

AUD ground on the Aussie Dollar

Wednesday, 26 November 2008

Last week saw the Pound finally beginning to regain some ground on the Aussie Dollar. Despite starting the week at 2.27, the cross gradually moved up throughout the week, hitting 2.40 on Friday. This was caused by increased risk aversion from hedge fund managers, and a slight stabilisation in Sterling, which held firm against most majors amid rumours of large cuts in the UK taxation system to provide relief to the British economy.

Over the next week, we see few significant data releases from Australia, meaning we will see a clean float for the AUD, and the direction of the cross will be dictated primarily by investor sentiment. If the UK government's rescue plan is welcomed by the markets, we can expect to see another week of significant gains against the Aussie Dollar.