

Transcript of Chris Caton's Markets Update – 8 February 2011

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Chris Caton:

Good morning, this is Chris Caton, the chief economist of BT Financial Group.

It's Tuesday, 8 February and this is my market report for trading overseas for the session on 7 February and it was a great night for share markets.

Beginning in Europe both the FTSE and the German market were up by nine tenths. In the US not quite so good, but the S&P and the Dow both up by six tenths of a per cent.

Very little economic news behind this, the only piece of economic data that doesn't usually arouse much interest, consumer credit data, but something odd happened in December, something nice for the first time since September 2008 which of course is Lehman Brothers month, so called revolving credit arose.

Revolving credit is basically the credit you have got on your card and consumers have been very cautious, they have been cutting back on their plastic use, but not so in December. They are stepping up, the US consumers and this is good, it's a positive sign, one more positive sign of many that we have had lately for reasonably good growth in the first half of 2011 in the US.

So if it wasn't the economic data that didn't hurt obviously, but it wasn't big enough to help so why did the market go off? There was a bit of merger activity and there was clearly a bit of, well maybe we shouldn't feel quite so bad about unrest in Egypt.

It doesn't look as if there is going to be a severe disruption to the supply of oil. It doesn't look as if that unrest is getting worse and so markets, well they may not need much of an excuse to rally, but they rallied anyway.

The S&P 500 Index incidentally must be only about 2% below doubling its level that it hit in March 2009 and by my arithmetic that makes it up about 96% to-date from that point.

So a good night, the Australian market couldn't help but to get a kick along this morning. We have got no major economic news fuelling it today, so we will just have to see how we go, the Australian dollar incidentally sitting a bit above AUD\$1.01.

So that's the report for today. My colleague Andrew will be back with you tomorrow and Thursday and I will be back with you again on Friday. Thank you for listening. Have a great day.

END OF TRANSCRIPT