



[Times for Market News International stories are ET]

06:39 12/04 **LIBOR**: Euro 1-month LIBOR fixing highest since April 2001

- 3-month LIBOR fixing highest since Dec2000
- Sterling 1-month now 100bps above bank rate

08:42 12/04 **EURIBOR OPTIONS**: Traders report flows in option market skewed towards liquidation of longs in the reds and buyers of the front contracts, ahead of the ECB rate decision on Thursday.

- Paper bought 10k Dec 07 95.125 puts at 2
- Paper bought 5k Dec 07 95.25/95.125 put spread at 7.5-7
- Paper bought 3.25k Mar 08 95.75/95.875/96.00 call fly at 1
- Paper bought 2.5k Sept 08 96.125/96.25 call spread at 3.5
- Paper sold 500 Dec 08 96.00/96.50/97.00 call fly at 9
- Paper bought 1.75k Dec 08 96.50/97.00/97.50 call fly at 4
- Paper sold 4k Dec 08 96.50/97.00 call spread at 6
- Paper bought 5k Sept 09 96.50 call vs Sept 09 95.97.

08:51 12/04 **SHORT-STERLING OPTIONS**: Traders report following key option trades today:

- Paper bought 5k Dec 07 93.625/93.50 put spread at 7.5
- Paper sold 27.5k Mar 08 94.125/94.625 call spread at 12.5
- Paper sold 10k June 08 94.00 puts at 6.5
- Paper sold 5k June 08 93.875/95.00 call spread at 4.

07:44 12/04 **BUNDS**: Dec Bunds pushing higher as European equity courses hit fresh session lows. Risk-aversion buying was seen after the BBA Libor daily fixings, when the euro one-month rate rose to 4.84875% the highest since April 2001 and the sterling one-month Libor was fixed at nine-year high of 6.714875%. Dec Bunds trade up 30 ticks at 115.08.

06:48 12/04 **EUROZONE**: Reported comments from eurozone officials Tuesday,

- ** ECB NOYER: Financial turmoil has created macro economic uncertainties.
- We are facing a huge shock in financial markets
- Financial losses don't seem to pose major risks
- EMU confidence eroding from very high levels
- Recent turbulence partly reversed Sep-Oct improvement
- Tighter credit terms might be desirable
- but credit crunch could be very damaging
- Cenbank action on turmoil must not threaten price stability
- ECB has said it needs more data for monetary policy decision
- ** ECB GARGANAS: Market turmoil will ease gradually as bank balance sheet transparency improves
- ECB liquidity injections don't fix problems, but help restore normality. Normal conditions for loans past overnight maturity on money markets have not returned yet.

- 03:12 12/04 NOYER: CBANK ACTION ON TURMOIL MUST NOT THREATEN PRICE STAB.
- 03:09 12/04 NOYER: BUT CREDIT CRUNCH COULD BE VERY DAMAGING
- 03:09 12/04 NOYER: TIGHTER CREDIT TERMS MIGHT BE DESIRABLE
- 03:08 12/04 NOYER: NO SIGN OF CAPITAL SHORTAGES IN FRANCE
- 03:08 12/04 NOYER: CREDIT HAS ALREADY BECOME TIGHTER DUE TO MKT TURMOIL
- 03:08 12/04 NOYER: RECENT TURBULENCE PARTLY REVERSED SEP-OCT IMPROVEMENT
- 03:07 12/04 NOYER: FALLOUT TO DEPEND ON FUTURE CREDIT MARKET TRENDS
- 03:07 12/04 NOYER: DECOUPLING OF EUROZONE FROM U.S. IS IN DOUBT
- 03:07 12/04 NOYER: EMU CONFIDENCE ERODING FROM VERY HIGH LEVELS
- 03:01 12/04 NOYER: FINANCIAL LOSSES DON'T SEEM TO POSE MAJOR RISK
- 03:00 12/04 NOYER: WE ARE FACING HUGE SHOCK IN FINANCIAL MARKETS
- 03:00 12/04 ECB'S NOYER: FINANCIAL TURMOIL HAS CREATED MACRO UNCERTAINTIES

[Thanks Howard]

06:54 12/04 **JAPAN**: Reported comments from Japanese officials Tuesday,

- ** NUKAGA: Speaking earlier Tuesday, Japanese FinMin Fukushima Nukaga for an extra budget to be compiled for the current fiscal year, highlighting the nation's continued fiscal-reform efforts. (Nikkei)
- ** OTA: Economic Minister Hiroko Ota said,
- Looking into steps to alleviate pain of high oil prices, especially on small/medium sized firms.

08:04 12/04 **JGB RECAP**: Prices ended higher as softer stocks, higher US Tsys and ongoing credit fears underpinned the market. The front-end of the JGB curve flattened into 10Y but steepened in the longer-end. New money was said to be put to work across the curve with some selling of 5Y to make room for the auctioned 10Y. Good buying of 3-, 4- and 10-yrs was noted. A life insurer was said to take down as much as Y1T of the 10Y offering, which was quite a shock and resulted in short covering.