

Transcript of Andrew Dowie's Markets Update – 27 August 2010

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Andrew Dowie:

Good morning, this is Andrew Dowie with a rundown of the economic data releases for yesterday, Thursday 26 August in the United States.

The initial jobless claims for the week ending 24 August came out last night; we were looking for 490,000 figure. The range here was between 475,000 to 510,000. Now the previous week was revised up from 500,000 to 504,000, the actual figure came in at 473,000. That's the first decline in this metric for some five weeks.

However the less volatile four week moving average rose by 3250 to 486,750. That's their highest level since 28 November last year. Now although claims are well below their high of 651,000 in March of last year, they are still not yet sufficient to signal strong improvement in the labour market. Indeed claims appeared to be gradually falling in the initial part of this current year, but then began to rise.

Now the claims for the previous week ending 14 August were the highest for some nine months. Looking at that release, Puerto Rico had the biggest rise in claims, while the largest fall was in California. Now the take on this latest figure, the census hirings and the renewal of emergency benefits may be distorting these weekly releases. We get private payrolls next week. Essentially at the moment with this latest release, initial claims are back to the upper level of the range that have prevailed during most of this year before the latest string of data pushed us up to the 500,000 level.

The mortgage delinquency rate in quarter two in the United States declined to 9.85% from 10.06% in the March quarter due largely to home owners modifying their loans. Also, the inventory of homes in foreclosure also declined in quarter two, falling to 4.57% of all America homes. That's the first decline in this metric since 2006. However, as to the sustainability of this activity, short term delinquencies, those loans that are over 30 days due, were up to

3.51% in the second quarter from 3.45% in the first. This metric is closely correlated to the initial jobless claims trends which has just reported have recently been trending higher.

As to the things to look forward to tonight, all eyes tonight will be on the second stab at the US quarter two GDP report and also on Federal Reserve Chairman Bernanke's opening address at the annual Jackson Hole gathering of the world's leading central bankers.

Thank you very much indeed. Have a lovely weekend.

END OF TRANSCRIPT