

Market Data

Friday 09/12/2011

- * Sterling rises vs euro, near 1-mth high; dips vs dollar
- * Investors disappointed at lack of progress at EU summit
- * Euro may target a nine-month low
- * UK producer prices, trade data due

Sterling stayed close to a one-month high versus the euro on Friday, with a choppy morning session reflecting uncertainty over the outcome of a European summit that did little to impress markets overnight.

The pound looked on track to test its strongest level against the euro since March as it benefitted from investors seeking alternatives to the euro.

However, it remained weak versus the dollar as concerns about the lack of a euro crisis solution weighed broadly on riskier currencies and supported safe haven flows into the U.S. dollar.

EU leaders agreed stricter budget rules for the euro zone but failed to secure changes to the EU treaty among all 27 member states. Countries also failed to reach an agreement on giving a banking license to the euro zone's permanent bailout fund, limiting its firepower.

Britain said it could not accept proposed amendments to the EU treaty after failing to secure concessions for itself. Analysts said while it may be positive for sterling if a proposal from the EU for a tax on financial transactions did not impact the UK, there were also concerns the UK would be left isolated, with much less influence in Europe.

Renewed falls versus the dollar would see the pound target the Dec. 6 low of \$1.5562 and the late November low of \$1.5423.

UK producer prices and trade data at 0930 GMT were not expected to have any impact on sterling, although analysts said the trade figures may give an indication of the extent to which the euro zone crisis was harming UK exports.

Investors remained concerned about the risks facing the UK economy and its vulnerability in the event of a severe downturn in the euro zone.














On Thursday, the Bank of England kept interest rates at a record low 0.5 percent and announced no change to its 275 billion pound asset purchase programme. However, many in the market expect the central bank to announce additional quantitative easing next year to prop up a flailing economy.

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Exchange Rates:

GBP – EUR: 1.1730	GBP – JPY: 121.59	CAD – USD: 0.9764
GBP – USD: 1.5645	EUR – USD: 1.3342	GBP – ZAR: 12.887
GBP – AED: 5.734	EUR – JPY: 103.72	AUD – USD: 1.0088
GBP – CHF: 1.4455	EUR – AUD: 1.3223	GBP – NZD: 2.0376
GBP – AUD: 1.5507	EUR – NZD: 1.7380	GBP – CAD: 1.6022
	JPY – USD: 0.01286	

Economic Calendar: Friday 09/12/2011

09:30		GBP Producer Price Index Input n.s.a. (YoY) (NOV)	Medium	13.4%	12.9%	14.3%	+
09:30		GBP Producer Price Index Output Core n.s.a. (YoY) (NOV)	Medium	3.2%	3.3%	3.3%	+
09:30		GBP Producer Price Index Output n.s.a. (YoY) (NOV)	Medium	5.4%	5.3%	5.7%	+
09:30		GBP Visible Trade Balance (Pounds) (OCT)	Medium	-£7557	-£9400	-£10175	+
09:30		GBP Producer Price Index Input n.s.a. (MoM) (NOV)	Low	0.1%	-0.1%	-0.8%	+
09:30		GBP Producer Price Index Output Core n.s.a. (MoM) (NOV)	Low	0.0%	0.0%	-0.1%	+
09:30		GBP Producer Price Index Output n.s.a. (MoM) (NOV)	Low	0.2%	0.0%	0.0%	+
09:30		GBP Total Trade Balance (Pounds) (OCT)	Low	-£1552	-£3450	-£4298	+
09:30		GBP Trade Balance Non EU (Pounds) (OCT)	Low	-£4554	-£5400	-£5712	+
13:30		USD Trade Balance (OCT)	Medium		-\$44.0B	-\$43.1B	+
13:30		CAD International Merchandise Trade (Canadian dollar) (OCT)	Low		0.60B	1.25B	+
13:30		CAD Labor Productivity (QoQ) (3Q)	Low		-0.2%	-0.9%	+
14:55 LIVE		USD U. of Michigan Confidence (DEC P)	High		65.8	64.1	+

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Key Sources: Currencies 4 You, Bloomberg, Reuters, FX360