Press Release Contact Information:
Mike Wright
Regent Markets (IOM) Limited
Marketing Director
3rd Floor, 1-5 Church Street,
Douglas,, Isle of Man
British Isles., IM1 2AG,
Voice: 448003762737
Fax: 448003762737
E-Mail: Email us Here
Website: Visit Our Website

Credit Crisis Worst is Over- We'll Believe It When We See It!

"Sell in May" says the old stock market adage, but the bulls were in no mood for old wives' tales last week. Markets were in rally mode after the better than expected US jobs report, and news of more liquidity injections from the Federal Reserve.

/24-7PressRelease/ - DOUGLAS, ISLE OF MAN, May 08, 2008 - "Sell in May" says the old stock market adage, but the bulls were in no mood for old wives' tales last week. Markets were in rally mode after the better than expected US jobs report, and news of more liquidity injections from the Federal Reserve. The Federal Reserve did what most traders were expecting
them to do in cutting rates another quarter percent down to 2%.

"The worst is behind us" rhetoric continues to flow from central bankers on both sides of the Atlantic. Markets held the previous week's gains to close the week higher for the third week in a row. The FTSE rose 2%, but the biggest gainers were tech stocks with the Nasdaq 100 putting on 3% for the week. Volume has been healthy and the twin inflation evils of Gold and Oil are continuing to deflate from their highs. Oil dropped down to near $110 at one stage, but recovered to finish the week down around $3.00 a barrel. Gold faired the worst of the pair, closing at its lowest levels for 2008, just above $850.

It wasn't plain sailing for all of last week. Banks again gyrated as Mervyn King's testimony before The Treasury Select Committee, provided a steady flow of warnings about the UK economy. Any home owner hoping for a return to attractive rates of recent years will be disappointed after King made it clear that the Bank of England's recent liquidity plan wasn't aimed at kick starting British Mortgage lending. With UK house prices showing their first year on year decline for decades, and US house prices down 12% by the same measure, it is only going to get worse for house building stocks. UK home builders such as Persimmon and Barratt Homes stemmed the flow last week with small losses, but they may have much further to go if the US housing stocks and dramatic house price collapse are anything to go by. Indeed last week more data was released supporting anecdotal evidence that the housing slump has indeed started.

After the deluge of data that hit last week, the forthcoming week is at least reduced in its intensity. The stand out announcements come on Thursday from a European perspective with the Bank of England announcing their latest interest rate decision. Analysts are expecting the MPC to keep rates on hold as they balance the tricky terrors of inflation and an economic slow down. The ECB are also holding a press conference an hour and a half after the MPC announcement.

If we take a step back from the euphoria, there is certainly room to question the bullish case from here. The jobs numbers were not as bad as expected, but the figures still make for grim reading. Private payrolls have fallen for five straight months, and weakness in the goods producing sector is intensifying. The overall trend of an increasing weakness in US job creation remains.

The VIX Options Volatility Index, a good measure of market fear and complacency, now stands at levels not seen since late December 2007, around the time that the Dow Jones fell nearly 2000 points in less than a month. While another 2000 point drop may not be in the offing, there are growing indications of complacency in this rally.

One rather speculative trade may be to place a one touch bet that the S&P 500 will touch 1350 in the next 16 days at BetOnMarkets.com. This trade could return 160% if markets pull back significantly from their current levels.

About BetOnMarkets.com:

BetOnMarkets.com is the world's leading Fixed Odds Financial Trading website. Fully licensed and regulated globally, BetOnMarkets.com handles around 18,000 trades a day, from over 130,000 registered clients. Over 15 million trades have been processed since inception in 2000. The multi-award winning BetOnMarkets.com allows traders to speculate on the movement of the worlds' major financial markets, up down or sideways without actually owning the market, stock or currency you are buying.

editor@my.regentmarkets.com
Tel: 448003762737