

GBP-USD high yielding currencies

Wednesday, 26 November 2008

Last week saw poor economic data coming out of the U.S including a drop in inflation, Philadelphia fed Index, producer prices, leading indicators and jobless claims all pointing in the direction of a worsening contraction in the economy. The Dollar initially traded lower against major currencies amid a temporary rise in risk appetite with investors heading towards high yielding currencies, but as the U.S Federal Open Market Committee's October minutes were announced revealing that the economic slowdown is expected to last a year or more, investors turned back into the relative safety of the Dollar.

There is a plethora of data out this week which should provide traders with a clearer picture into the economic situation within the U.S. Monday sees the release of the Existing Home Sales Data, but most notable is Tuesday's release of U.S GDP, consumer confidence and personal consumption which serves as an excellent indicator for the future of the US economy. Also on Wednesday we have the University of Michigan Confidence survey results considered as one of the foremost indicators of U.S consumer sentiment. It remains to be seen whether this data will help or hinder the American economy.

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