

AUD mixed results

Tuesday, 13 January 2009

Last week saw Sterling rally against most major currencies including the Australian Dollar and in contrast to the Pound, data from the Australian market was thin on the ground yet having mixed results. November retail sales showed positive growth, yet analysts cited fast-falling utility and fuel prices as a major driver of retail gains - leaving little hope for sustained improvement. Whilst relatively positive data was out, the latest trade surplus and number of building approvals were lower.

The fast deterioration of the global economy continues to threaten demand for Australian exports. As this demand falls Australian export industries, and by extension the currency, are likely to feel the effects.

Data out is fairly light this week, Wednesday provides Australian home loans for December which is an important indicator on activity in the housing market. Thursday's unemployment data for December is forecasted to increase which could lead to the RBA seeking further rate cuts in the future. Otherwise, investor's attitude to global risk sentiment is likely to dictate the movement of the Aussie Dollar.