

### ***Sterling / Euro***

**The pound remained range-bound in choppy trading yesterday, to finish the day marginally down against the euro at 1.1057.**

- With little economic data released yesterday, sterling took its direction from speculation about Alistair Darling's pre-budget report, due tomorrow.
- Investors are hesitant to take up sterling positions ahead of the report, which is expected to include a one-off windfall tax levied against UK banks and a new higher-tax rate for high earners.
- Halifax House Prices, UK Industrial Production and Manufacturing Production figures are all due from the UK this morning, although these releases are likely to be side-lined somewhat as investors await Alistair Darling's report..

### ***Sterling / US Dollar***

**After posting strong gains against sterling on Friday, the US dollar gained almost a cent yesterday to finish at \$1.6395.**

- The US dollar continued to rise on the back of better-than-expected employment figures from Friday.
- Also contributing to the dollar's rise is a further fall in some Dubai stocks, as worries persist about Dubai World's ability to restructure its debt.
- US Fed Chairman Ben Bernanke reiterated ultra-low interest rates would persist for an extended period, however this did not dampen demand for the US dollar.

### ***Euro / US Dollar***

**After suffering significant losses against the US dollar on Friday, the euro remained under pressure against the greenback yesterday, although it finished the day only marginally down at 1.4823.**

- The US dollar posted strong gains against the single currency on Friday, following better-than-expected non-farm payrolls data from the US.
- The employment figures revealed that the US unemployment rate has unexpectedly improved to 10% from 10.2%.
- The euro failed to recover its losses yesterday, falling to a 1-month low against the dollar before recovering to finish only marginally down on the day.
- Industrial Production figures are due from Germany this morning, while in the US ABC Consumer Confidence figures will be released this evening.

## ***Rest of the World***

### *Australian Dollar*

**The pound remained range-bound against the Australian dollar yesterday, falling by around half a cent to finish at 1.7957.**

- Sterling is slightly lower against the AUD this morning, with Australian Business confidence rising to its highest level in more than 7 years.
- Australian Current Account Deficit measured at AUD16.2 Billion for the September quarter, less than predictions of AUD16.7 Billion.
- The market is now looking to the Australian Unemployment Rate, due out on Thursday.

### *New Zealand Dollar*

**The pound traded within a narrow range against the New Zealand dollar yesterday, finishing very slightly up at 2.3013.**

- Sterling is trading at similar levels to that of yesterday, with the market holding positions before the RBNZ Interest Rate decision tomorrow.
- The forecast is for rates to remain on hold, however market analysts will look to the Monetary Policy Statement and Press Conference for timing of future rate increases.

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