

Transcript of Andrew Dowie's Economics Update – 28 March 2011

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Andrew Dowie:

Good morning. This is Andrew Dowie from Advance Asset Management with a run down of the economic data releases for Friday, 25 March in the United States. Well we had the final of the three stabs at the quarter for GDP. Annualised quarter four GDP came in at 3.1% from the earlier 2.8% assessment. So with that out of the way for 2010 in its entirety the US economy expanded at a 2.9% rate. That's a stark contrast to 2009's 2.6% annualised contraction.

Now the improvement in this final assessment was due to better readings on inventories and non-residential structures offsetting a downward revision to exports which nevertheless were still a large contributor to growth. Consumer spending was confirmed to have grown at a robust pace of 4% in the fourth quarter.

Turning now to the University of Michigan's March consumer sentiment index this second and final revision saw the index decline to 67.5 from the initially reported 68.2. The February reading of this report stood at 77.5. Of note here inflation expectations were unchanged from the preliminary report with one year and five year median inflation expectations remaining at 4.6% and 3.2% respectively.

Now this is the highest for both measures since August 2008 and indeed a notable jump from February's final readings of 3.4% and 2.9%. Thank you.

END OF TRANSCRIPT