

## Market Data

**Wednesday 08/09/2010**

- \* Vodafone China disposal leads to short squeeze
- \* But general lack of risk appetite could see gains capped
- \* Could hit resistance near \$1.5490, \$1.5492

Sterling rebounded from six-week lows against the dollar on Wednesday on data that eased concerns about a slowing housing market and on some stop-loss buying on its way up, traders said.

The pound was also helped by news that Vodafone had sold its minority stake in China Mobile. Investors, especially model funds, who had gone short sterling and long euro had to unwind their positions.

At 0832 GMT, the pound was up 0.5 percent on the day against the dollar at \$1.5435, recovering from a six-week low of \$1.5296 struck on Tuesday. The euro was 0.5 percent lower against the pound, falling to 82.16 pence and not far from its recent low of 81.67 pence.

Data from mortgage lender Halifax on Wednesday showed British house prices rose for the second month running in August, confounding expectations for a fall. House prices rose 0.2 percent in August, adding on to a 0.7 percent rise in July.

Other data showed British manufacturing output rose 0.3 percent in July, the same pace as the previous two months, lifting the annual rate to 4.9 percent--the highest since December 1994.

Sterling could run into resistance near its early September highs at \$1.5490 and \$1.5492, along with the 20-day moving average at \$1.5502. Traders said there were option barriers around \$1.55.

The pound held onto its gains against the broadly weaker euro as concerns about the euro zone's banking sector and widening spreads for peripheral government returned to haunt investors.

Spreads for Irish and other peripheral debt like Portugal have widened as worries about the European banking sector flared up again, following Ireland's latest move to offer further support to its banking system.

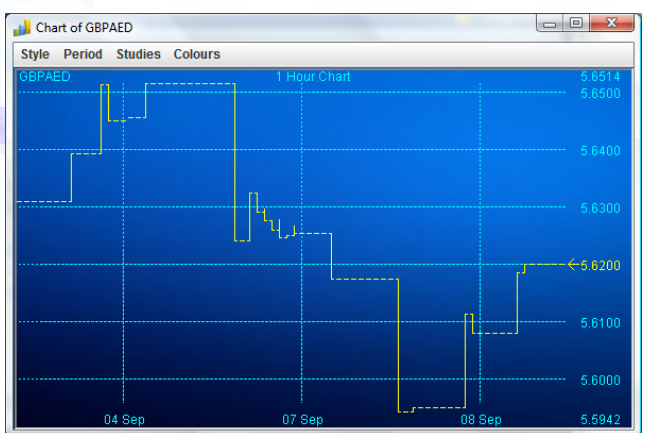
We thought the sell-off we saw in the pound earlier this week was a bit overdone. The UK budget has put a floor on sovereign worries so I would think the pound is trading at an appropriate level now.

### **Exchange Rates:**




<b>GBP – EUR:</b> 1.2170	<b>GBP – JPY:</b> 129.44	<b>CAD – USD:</b> 0.9539
<b>GBP – USD:</b> 1.5454	<b>EUR – USD:</b> 1.2691	<b>GBP – ZAR:</b> 11.2302
<b>GBP – AED:</b> 5.676	<b>EUR – JPY:</b> 106.30	<b>AUD – USD:</b> 0.9164
<b>GBP – CHF:</b> 1.5582	<b>EUR – AUD:</b> 1.3853	<b>GBP – NZD:</b> 2.1468
<b>GBP – AUD:</b> 1.6863	<b>EUR – NZD:</b> 1.7640	<b>GBP – CAD:</b> 1.6194
	<b>JPY – USD:</b> 0.011941	

The rates above are for indication purposes only. Price can vary dramatically based on amount and delivery date.

Currency Charts:



## Economic Calendar: Wednesday 08/09/2010

TIME	CURRENCY	EVENT	IMPORTANCE	ACTUAL	FORECAST	PREVIOUS
06:00		EUR German Current Account (euros) (JUL)	LOW	9.0B	11.5B	12.7B
06:00		EUR German Exports s.a. (MoM) (JUL)	LOW	-1.5%	0.0%	3.7%
06:00		EUR German Imports s.a. (MoM) (JUL)	LOW	-2.2%	0.1%	1.6%
06:00		EUR German Trade Balance (euros) (JUL)	MEDIUM	13.5	13.0B	14.2B
06:30		EUR Bank of France Business Sentiment (AUG)	LOW	101	101	101
06:45		EUR French Central Government Balance (euros) (JUL)	LOW	-93.1B		-61.7B
06:45		EUR French Trade Balance (euros) (JUL)	LOW	-4.2B	-4.1B	-3.7B
07:00		GBP Halifax House Prices 3Mths/Year (AUG)	LOW	4.6%	4.4%	4.9%
07:00		GBP Halifax House Prices SA (MoM) (AUG)	LOW	0.2%	-0.5%	0.7%
08:30		GBP Industrial Production (MoM) (JUL)	MEDIUM	0.3%	0.4%	-0.5%
08:30		GBP Industrial Production (YoY) (JUL)	MEDIUM	1.9%	2.0%	1.3%
08:30		GBP Manufacturing Production (MoM) (JUL)	MEDIUM	0.3%	0.3%	0.3%
08:30		GBP Manufacturing Production (YoY) (JUL)	MEDIUM	4.9%	4.9%	4.1%
10:00		EUR German Industrial Production YoY (n.s.a. and w.d.a.) (JUL)	MEDIUM		12.5%	10.9%
10:00		EUR German Industrial Production s.a. (MoM) (JUL)	MEDIUM		1.0%	-0.6%
11:00		USD MBA Mortgage Applications (SEP 3)	LOW			
12:00		NZD QV House Prices (YoY) (AUG)	LOW			4.1%
12:30		CAD Building Permits (MoM) (JUL)	LOW		-4.9%	6.5%
13:00		CAD Bank of Canada Interest Rate Decision (SEP 8)	HIGH		1.00%	0.75%
14:00		CAD Ivey Purchasing Managers Index (AUG)	MEDIUM		55.5	54
18:00		USD Fed Releases Beige Book Economic Report (SEP 8)	MEDIUM			
18:30		USD Fed's Narayana Kocherlakota to Speak in Missoula, Montana (AUG 23)	LOW			

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Key Sources: Currencies 4 You, Bloomberg, Reuters, Daily FX