

Transcript of Chris Caton's Markets Update – 31 March 2011

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Chris Caton:

Good morning, this is Chris Caton the Chief Economist of BT Financial Group. It is Thursday the 31st and last day of March and this is my market report for trading offshore for the Wednesday session. There's more good news, the US market continues to grind higher.

Before we get to that, let's begin in Europe where the FTSE was up by about 0.3 and the German market up by about 1.8%. Not entirely sure what is going on there. I'm in the wilds of Wyong and not able to access all of the comprehensive German information that I usually bring you in such excruciating detail. The mood continued in the US and my understanding - well at the end of the session, the S&P was up by 0.7, the DOW was up by 0.6. A couple of things going on here.

First of all Japanese stocks have done a bit better lately and that's heartening, the markets around the world. Secondly the US is, the same commentary seems to get written every day, and that is that the employment outlook in the US is improving. Now two things here: First of all there was one piece of evidence of this on Wednesday. The called ADP Report, which is a private sector report which attempts tell you what the official government figures are going to do before the official government figures are released. That's not its exact purpose, but that's what it's used for. That showed a gain of 201,000 jobs in the month of March which is a handy figure.

Now this report hasn't been a particularly accurate forecaster recently, although it was fairly good in February. But that convinced people that yeah the employment recovery in the US is still continuing. I said there were two things, but I can't remember the other thing. .. yes, bearing in mind that much of the market's gain this week has been attributed to a belief that employment is doing better. When we find out about employment on Friday, there's a bit of a risk I think of sell the news. So it will be interesting to see what the market does on Friday night when it reacts to the official employment report. But that's in the future.

The gains in the US market will get the Australian market off to a solid start today, perhaps around - well who knows, perhaps around 0.5%. Then as you know it all depends on where we go from there. Some weeks ago, I somewhat reluctantly cut my end June forecast for the ASX 200 from 5000 to 4900 and I wish I'd never done that, because the 5000 is looking a little better now. We closed yesterday at 4822. So it's less than 4% away from where we are now.

We've continued good global and domestic economic news. I said good, not great. There should still be some gains to be made in markets yet. So that's in brief. A good night on markets. That will get us off to a good start. The Australian dollar meanwhile, as hairy chested as ever, around about US 103.3 cents.

Thank you for listening. Have a good day. My colleague will be back with you tomorrow, but I'll be picking this up again on the weekend. So as I said, have a good day.

END OF TRANSCRIPT