

## **Transcript of Chris Caton's Markets Update – 18 August 2010**

Note: this is a direct transcript of a recorded update and has not been reviewed for fluency in the written form.

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### **Chris Caton:**

Good morning. This is Chris Caton, the Chief Economist of BT Financial Group. It is Wednesday 18 August. This is my market report for trading offshore for the session on the 17<sup>th</sup>. This will be brief. I have a cold which causes a good deal of coughing and that is not pleasant to listen to.

I have to say it was a positive night. Over in Europe the FTSE rose by 1.4% and the German market was up by 1.6%. This mood continued in the US with the SMP rising by 1.2% and the Dow rising by 1%.

What caused this? Well the market was due for a rise after five days of nothing. In addition to that, Walmart in the US gave some good guidance which suggested that well the consumer isn't as moribund as may have been thought.

There was also some chatter about mergers and acquisition activity and that is always positive for markets. There was some positive economic news in the form of a big gain in the industrial production in the US. But I was upset by weak news about housing starts. It clearly wasn't the economic news driving this. More or less, it was really rather that the market had been too weak for too long. Foreign markets had a good night and the Australian market unquestionably will be off to a positive start today.

One last thing, I am keeping this short while my voice holds out. One last thing, the Australian dollar sitting on around 90.5 US cents. That's it for today. My colleague will be back tomorrow. This is not a sign of deteriorating health so much as just business travel. My colleague will be back tomorrow and will entertain you for the next I believe seven reports. I will be back the week after that. Have a good day and thank you for listening.

**END OF TRANSCRIPT**