

## Ads for jobs still strong

THE number of job advertisements across Australia inched up to remain strong in August, but growth continued to slow from the strong levels registered earlier in the year, new figures show.

ANZ head of Australian economics Tony Pearson said total job ads remained at "very high" levels.

But he said the moderation in growth could indicate that unemployment will rise moderately in the coming months.

# Inflation threatens

INFLATION continues to pose a threat to the economy and interest rates with a monthly indicator showing consumer prices rose in August.

TD Securities senior strategist Joshua Williamson said the Reserve Bank of Australia will need to raise interest rates again to contain inflation following two months of strong gains.

The TD Securities-Melbourne Institute monthly inflation gauge rose 0.5 per cent in August following a 0.6 per cent rise in July.

Over the 12 months to August,

## Gauge shows strong rise

the inflation gauge rose 2.9 per cent to remain at the top of the RBA's inflation target range of 2 to 3 per cent.

But annual inflation was slightly less than the 3 per cent rise in the 12 months to July.

Mr Williamson said the inflation gauge had risen strongly for the second consecutive month, providing evidence inflation was accelerating.

"Strong domestic demand adds to the risk that inflation

will break out above the RBA's target band," he said.

"To reduce this risk, the RBA will need to tighten monetary policy by raising the cash rate."

The RBA raised rates by 25 basis points to 6.50 per cent in August following high June quarter inflation readings.

In the June quarter, Australia's official trimmed mean Consumer Price Index, which excluded volatile items, rose 0.9 per cent for an annual growth

rate of 2.7 per cent, Australian Bureau of Statistics figures showed.

Mr Williamson said the RBA would likely wait for the September quarter CPI data to be released on October 24 before raising interest rates again.

This would provide the RBA with time to confirm the extent of inflationary pressures.

"This makes the November 6 board meeting the first opportunity to raise official interest rates," Mr Williamson said.

- AAP, Sydney

## Tabcorp retains ratings

RATINGS agency Standard & Poor's Ratings Services says its ratings for gaming firm Tabcorp Holdings Ltd are unaffected by the outbreak of horse flu in New South Wales.

But it said that could change if equine influenza spreads to Victoria.

The outbreak of horse flu has led to the suspension of thoroughbred and harness meetings in NSW and Queensland.

S&P has maintained Tabcorp's BBB+ long-term credit rating.

"However, any outbreak of the virus in Victoria could have negative rating consequences for Tabcorp, given the adverse impact this would have on the company's Victorian wagering business and the quality and availability of racing content for the already-impacted NSW wagering market," S&P said.

# Telstra simplifies its installation contracts

TELSTRA Corp Ltd plans to save \$140 million in costs over the next two years by reducing to three the 100-plus repair and installation contractors it uses.

Three of its contractors - Service Stream Ltd, Visionstream Pty Ltd and Silcar Pty Ltd - will handle all Telstra's fault repairs, installations, civil works and construction work in the access network across Australia.

The agreements are for two years, with a two-year extension option, which creates the potential to deliver up to \$2.5 billion of work over the four years.

Telstra Services group managing director Michael Rocca said the new arrangements would remove much of the complexity involved in managing the telco's many contractors.

"Rather than dealing with over 100 contractors all over Australia, we now have three major contractors," Mr Rocca said.

"We'd rather spend time focusing on customers rather than just sitting there managing contracts and contractors," Mr Rocca said.

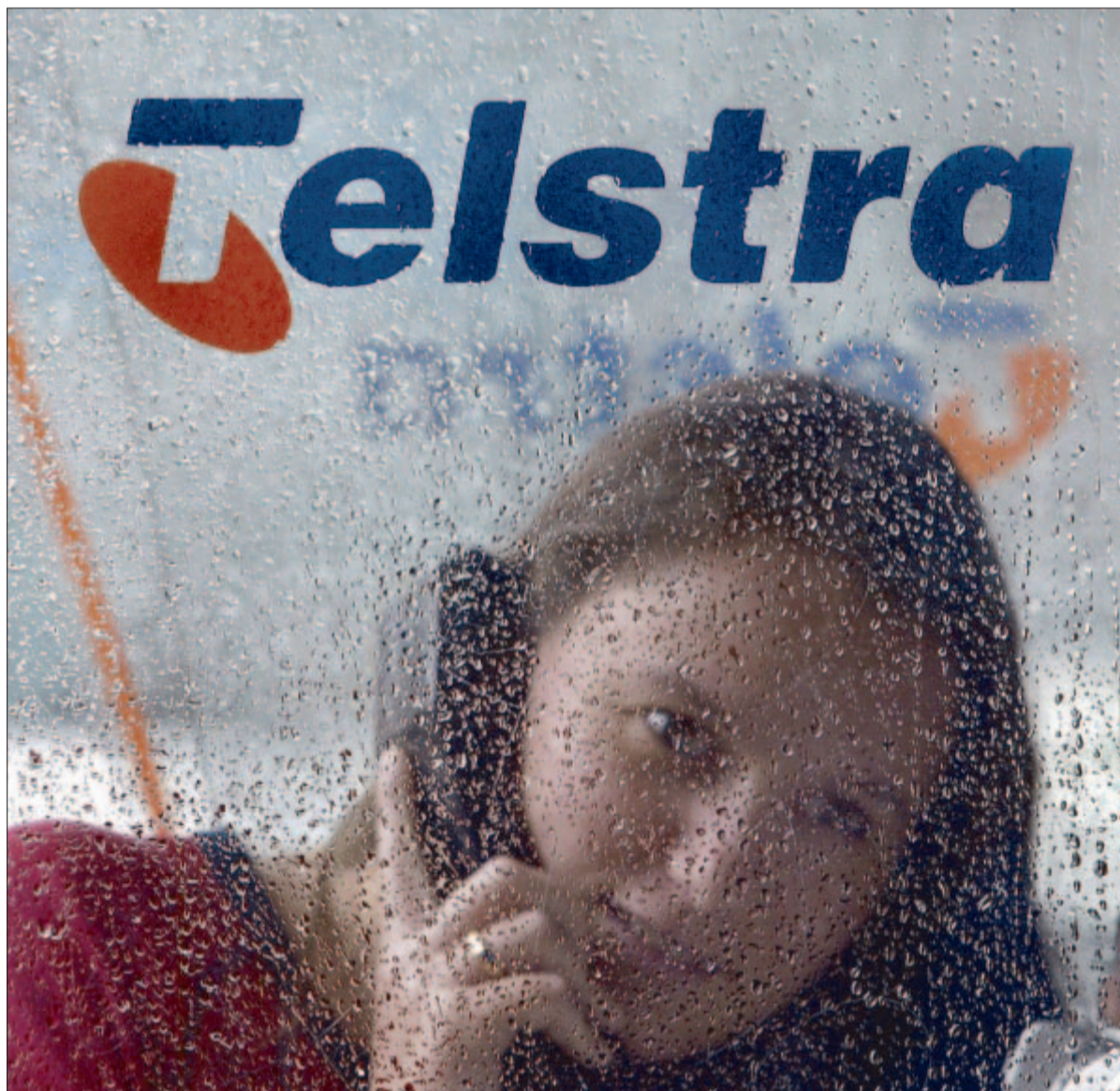
Mr Rocca said the new arrangements would remove duplication and overheads, leading to \$140 million in savings over the next two years.

"This is all about improving operational efficiency and driving costs out of business," he said.

The transition from many contractors into the three major contractors began from yesterday.

The three beneficiaries are expected either to hire extra staff, sub-contract out some of the work or acquire the existing smaller contractors.

Mr Rocca said the arrangement also ensured Telstra had certainty of labour supply if its proposed national broadband network goes ahead.



Simplification: Telstra has cut its 100 repair and installation contractors down to three in a bid to concentrate more on its customers.

## COMMODITIES

FINAL prices for commodities at the close of trading yesterday:

GOLD: The price ex Perth Mint yesterday was \$A835.35 an ounce, equivalent to \$A26.86 a gram.

SILVER: The base selling price ex Perth mint yesterday was \$A14.78 an ounce.

SUGAR: The New York price yesterday was US9.48c a pound.

COPPER: The Comex price yesterday was US341.10c a pound.

OIL: The London price yesterday was \$US73.98 a barrel.

All prices courtesy of ABN AMRO Morgans Ltd in Cairns phone 4052 9222

# No end in sight to housing shortage

AUSTRALIA'S housing shortage is set to continue, despite a stronger than expected rise in building approvals, economists say.

The gap between building completions and demand is set to widen with experts tipping the gulf to be the equivalent of a year's demand by 2009.

But other economists say lower rental vacancies and population growth will stimulate building activity next year.

Building approvals rose by 0.4 per cent to 12,980 units in July, seasonally adjusted,

from a downwardly revised 12,925 units in June, the Australian Bureau of Statistics revealed yesterday.

In the year to July, building approvals slipped by 7.5 per cent. Economists had expected a 2 per cent fall in July.

ANZ senior economist Ange Montalti said the latest building approval numbers were unlikely to ease housing pressures, as shown by rising rents and higher house prices.

Mr Montalti said last month's quarter of

a percentage point interest rate rise would punish the housing market.

"As a consequence, the gap between completions and underlying demand is projected to rise to record levels over the next few years, creating a shortage equivalent to almost one year's demand by 2009," he said.

But Commonwealth Bank of Australia senior economist Michael Workman said rising demand for rental accommodation would spur an improvement in building activity in 2008.

## ASX INDEX

STOCK	Sep 3	+/-VAR
All Aus 50	6090.5	+13.0
All Aus200	6267.4	+20.0
All Ordinaries	6272.5	+24.2
All Ords Gold	4907.2	+35.5
Metals & Mining	4730.2	+35.4
S&P/ASX 20	3388.0	+7.0
S&P/ASX 50	6091.3	+12.9
S&P/ASX100	5064.4	+15.3
S&P/ASX200	6267.3	+20.1
S&P/ASX300	6279.7	+20.8
S&P/ASXMidCap50	6368.7	+51.9
Small Ords	3793.7	+21.4
CnsmrDiscr(GIC)	2740.3	+9.6
CnsmrStapl(GIC)	8166.4	-58.4
Energy(GIC)	14167	-104.2
Financials(GIC)	7078.3	+14.4
FinxPropTr(GIC)	7292.7	+12.0
HealthCare(GIC)	9008.3	+97.4
Industrial(GIC)	7007.7	+66.9
Info Tech(GIC)	599.6	-0.8
Materials(GIC)	13621	+79.9
PropertyTr(GIC)	2426.1	+8.3
TelService(GIC)	1569.3	+14.4
Utilities(GIC)	7298.6	+57.7
ALL ORDINARIES		
2007 low	Jan 8	5484.5
2007 high	July 24	6455.5
Peak	24/0707	6455.5

## EXCHANGE RATES

\$A1eq:	BUY	SELL
Bahrain Dinars	0.3108	0.3029
Canadian \$	0.8706	0.8487
Cip Francs	73.2800	67.7600
Cyprus £	0.3582	0.3347
Czech Koruna	16.7940	14.9990
Danish Kroner	4.5035	4.3644
Euro	0.6047	0.5895
Fiji \$	1.3430	1.2704
Hong Kong \$	6.4234	6.2861
Indian Rupees	33.7560	31.0590
Japanese Yen	95.46	93.02
Kenyan Shilling	56.8100	49.2100
Kuwaiti Dinars	0.2371	0.2242
Maltese Lira	0.2656	0.2408
NZ \$	1.1755	1.1482
Norwegian Krone	4.7998	4.6468
PNG Kina	2.5600	2.0270
Pakistani Rupees	51.0500	37.9170
Philippine Pesos	38.6950	35.4960
Polish Zloty	2.3348	2.1080
S. Arabian Riyals	3.0899	3.0196
Singapore \$	1.2580	1.2246
Solomon Is. \$	6.5864	5.2048
Sri Lanka Rupees	93.8600	86.3200
Sth African Rand	5.9113	5.7117
Swedish Krona	5.6808	5.5181
Swiss Francs	0.9978	0.9726
Thai Bahts	27.1690	24.2020
UAE Dirhams	3.0257	2.9486
UK £	0.4076	0.3999
US \$	0.8192	0.8108
W. Samoa Tala	2.2756	1.9775

Published exchange rates vary from day to day and anyone wishing to convert foreign currency should check with their bank for the latest rate. The rates above are opening rates only and may vary across the counter during the day.