

AUD New Home sales

Wednesday, 07 January 2009

After a week of relatively quietness in the money markets, mostly due to the festive season, trading resumes in full force this week.

Sterling had a rather volatile time last week, with illiquid market conditions fuelling shocking moves against a basket of major currencies. A stream of disappointing data out of the UK is leaving Sterling in a depressed state, and further economic releases due this week, such as PMI services on Tuesday, Consumer Confidence report on Wednesday and BoE rate decision on Thursday are likely to exacerbate the woes. The PMI reading is predicted to show a contraction in key services sectors, prompting many investors to call for an aggressive rate cut by the BoE, as much as 50bps, although many analysts and traders may have already priced in a more aggressive easing from the Central Bank.

Economic data out of Australia this week is a somewhat bare, but with retail sales figures out on Wednesday together with New Home sales, it's rather likely that we're going to see more disappointing figures. New vehicle sales also showed a drop of 18% on the year.

For those looking to buy Australian Dollars, it's worth considering buying Forward to secure a competitive rate, as we are likely to see Sterling drop further ahead of the BoE rate decision.

There are many options available to maximize your return, however, given the volatility of the markets, it is crucial that you contact your account manager at FCG and secure the best possible rate.