

## AUD GBP AUD cross

Tuesday, 07 October 2008

Last week was another rollercoaster ride of extreme volatility and risk aversion as the Aussie Dollar suffered from heavy sell offs against most major currencies, not least against Sterling. The eleventh hour news from the US Senate has by proxy, strengthened Sterling against most of its major crosses as well. Furthermore the impending expectation of an interest rate cut on October 7th from the RBA, by at least half a percentage point, has also played its part in weakening the Aussie off against the pound. Indeed, with nerves still jangling across the financial markets, the expectation for heavy carry trade unwinding is high, as investors will seek higher yielding currencies than the Oz, especially as some market participants expect more than a half point cut.

We see more volatile trading ahead next week in line with the interest rate decision, and it may well suit buyers of the antipodean currency to move into the market early this week as there is a high likelihood that any movements will be priced in already. As a result it can only be a positive move to use Limit and Stop Loss orders to safeguard and maximise your funds with potentially turbulent times ahead for the GBP AUD cross.