

## AUD GBP/AUD rate trading at highs

Saturday, 14 March 2009

The Australian Dollar was subjected to volatile trading conditions last week, with the GBP/AUD rate trading at highs above 2.25 on Monday and lows below 2.17 on Wednesday. The Australian Dollar gained ground following the Reserve Bank of Australia's decision to leave interest rates unchanged at 3.25%, and a much better than expected export performance in Q4 of 2008. However, these gains were reversed after data revealing GDP unexpectedly fell by 0.5% over the same period, as the economy contracted for the first time in eight years.

The GBP/AUD closed on Friday at 2.1991, down 1.80% from 2.2395 a week earlier, benefiting those converting Australian Dollars into Sterling.

February's employment report on Thursday is potentially the most market sensitive release this week, although global stockmarket performances and commodity price performance are likely to influence Australian Dollar direction.

### Key Data Releases This Week

10/03/09

- UK - BRC Retails Sales and RICS House Price Balance
- DE - CPI (Consumer Price Index) and Trade Balance

11/03/09

- UK - Goods Trade Balance
- US - Monthly Budget Statement
- NZ - RBNZ Interest Rate Decision

12/03/09

- SS – SNB Interest Rate Decision
- US – Jobless Claims and Retail Sales
- NZ – Retails Sales
- EU – ECB Report

13/03/09

- US – Trade Balance
- SS – PPI – (Producer Price Index)

In a relatively quiet week for economic data much focus will be placed on the performance of financial institutions around the world, notably we are likely to see some Sterling weakness following the announcement that the government has increased its stake in Lloyds to almost 65%.

Elsewhere those looking to buy either NZD or CHF would be wise to keep a close eye on the Interest Rate decisions out on Wednesday and Thursday respectively. While analysts widely expect a cut from the RBNZ, the outcome of the meeting in Switzerland is far more difficult to predict. Interest Rates in Switzerland currently mirror that of the UK with the base rate sitting at just 0.5% and the outcome of the meeting could give an indication to investors as to the next possible move from the BOE.

Those with a \$ or € requirement will be more concerned with data released towards the end of the week with the ECB report on Thursday and the US Trade Balance on Friday likely to provide the most volatility.

If you have any questions regarding these data releases or how they could affect your currency purchase, please contact your EMYC Account Manager.