

Market comment 24th April 2013 - a personal view of Brian Tora

Despite a mixed bag of news, markets got off to an encouraging start this week. Another ratings agency took a sliver off the UK's standing in bond markets, but this was shrugged aside, as it had been the last time this happened. More important, American and Asian markets enjoyed a little surge in confidence, which happily spilled over into early trading here. And the feel-good factor continued as the week went on.

As it happens, this is a busy week for news. First quarter results are beginning to be published. There are plenty of major companies that will soon be sharing their experience of 2013 so far. And we did get the UK's borrowing figures for last year which, as predicted, showed debt had barely shrunk. But arguably the most important announcement will be when the Office of National Statistics release the UK's first quarter economic figures.

What many will be looking for when our Gross Domestic Product numbers are revealed is evidence that we have avoided a triple-dip recession. The last quarter of 2012 saw our domestic economy shrink a little, so we will need to be in positive territory for an official recession – two consecutive quarters of falling GDP – to be avoided. With financial services and the offshore oil industry still experiencing tough conditions, the rest of the economy will have to work that bit harder.

The consensus view is that we will manage a plus figure at the end of the day – just. The most popular estimate is for growth of 0.1% - hardly boom conditions, but better than a negative result. The only problem as I see it is that these figures are notoriously inaccurate – being subject to revision as more details on our economic performance come to light. Statistics, as ever, can be used to support whichever argument is being put forward.

But the market – like the weather – seems to be enjoying a sunnier disposition of late. Plenty of potential upsets lurk just over the horizon, but with the corporate world in generally good shape and governments prepared to go on printing money to stave off an economic downturn, who can blame investors for feeling a little more confident. Even Korea seems to have faded into the background. Long may this late spring continue.

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