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## TECHNOLOGY HARDWARE & EQUIPMENT SECTOR RISES 21.5 POINTS (0.9%), RISING FOR A THIRD DAY August 12, 2008 16:00:00 AEST

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AUSTRALIAN COMPANY NEWS BITES

SECTOR REPORT

The Technology Hardware & Equipment Sector rose 21.5 points or 0.9% to 2,369.6.

The Sector rose for a third day on Tuesday.

Compared with the ALL ORDINARIES INDEX which rose 0.4% (or 21.1 points) on the day, this represented a relative price change of 0.5%.

Access current Sector Research on

(<http://www.buysellsignals.com/BuySellSignals/com/bst/mkt/sectorResearch/sectorResearch.do?market=Australia&rcode=S:BSTTH>) Technology Hardware & Equipment Sector for:

Sorting by Stocks and Variables, Stock Headlines and Daily Weekly and Monthly Major Volumes Traded, Summary, Top Rises and Falls.

PRICE VOLUME DYNAMICS

Volatility: The Sector traded between an intraday low of 2,325.1 and a high of 2,421.2. Intraday volatility (highest price minus lowest price/lowest price) of 4.1% was 0.7 times average daily volatility of 6.0%.

Moving Average (MA): The Sector value to 200-day moving average ratio is 0.72, a bearish indicator. In the past 200 days this ratio has been under 0.72 thirty times suggesting further downside.

The Sector is trading below both its 200-day MA and the 50-day MA. Further, the 50-day MA of 2,618.8 is lower than the 200-day MA of 3,307.8, a bearish indicator. The 200-day MA has decreased to 3,307.8, another bearish indicator.

Relativities: In the Australian market of 2115 stocks and 73 sectors, the Index has a 6-month relative strength of 79.2 indicating it has outperformed 79.2% of the market. (Rank 295 out of 2188)

Since open its percentile rank in the Australian market was 73.3. (Rank 376 out of 2188)

Price Dynamics: The Sector is at a discount of 57.3% to the 52-week high of 5,552.6 and a premium of 8.2% to the 52-week low of 2,190.1.

Volume and Turnover Period: The average turnover rate of the Sector is 70.8% or an average holding period of 1 year 4 months.

#### TRADING FLOOR NEWS

Today's turnover value of \$594,394 was 0.2 times the average turnover value of \$3 million.

Falls outnumbered rises 10 to 5.

There were 10 falls (29.4%), 5 rises (14.7%) and 6 stocks (17.6%) were unchanged.

There were 13 stocks (38.2%) untraded.

The BST Arms Index (trin) defined by  $[\text{Number of rises} / \text{Number of Falls}] / [\text{Turnover of stocks that rose} / \text{Turnover of stocks that fell}]$  was 0.1 and falling. A Trading Indicator or trin less than 1 combined with a falling trin indicates money flowing into stocks (Bullish sign).

#### NEW 52-WEEK HIGHS AND LOWS

[MCap is shown in brackets in descending order]

Two stocks that hit new lows were:

Adavale Resources (ADD) which hit a new 52-week low of 4.0c and plummeted 0.20c (or 4.8%) to 4.0c. [\$18 million]

ERG (ERG) which hit a new 52-week low of 1.60c and crashed 0.10c (or 5.9%) to 1.60c. [\$14 million]

#### HEAVYWEIGHT MARKET ACTION

Among the heavyweights, the highest rises in MCap, which had the most influence on the sector, took place in:

Comdek (CDS) where MCap rose \$6 million or a price rise of 5.4% to 19.50c.

Scantech (SCD) where MCap rose \$4 million or a price rise of 4.0% to 52.0c.

KLM Group (KLM) where MCap rose \$1 million or a price rise of 7.1% to 30.0c.

Zylotech (ZYL) where MCap rose \$928,893 or a price rise of 12.2% to 4.60c.

**QRSciences Holdings (QRS) where MCap rose \$435,024 or a price rise of 3.6% to 14.50c.**

Among the heavyweights, falls took place in:

Pulse Health (PHG) where MCap fell \$2 million or a price fall of 9.5% to 9.50c.

Arasor International (ARR) where MCap fell \$2 million or a price fall of 13.3% to 13.0c.

Adavale Resources (ADD) where MCap fell \$914,318 or a price fall of 4.8% to 4.0c.

ERG (ERG) where MCap fell \$854,914 or a price fall of 5.9% to 1.60c.

Cellnet Group (CLT) where MCap fell \$768,391 or a price fall of 3.2% to 30.0c.

#### HIGHEST VARIATION FROM VOLUME WEIGHTED PRICE

The following stocks were at the highest premium to 1-month Volume Weighted Price, which may suggest cautious buying:

KLM Group (KLM) trading at 30.0c was 26.6% above its Volume Weighted Price of 23.69c.

Codan (CDA) trading at 70.0c was 26.2% above its Volume Weighted Price of 55.48c.

QRSciences Holdings (QRS) trading at 14.50c was 23.8% above its Volume Weighted Price of 11.71c.

Xtek (XTE) trading at 3.0c was 22.7% above its Volume Weighted Price of 2.44c.

Keycorp (KYC) trading at 30.0c was 19.4% above its Volume Weighted Price of 25.12c.

The following stocks were at the steepest discount to 1-month Volume Weighted Price which may appeal as a value proposition:

Comdek (CDS) trading at 19.50c was 24.7% below its Volume Weighted Price of 25.90c.

Transol Corporation (TNC) trading at 2.40c was 22.6% below its Volume Weighted Price of 3.10c.

Arasor International (ARR) trading at 13.0c was 21.8% below its Volume Weighted Price of 16.62c.

ERG (ERG) trading at 1.60c was 20.7% below its Volume Weighted Price of 2.02c.

#### SHAREHOLDER RETURNS

Trailing One Week: the Sector rose four times (80% of the time) and fell once (20% of the time). The value of \$1,000 invested a week ago is \$1,045 [vs \$1,043 for the All Ordinaries Index] for a capital gain of \$45.

Trailing One Month: the Sector fell thirteen times (59% of the time) and rose nine times (41% of the time). The value of \$1,000 invested a month ago is \$958 [vs \$1,005 for the All Ordinaries Index] for a capital loss of \$42.

Trailing One Year: The value of \$1,000 invested a year ago is \$505 [vs \$876 for the All Ordinaries Index] including a capital loss of \$505 and dividend of \$9.

The top three stocks with the highest value of \$1,000 invested a week ago were:

QRSciences Holdings (QRS) at \$1,706 for a capital gain of \$706.

Lumacom (LUM) at \$1,200 for a capital gain of \$200.

Zylotech (ZYL) at \$1,122 for a capital gain of \$122.

The bottom three stocks with the lowest value of \$1,000 invested a week ago were:

Luminus Systems (LSL) at \$750 for a capital loss of \$250.

Adavale Resources (ADD) at \$769 for a capital loss of \$231.

Arasor International (ARR) at \$839 for a capital loss of \$161.

HIGHEST RISE PROPELLED BY ABOVE AVERAGE VOLUME (with a Volume Index or VI comparison with their own average volumes)

QRSciences Holdings (QRS) was the only stock to rise on above average volume. It advanced 0.50c (or 3.6%) on strong volume (VI of 6.7) to close at 14.50c.

BULLISH SIGNALS: TOP RISES ON HIGH RELATIVE STRENGTH

A total of 2 stocks (or 5.9%) rose on 6-month relative strength price percentile rank of 80 or more. Major price rises on high relative strength included [figures in brackets show relative strength for 1 month, 3 months and 6 months]:

Comdek (CDS) which climbed 1.0c (or 5.4%) to close at 19.50c [4.0, 92.8, 92.6].

QRSciences Holdings (QRS) which gained 0.50c (or 3.6%) to close at 14.50c [99.6, 78.5, 90.1].

BULLISH SIGNALS: STOCKS IN SIGNIFICANT UPTREND

KLM Group (KLM) which jumped 2.0c (or 7.1%) to close at 30.0c [up 3.4% for week and 42.9% for month].

QRSciences Holdings (QRS) which gained 0.50c (or 3.6%) to close at 14.50c [up 20.8% for week and 74.7% for month].

STEEPEST FALL ON ABOVE AVERAGE VOLUME (with a Volume Index or VI comparison with their own average volumes)

Wavenet International (WAL) was the only stock to fall on above average volume. It plummeted 1.0c (or 7.7%) on firm volume (VI of 1.1) to close at 12.0c.

BEARISH SIGNALS: STEEPEST FALLS ON LOW RELATIVE STRENGTH

A total of 2 stocks (or 5.9%) fell on 6-month relative strength price percentile rank of 30 or less. Major price falls on low relative strength included [figures in brackets show relative strength for 1 month, 3 months and 6 months]:

Arasor International (ARR) which crashed 2.0c (or 13.3%) to close at 13.0c [2.9, 2.2, 0.2].

Adavale Resources (ADD) which dropped 0.20c (or 4.8%) to close at 4.0c [13.4, 15.3, 2.1].

#### BEARISH SIGNALS: STOCKS IN SIGNIFICANT DOWNTREND

ERG (ERG) which slid 0.10c (or 5.9%) to close at 1.60c [down 5.9% for week and 23.8% for month].

Adavale Resources (ADD) which dropped 0.20c (or 4.8%) to close at 4.0c [down 20.0% for week and 25.9% for month].

#### FUNDAMENTALS

The average dividend yield (trailing 12 months) for the sector is 8.4%.

Based on trailing twelve months earnings the average P/E is 8.8 times if we exclude stocks with negative earnings.

The top three yielding stocks (trailing 12 months) in the sector are:

Codan (CDA) at 70.0c, yielding 9.3%.

Luminus Systems (LSL) at 0.30c, yielding 5.3%.

KLM Group (KLM) at 30.0c, yielding 5.0%.

The top two stocks with the lowest P/E (trailing 12 months) in the sector are:

Codan (CDA) at 70.0c, with a P/E of 10.1 times.

Transol Corporation (TNC) at 2.40c, with a P/E of 14.1 times.

#### RELATIVE VALUATION INDICATORS [RVI]

TECHNOLOGY HARDWARE & EQUIPMENT SECTOR vs ALL ORDINARIES INDEX [ALL ORDINARIES INDEX Average in Brackets]

Better than ALL ORDINARIES INDEX Average: Return on Assets of 9.9% [9.7%]; Year-on-year growth in EPS of 26.0% [24.8%]; Debt to Equity of 0.3 [0.9]; P/E of -8.0 [11.2]; Yield of 8.4% [4.2%].

Worse than ALL ORDINARIES INDEX Average: Return on Equity of 17.0% [24.4%].

## DESCRIPTION

The sector comprises 34 stocks. Total MCap of the Technology Hardware & Equipment Sector was \$667 million on August 12. This represents 8.6% of Australia's GDP of \$7.8 billion.

The average growth rate in annual earnings per share is 26.0%, annual inflation is at 3.0% and average yield is 8.4%. The sum of these three figures is 37.4%, significantly above the historical return of 6% for stocks.

three out of thirty-four stocks in the Sector paid dividends and their average trailing twelve months dividend yield (weighted by MCap) is 8.4%. Five stocks reported growth in earnings and their average growth rate (weighted by MCap) is 26.0%. The nominal investment return, defined by the sum of 8.4% yield and 26.0% earnings growth, is 34.4%. After allowing for inflation of 3.0% the real investment return is 31.4%. The nominal investment return divided by the average P/E is a multiple of 1.0, which compares unfavourably with the benchmark of 2.

Currency Conversion: Australian Dollar AUD 1 = US\$ 0.9347 [or US\$1=AUD 1.07]; Against the US\$ the AUD slumped 130.93 basis points (or 1.3%) for the day; slumped 2.7% for the week; fell 2.2% for the month; soared 22.7% in the past year.

Source: [www.BuySellTips.com](http://www.BuySellTips.com)

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