

CCY		Price	Change
AUD-USD	▼	0.8991	-0.0019
EUR-GBP	▲	0.9083	0.0037
EUR-USD	▼	1.3524	-0.0035
GBP-AUD	▼	1.6569	-0.0069
GBP-CAD	▼	1.5507	-0.0097
GBP-EUR	▼	1.1011	-0.0043
GBP-NZD	▲	2.1440	0.0020
GBP-USD	▼	1.4896	-0.0095
NZD-USD	▼	0.6948	-0.0049
USD-CAD	▼	1.0410	-0.0005
USD-JPY	▲	89.24	0.1000

## UK

- Pound Declines for Sixth Day Amid Political, Financial Concerns: March 2 (Bloomberg) -- The pound dropped for a sixth day versus the dollar amid concerns political uncertainties will hamper efforts to reduce the U.K.'s debt. The currency weakened against 15 out of 16 most-active counterparts after polls showed Britain may have its first minority government since 1974 and ahead of a report forecast to show a recovery in consumer confidence stalled in February. The euro traded near its lowest in almost a year against the Swiss franc on speculation Greece will have to deepen spending cuts as Prime Minister George Papandreou prepares to meet Germany Chancellor Angela Merkel on March 5. "Concerns over politics and the debt situation in the U.K. are growing," said Toshiya Yamauchi, manager of foreign-exchange margin trading at Ueda Harlow Ltd. in Tokyo. "If forthcoming data confirms the deterioration in sentiment, the pound may extend its decline." The pound slid to \$1.4895 as of 6:40 a.m. in London from \$1.4991 in New York yesterday when it dropped to \$1.4784, the lowest level since May 1. It fell to 90.73 pence per euro from 90.47 yesterday after reaching 91.50, the weakest since Dec. 1. Sterling traded at 60.21 pence against the Australian dollar from 60.12 yesterday, when it reached 60.46, the lowest level since March 1985. The U.K. currency yesterday had its biggest drop against the dollar since Feb. 2, 2009, as a poll showed the opposition Conservative Party holding the smallest lead over the Labour Party in more than two years. Elections must be held by June. U.K. Sentiment Prime Minister Gordon Brown is selling a record amount of debt to finance stimulus measures introduced to help the economy recover from its longest recession on record. In December, the government increased gilt sales planned for the fiscal year ending this month to 225.1 billion pounds (\$337 billion), up from 220 billion pounds announced in April.
- [http://www.ft.com/cms/s/0/2ac2c184-2517-11df-a189-00144feab49a.html?nclink\\_check=1](http://www.ft.com/cms/s/0/2ac2c184-2517-11df-a189-00144feab49a.html?nclink_check=1)

## Europe

### Figures out today:

Country	Event	GMT	EDT	Expected	Previous
EUR	Euro-Zone Consumer Price Index Estimate (YoY) (FEB)	10:00	05:00	0.9%	1.0%
EUR	Euro-Zone Producer Price Index (MoM) (JAN)	10:00	05:00	0.6%	0.1%
EUR	Euro-Zone Producer Price Index (YoY) (JAN)	10:00	05:00	-1.1%	-2.9%

- Hedge funds move on to euro after Greece CDS bets: LONDON (Reuters) - Hedge funds are shifting their bets on Greece's debt crisis to the euro as too many speculators have bought default protection for it to be a profitable trade, hedge fund firm Cheyne Capital said. Chief Investment Officer Chris Goekjian said a much more interesting trade for hedge funds was to bet the euro will weaken as the EU decides how to help Southern European countries struggling to pay their debt. "I think it's (credit default swaps) an old trade. Everybody knows about it. I don't think anybody's playing it out," Goekjian told the Reuters Private Equity and Hedge Funds Summit in London. "There's much more interesting trades. The euro's a better story ... It's a more liquid underlying and it's probably a broader story," said Goekjian, whose firm manages \$5.5 billion in assets. The cost of insuring against a Greek default more than tripled since end-October to a record of around 420,000 euros per 10 million euros of exposure, although this has fallen back and on Monday to 336,800 euros.

## Australia

### Figures out today:

Country	Event	GMT	EDT	Expected	Previous
AUD	Reserve Bank of Australia Interest Rate Decision	03:30	22:30	4.00%	3.75%

- Australia Raises Key Interest Rate to 4% on Recovery: March 2 (Bloomberg) -- Australia's central bank resumed raising interest rates after a one-meeting pause, judging that faster-than-anticipated economic growth will allay concerns that European deficits may roil global confidence. Reserve Bank of Australia Governor Glenn Stevens increased the benchmark overnight cash rate target to 4 percent from 3.75 percent in Sydney today, as forecast by 14 of 19 economists in a Bloomberg News survey. The rest saw no change. Stevens said rates should be closer to "average," which he last week signaled may be 75 basis points higher than today's new level.

### Compiled daily by Alastair Constance

- The Australian dollar slipped, giving back earlier gains made after an interest rate rise by Australia's central bank. The Aussie had initially climbed after the Reserve Bank of Australia raised interest rates by 25 basis points to 4.0 percent and flagged further hikes ahead. "There is no reason to be surprised that they raised interest rates at this point," said Kimihiko Tomita, head of foreign exchange at State Street Global Markets in Tokyo. "The question is how much further the Australian dollar should be bought from here," Tomita continued, adding that State Street's calculations taking into account factors such as purchasing power parity suggested that the Australian dollar was overvalued. There had been some uncertainty about whether the RBA would raise interest rates on Tuesday because many investors were burnt after it stunned markets by skipping a hike at its February meeting. But given that Australian economic data since then had been solid overall, especially jobs numbers that showed a surge in Australian employment in January, the latest rate rise was not a big surprise, Tomita said.

**Canada**

**Figures out today:**

CAD Bank of Canada Interest Rate Decision 14:00 09:00 0.25% 0.25%

**Commodities**

- Soros Signals Gold Bubble as Goldman Predicts Record: March 1 (Bloomberg) -- George Soros is helping drive up gold prices by doubling his bet in a market even he considers a "bubble" as Goldman Sachs Group Inc., Barclays Capital and HSBC Holdings Plc predict more gains before it bursts. Soros Fund Management LLC, which manages about \$25 billion, increased its investment in SPDR Gold Trust, the world's largest exchange-traded fund for the metal, by 152 percent in the fourth quarter, a Feb. 16 Securities and Exchange Commission filing shows. While prices have fallen 9.2 percent since reaching a record on Dec. 3, 15 of 22 analysts in a Bloomberg survey say gold will reach a new high, with the median forecast predicting a 17 percent advance to as much as \$1,300 an ounce this year.
- Crude Oil Trades Below \$79 on Forecast of U.S. Inventory Gain: March 2 (Bloomberg) -- Oil traded little changed below \$79 a barrel after falling in New York, as analysts forecast U.S. crude supplies probably increased for a fifth week, signaling demand from the world's biggest energy consumer may be slowing. Oil dropped 1.2 percent yesterday as the dollar advanced against the euro after a European Union official said Greece must achieve its deficit target for this year. U.S. crude inventories probably rose 1.5 million barrels last week from 337.5 million, according to a Bloomberg News survey before an Energy Department report tomorrow. Crude oil for April delivery was at \$78.59 a barrel, down 11 cents, in electronic trading on the New York Mercantile Exchange at 3:18 p.m. Singapore time. Yesterday, the contract fell 96 cents to \$78.70. Futures have lost 1 percent this year.

**GBPUSD**



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