



[Times for Market News International stories are ET]

06:59 12/14 **LIBOR FIXINGS:** Euro 1-mth Libor fixed at 4.93375% vs 4.93500% Thursday

- Dollar 2-week Libor fixed at 5.10500% vs 4.3800% Thursday
- Dollar 3-mth Libor fixed at 4.96625% vs 4.99063% Thursday.
- Euro 2-week Libor fixed at 4.95000% vs 4.13938% Thursday
- Euro 2-mth Libor fixed at 4.94563% vs 4.94938% Thursday
- Euro 3-mth Libor fixed at 4.94688X% vs 4.94938% Thursday
- Stg 2-week Libor fixed at 4.74500% vs 5.77500% Thursday.
- Stg 1-mth Libor fixed at 6.59250% vs 6.60375% Thursday
- Stg 3-mth Libor fixed at 6.49625% vs 6.51375% Thursday

07:05 12/14 **UK:** Reported comments from UK officials Friday,

- \*\* **BOE LOMAX:** Cenbank liquidity action well received in money markets
  - Hopes cenbank action will help confidence in money markets
  - Focus on trying to get N.Rock solution right
  - Cenbank action was aimed at money markets, not stock markets
  - MPC takes account of financial markets in setting rates
  - BOE can't solve money market problems 'at a stroke'
  - UK inflation has come down
  - Economy 'not as bad as sometimes painted'
  - MPC has factored 2008 mortgage resettings into forecasts (BBC radio)
- \*\* **BOE BARKER:** Public confidence in monpol remains pretty strong
  - UK economy not moving back to high inflation
  - There are concerns on inflation and growth fronts
  - Refuses to speculate on future rate moves
  - Weaker sterling good for UK manufacturers

07:31 12/14 **BUND SUMMARY:** Bunds opened lower, taking direction from weaker Japanese Government Bond's (JGBs) overnight on the back of profit-taking ahead of the weekend. JGBs were also unable to find support from the weaker Bank of Japan "Tankan" Survey and also fall in Nikkei-225 overnight. The short-dated issues underperformed following release of upwardly revised eurozone HICP to 3.1% in November vs 3.0% flash estimate and up from 2.6% in October. In addition, the outcome was above MNI's median forecast of +3.0% y/y and matches the highest-ever outcome (seen in May 2001) since the start of monetary union in 1999. Bunds were also weighed by the firmer open on European equity bourses, but the long-dated issues were underpinned once stock markets reversed these gains. In addition, London Interbank Offered Rates at the two-week maturities were fixed sharply higher in both euro and dollar, which hit six and a half year highs Friday amid market scepticism over the coordinated central bank liquidity plans on Wednesday.

07:36 12/14 **GILT SUMMARY:** Gilts are also lower in line with Bunds, amid dearth of domestic data releases. The long-dated Gilts continued to outperform, with 10-/30-year yield spread extending 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. Instead, The DMO is seen responding to market opinion about liquidity concerns in the short-dated part of the curve. The Gilt 10-/30-year yield spread is now 1.3 bps flatter at -25.9 bps -- having flattened around 8 bps since the DMO annual consultation meeting with GEMMs, end-investors and the UK's Economic Secretary on Tuesday. The Gilt 2-/10-year yield spread was 0.5 bps steeper at +4.8 bps. Mar Gilts are down 14 ticks at 108.12.

06:59 12/14 **JAPAN:** Data released in Japan Friday,

- \*\* **The Tankan DI** for large manufacturing firms fell from 23 to 19 in the last quarter, the BOJ said Friday. That is the lowest measure of business confidence since the Sept 05 quarter survey, and worse than expected. The consensus was for a slight erosion in confidence to 21. The DI for large non manufacturing firms deteriorated from 20 to 16, though that was slightly better than the consensus of 15. Still business confidence is at the lowest in two years. Small tertiary firms also registered a fall in confidence (-12 vs -10), though the deterioration was not as great as for larger firms, while small manufacturers are faring slightly better than three months ago. The DI for small manufacturers rose from 1 to 2.

06:56 12/14 **JAPAN:** Reported comments from Japanese officials Friday,

- \*\* **OTA:** Economy Minister Hiroki Ota said,
  - Recovery trend intact.
  - Tankan worse on high oil, commodity prices, strong yen
- \*\* **NUKAGA:** Finance Minister Nukaga said,
  - Corporate profits, sales strong. CAPEX steady
- \*\* **FITCH/JAPAN:** International rating agency Fitch ratings reaffirmed Japan's AA long-term foreign currency and AA- (AA minus) local currency ratings Friday, maintaining the outlook at stable.