MarketNews international

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06:49 12/13 **LIBOR FIXINGS**: Euro 1-mth Libor fixed at 4.93500% vs 4.94500% Wednesday
-- Euro 2-mth Libor fixed at 4.94938% vs 4.95125% Wednesday
-- Euro 3-mth Libor fixed at 4.94938% vs 4.95250% Wednesday
-- Stg 1-mth Libor fixed at 6.60375% vs 6.74625% Wednesday
-- Stg 3-mth Libor fixed at 6.51375% vs 6.62688% Wednesday
-- Dollar 3-mth Libor fixed at 4.99063% vs 5.05750% Wednesday.

06:52 12/13 **GILT SUMMARY**: Gilts are higher and outperformed Bunds as the 10-year Gilt/Bund yield spread narrowed to +51 bps vs +53 bps Wednesday. The move comes following UK Royal Institute of Chartered Surveyors (RICS) report overnight showed the balance of property surveyors expecting house prices to fall came in at -47 in Novemeber vs -35.3 in October -- the most negative house price balance since May 2005. The report adds to the growing evidence of slowdown in the UK housing market and strengthens case for further cuts from the Bank of England in 2008. The Gilt 10-/30-year yield spread extended its flattening move on back of ALM receiving interest ahead of year-end and also speculation in the market that the DMO may cut long-dated issuance given the inevitability of a cut in Gilt sales in FY2008/09. The Gilt 2-/10-year yield spread was 1.1 bps flatter at +5.4 bps, whilst the 10-/30-year yield spread was 0.9 bps flatter at -24.3 bps. Mar Gilts are up 31 ticks at 108.30.

06:37 12/13 **BUND SUMMARY**: Bunds opened higher, in response to reversal lower in Asian stocks, amid scepticism over the coordinated central bank year-end special funding plans announced the previous session. In a co-ordinated attempt, the Fed, ECB, BoE, BoC and the SNB on Wednesday announced measures designed to address elevated pressures in short-term funding markets. Whilst this initial announcement by central banks was seen as global concerted effort in inject confidence and to ease funding tensions at the year's end, some in the markets are sceptical about the effectiveness of the operatations. The concerted efforts announced are seen as a short-term fix by allowing struggling banks to borrow their way out of trouble, which in turn is seen increasing nervousness and may discourage further lending between banks. However, Bunds came off their highest levels following disappointing auction results of the 4.00% Jan 2010 BONO issue, where E1.462bln as sold at an ave yield of 4.031% and covered 1.6 times. Attention now turns to the daily BBA Libor fixings.

06:54 12/13 **JAPAN:** Reported comments from Japanese officials Thursday,
** BOJ IWATA: Bank of Japan Deputy Governor Kazumasa Iwata repeated Thursday the central bank's recent view that the impact of the US subprime mortgage crisis on Japanese banks will remain limited. As the drag from the subprime lending and debt problems in overseas markets has turned more serious, "its impact on the Japanese financial system is gradually becoming more wide-spread than initially projected," Iwata told a conference.
** TSUDA: Vice Finance Minister Hiroki Tsuda said,
- Hopes to take steps as needed with eye on economy, market moves.

06:59 12/13 **JAPAN:** Data released in Japan Thursday,
** Oct revised industrial output +1.7% m/m (prelim +1.6%)
- Oct capacity utilisation index +1.5% m/m
** MOF : Capital flows for the week ended Dec. 8,
* Japanese investors:
-- Bought net Y176.4 bln in foreign equities
-- Sold net Y186.1 bln in foreign bonds
-- Sold net Y88.2 bln in foreign money market instruments
-- Resulting in a net sale of Y97.9 bln.
* Foreign investors:
-- Sold net Y53.8 bln in Japanese equities
-- Sold net Y661.7 bln in Japanese bonds
-- Bought net Y1.1134 trln in Japanese money market instruments
-- Resulting in a net purchase of Y397.9 bln.