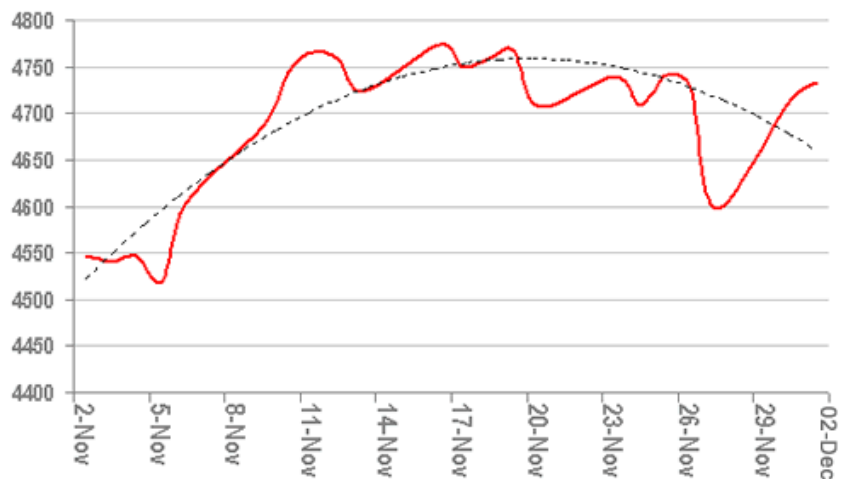
All Ords Price History 1984 - Nov 2009 (monthly)



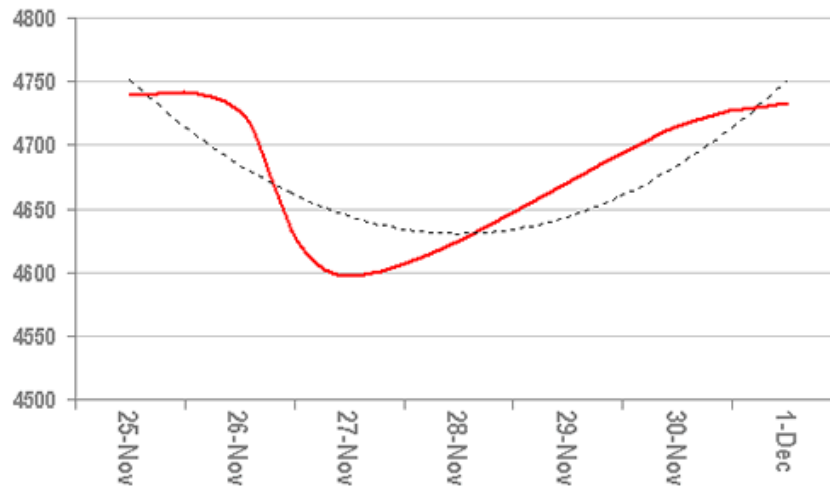
All Ords Price History Nov 08 - Nov 09 (weekly)



All Ords 1 Month Price History Nov-Dec 09 (daily)



All Ords 7 Day Price History Nov 25 - Dec 02 (daily)



SOURCE | Graph data: Finance.yahoo.com.au



AUSTAL LTD (ASB)

Austal (ASB) designs and manufactures aluminium cruise vessels. It commenced in 1988 building commercial vessels for the international market, and listed in 1998 on the ASX. It operates four subsidiaries, Austal Ships, Austal USA, Ocean Fast and Image Marine.

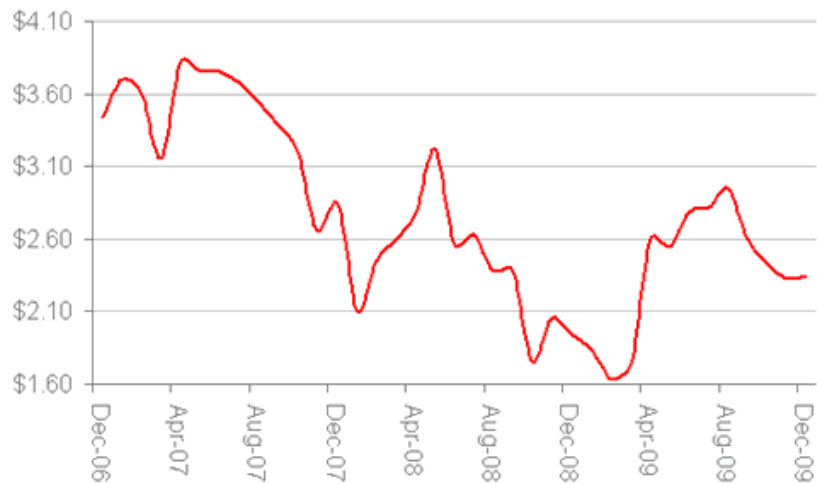
ASB is now diversified across a range of vessels in different segments across a wide geographic market. It is the world leader in commercial, passenger, patrol, military and luxury cruise vessels. Its core business is commercial vessels and ferries, with a current focus on commercial and defence shipbuilding. The main risk to the business is a reduction in buying patterns in the various segments such as a decline in global tourism with its luxury yachts or reductions in government defence expenditure.

However, with an increase in global warfare and global security, further contracts for military and patrol boats are highly likely, and represent further sales opportunities in the defence sector. This should lessen company earnings volatility and enhance growth. ASB has six commercial vessels on order and orders for 15 defence vessels.

ASB successfully was awarded contracts for more Littoral Combat Ship vessels (LCS), and Joint High Speed Vessels (JHSV) in the US that "will provide substantial growth in the US from 2010 onwards." By mid- late 2010 it expects to have \$1.5 Billion in contracts.

Current P/E Ratio	11.7	Austal Limited (ASB.AX) Long-term buy under \$2.40
Dividend Cents/Share	6c	
Dividend Yield	2.5%	
52 week high	\$3.12	
52 week low	\$1.42	

ASB.AX 3 Year Price History Dec 06-09 (monthly)



Source| www.austal.com :: www.rbsmorgans.com.au :: www.shareanalysis.com | Graph Stats: finance.yahoo.com.au

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