

FEBRUARY 2009 NEWSLETTER

Hi John,

Wish you were Here

*How I wish, how I wish you were here.
We're just two lost souls swimming in a fish bowl, year after year,
Running over the same old ground.
What have you found? The same old fears.
Wish you were here*

To see the Pink Floyd video [click here](#).

The positive response to the last GLOBAL VIEW – in particular the “Good to be here” section - was very refreshing. “Great to see someone identifying the positives in the current chaos!” was a typical response. To see this [click here](#).

In it I quoted a piece out of one of Rodney Dickens’ pay-to-view reports, and since then he’s brought out his latest “Rodney’s Ravings” entitled “Positive news for economic growth in 2009”. This is available free. To subscribe [click here](#)

In the article he acknowledges he originally underestimated how badly the the financial crisis would impact on New Zealand but says “*it now seems like a timely moment to point out that NZ economic growth could be significantly better this year than implied by the headless-chook analysis being done by some of the doomsayers*”.

He says the credit crunch is still with but by mid year could be yesterday’s story for would be borrowers. With demise of banks in the U.S., U.K. and Europe, Australian banks – which own most of the New Zealand banks – have catapulted into the ranks of the top 20 global banks for the first time. As a result it should be easier for them to attract wholesale funds from offshore. And as I said in the last GLOBAL VIEW retail deposits are pouring in to the government guaranteed finance companies and other financiers offering rates higher than the banks. So if you’re looking for finance now’s the time to talk to me.

He also notes the fall in interest rates could have a larger effect on house sales than anticipated as a fall in interest rates from 9% to 5% would represent a massive 44.4% drop in interest costs “*which should be more than enough to fire up a decent upturn in housing demand*”.

What should be of particular interest to us here in New Zealand, is his analysis of the true effect of the drop in export commodity prices. This is a matter I touched on in my last GLOBAL VIEW where I pointed out that – unlike other western countries – our major commodity export base is food and said “*let’s not forget we have been partially insulated from the drop in commodity prices by the falling New Zealand dollar*”.

In Rodney’s Ravings he points out with the ANZ price indices for the 6 commodity groups in NZ dollar terms since November 2007:

- The dairy commodity price index has fallen 39% (from an extraordinary high).
- The aluminium index is down 22% (not food).
- The forestry index is up 0.4%.
- The meat, skin and wool index is up 17%.

- The horticultural index is up 46%.
- And the seafood index is up 55%.

To see the charts and read his latest Rodney's Ravings [click here](#).

And talking about farming and food, if you're interested in my view on a new way of looking at investing in farming look watch SKY TV's Country Channel this weekend. The programme's Farm Gate Omnibus and is shown at 1:30 pm and 7:30 pm Saturday and Sunday. It's a subscriber channel so if you haven't got it, or do and are lying on the beach, and would like to know more, reply to this email or phone me.

Cheers

JP



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