

Bull market calls premature

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Investors should be remaining cautious over calls of a 'bull market', with many factors missing in the domestic market, according to Australian equities boutique Prime Asset Management.

A strong performance by the Australian market in the first quarter of the financial year had led to optimism by some investors, but Prime Value portfolio manager ST Wong says this could be premature.

"In a real bull run you see investment banks, for example, hiring staff and paying staff big bonuses. That's not happening at this juncture," Mr Wong said.

"All the indicators still suggest that consumers have some caution and concerns over household debt.

"The wealth effect of rising house prices, along with stimulatory interest rates may pull consumer confidence up, but at the moment we still sense of a lot of caution."

Mr Wong suggested investors analyse the market trend before making decisions based around the view of a possible bull market.

He said in the short term, the US debt ceiling and government shutdown has brought some uncertainty to the markets, but this won't be a long-term issue.

"The key thing for us to ask is: What is the trend? Is it going upwards, is it going downwards, or is it sideways?" Mr Wong said.

"Over the next two years we are cautiously optimistic that the trend will be positive."