

press release

2 August 2011

Investors remain cautious over US debt decision

- US debt deal will hide the problem for the short term
- Stronger economic growth is needed to improve investors' confidence
- The Share Centre believes markets will remain jittery

As we wait to hear whether the US Congress will approve the deal to raise the debt ceiling Sheridan Admans, investment adviser at The Share Centre, explains what impact this could have on the UK markets.

“We believe the diluted recommendation, as set out by the joint Committee of Democrats and Republicans, is merely pushing the US debt problem further down the track. This situation is not going to go away and we expect the deal to have little impact on the markets, as the net debt reduction is just a tenth of the top figure believed to be required by the Administration and the Ratings Agencies to avoid a downgrade.

“Investors will be interested to see whether the Ratings Agencies chooses to downgrade the US or extend its watch period. Any further negativity is likely to have a detrimental impact on the market.

“Investors should continue to be cautious as the uncertainty in the markets remains. We expect the markets to lack any impetus in the months ahead and believe a period of stability is greatly needed. However contrarian investors may see this weakness as an opportunity as others remain fearful.

“In order to see any signs of improvement, the market needs to be convinced of stronger economic growth in the US and Western economies. Lower unemployment levels, an increase in property sales, manufacturing and exporting will all contribute. However the short term focus for investors will be whether the markets can withstand this troubled period. We believe it is unlikely the markets will make much headway until the economy shows signs of more sustainable improvement.”

---Ends---

Note to editors:

The Share Centre is now on Facebook and Twitter.



Join us on Facebook



Follow us on Twitter

For further information please contact:

The Share Centre

Rebecca Kempzell

PR Executive

01296 439 426

Rebecca.kempzell@share.co.uk

Stephanie Reynolds

PR Manager

01296 439 256

Stephanie.reynolds@share.co.uk

Lansons Communications

Inez de Koning / Lisa Grando / Sarah Waterson

0207 294 3623 / 0207 294 3669 / 0207 294 3649

Inezd@lansons.com / Lisag@lansons.com / SarahW@lansons.com

To view all our press releases and more from our investment advisers please go to blog.share.com

Risk Warnings:

Investing in general, and the products and services mentioned above may not be suitable for all: if in doubt, individuals should seek independent financial advice. The value of investments and the income from them can go down as well as up and investors may not get back their original investment. Past performance is not a reliable indicator of future performance.

The bases and levels of taxation relating to ISAs, CTFs and SIPP's are subject to change and the value of these tax allowances may depend upon the circumstances of the individual.

About The Share Centre:

The Share Centre was established in 1990 to provide value-for-money share services for private investors. Its range of services includes buying and selling shares (by Internet, telephone and post) and a comprehensive share administration and safe custody service. Tax-efficient investment 'wrappers' including ISAs, CTFs and SIPP's are also available.

The Share Centre's Advice team provides comment on market sectors, individual shares and funds on www.share.com. Access is available to customers and registered users of the site. Registration is free. To understand how our Advice team arrive at their views please read our [Investment Research Policy](#). The Share Centre blog is also available at <http://blog.share.com>.

In addition, account customers can receive individual telephone advice on UK-listed shares and on funds traded via the CoFunds trading platform.

The Share Centre Limited is a member of the London Stock Exchange and is authorised and regulated by the Financial Services Authority under reference 146768.

Registered in England No. 2461949. Registered office: Oxford House, Oxford Road, Aylesbury, Bucks. HP21 8SZ.