

Transcript of Chris Caton's Markets Update – 7 March 2011

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Chris Caton:

Good morning. This is Chris Caton, the Chief Economist at BT Financial Group. It's Monday 7 March and this is my market report for trading for the Friday session, that is for 4 March. The market's a little soft and the FTSE in Europe was down by a couple of tenths and the German market down by 0.6%. Over in the US that mood was sort of followed and at the end of the session both the Dow and the S&P were down by 0.7%. That left them both up slightly, slightly for the week and that I think is still the continuing trend, the market's on an upward trend but of course they're not going to go up every day are they.

The US, it's still all about oil and Middle East tension et cetera, because the US actually had some solid economic news. The most closely watched economic indicator in the US tends to be the market employment report and on Friday night they got their report for the month of February. It showed a solid 222,000 jobs gain. I got that from Richie Benaud and actually I think that was the private sector jobs gain. The overall gain was around about 192,000. This was a solid gain and it certainly indicates that the weak increase only in January was clearly a stall on flash weather related effects.

The US employment recovery is still in okay shape. Perhaps the best piece of news in the labour market report, which had another fall in the unemployment rate. After two falls totalling 0.8% you might have thought that the rate would give a bit back since these are only estimates, but no, the unemployment fell again, this time by only 0.1% but it was followed by 0.9% now in the past three months and the last time that happened was way, way back in 1983. So yeah, good economic news but it wasn't enough to hold the market positive and so as I said, down by about 0.7% and that presumably means that the Australian market opens weak on Monday.

Coming up we get housing finance news on Wednesday in Australia. We get the labour market report on Thursday. That's always one of the more closely watched numbers. In the US it's a quiet week. Friday is probably the biggest day. They get their retail trade numbers for the month of February. That's actually expected to be quite strong but it's a bounce back after a weak January reading. So just very briefly, Friday was a down day, the week up just slightly, the Australian market off to a negative start. The currency incidentally right now, US\$1.014. Thank you for listening. My colleague will be back with you tomorrow morning and I think Wednesday, Thursday, Friday also, but I'll be back with you again next Monday morning. Thank you very much for listening and have a great day.

END OF TRANSCRIPT