

Business & Finance

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■ **BRITAIN'S** trade deficit unexpectedly grew in May, raising the prospect of the Bank of England pumping cash into the economy to rescue its lagging recovery.

The deficit – the gap between goods exported and imported – rose from £7.6billion in April to £8.5billion. Analysts had expected it to fall to £7.2billion.

Expert Investor



Greg Secker, founder of trader coaching company Knowledge to Action

Former top trader Greg Secker, founder of trader coaching company Knowledge to Action, offers tips on how to make money from the markets.

Q: I bought euros before the current debt crisis. What should I do now?

A: The euro has been hit hard because of the debt problems in Greece, Ireland and Portugal. Investing carries a risk but a sign of a good investor is one who doesn't sell at the first sign of trouble. This is always a mistake. If you bought into the euro as a medium to long-term investment objective, you must stick to your overall plan and stay long. When you turn a long term 'investment' into a short term 'trade', or vice-versa, that's when you get into trouble. In terms of long-term potential, whether or not Britain contributes, a second EU bailout of Greece will take place, and this should add value back to the euro. However, unless you are already tied into euros, I would hold off investing in them, or trading them against the USD, GBP or JPY until the eurozone climate becomes clearer.

Volatile markets drop amid default rumours



Trouble: Chancellor George Osborne, right, talks to his French counterpart François Baroin at an EU finance meeting in Brussels yesterday Picture: AFP/Getty

EUROPEAN stock markets plummeted in early trading yesterday as investors worried that the Eurozone's debt crisis could spread to Italy and Spain.

Only a steady start on Wall Street later in the day allowed the London Stock Exchange to recover some of its early losses.

The FTSE-100 finished the day 60 points lower at 5868.96 – after losses of 120 points at one stage.

Jittery investors began to ditch shares amid concerns that either Spain or Italy could default on interest payments on state debts and need EU bailouts.

Market sentiment improved when forecasts that falls in European exchanges would prove contagious in the US were proved wrong.

Italy's main index fell four per cent at one point, while Spain's market and the FTSE-100 had both lost one per cent at close of trad-

By **Jayne Atherton**

ing. 'At one point, all stocks in the FTSE-100 were in negative territory, with the banks leading the decliners, followed by the commodity sectors as copper and oil prices fell back,' said Michael Hewson, of CMC Markets.

Banks had sparked much of the early weakness on worries over their exposure to sovereign debts.

Leading the decliners in the sector was Barclays.

It hit its lowest levels since April 2009, over fears about its exposure to both Spain and Italy – losing five per cent at one stage.

But losses were pared back in the afternoon after the Italian government borrowed more money, which restored a modicum of confidence to the market.

The euro fell to a four-month low against the dollar at \$1.3835.

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