

## AUD strong against Sterling

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Despite losing some ground over the last week the Australian Dollar remains relatively strong against Sterling at the moment. This is primarily down to the comparative performance of the two economies.

Although the Australian economy has also been hurt by the global crisis, it still isn't in recession. In the third quarter, there was still some growth down under, a far more positive position than here in the UK, where quarter on quarter the economy is contracting, with some articles speculating that we may see the economy contract by as much as 3% over the course of 2009.

Analysts suggest that the remote location of Australia, and the various resources it has, mean that it will be hurt much less by the global crisis than other major economies. Even the level of unemployment in Australia is relatively low at just 4.4%, compared with almost 2% more in the UK.

Furthermore although Interest Rates have gone down in Australia, it's still quite high 4.25%, and the pace of interest rate cuts has been very moderate, whereas, in Britain, and elsewhere, cuts have been sharp.

All things considered the Sterling slide against the Aussie looks likely to continue.

Speak with your account manager at FCG to find out more about the options available to protect yourself from negative market movement.