

Friday 9th May

Euro rebounded slightly from falls over the past 2 days as a hawkish tone was trotted out by Jean-Claude Trichet and the ECB after their interest rate hold yesterday. Rates will stay at 4% for another month although thoughts that given the Eurozone's poor run of data releases in recent weeks a cut may be in order soon still lingers. In other words, Trichet will not be putting his anti-inflation soapbox away for the near future.

Mervyn King and the Bank of England also left interest rates on hold yesterday. There was never really any doubt however sterling weakened as markets priced in the next cut as only a matter of time.

US initial jobless claims improved yesterday, as we predicted, still riding the wave from last week's non-farms payroll figures. Although there was only a small improvement (365k vs. 370k expectation) markets are giddy on a potential end to problems stateside and dollar is all to happy to benefit.

Oil also continues to rise unabated; WTI crude closed yesterday at \$124.21 a barrel, a new record.

Have a good weekend.

Today's Data

Germany: 07.00 Wholesale Prices

Expected: 0.3%

Previous: 1.6%

Actual: 0.6%

France: 07.45 Manufacturing Production

Expected: -0.5%

Previous: 0.3%

US: 13.30 Trade Balance

Expected: -\$61.0bn

Previous: -\$62.3bn

Indicative Rates

	Sell	Buy
GBPEUR	1.2636	1.2661
GBPUSD	1.9530	1.9555
EURUSD	1.5438	1.5462
GBPJPY	200.97	203.06
GBPAUD	2.0732	2.0880
GBPNZD	2.5212	2.5265
GBPCAD	1.9778	1.9831
GBPZAR	14.85	14.87
USDZAR	7.59	7.63
GBPPLN	4.2958	4.3138

Rates are dependent on amount transacted

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