



[Times for Market News International stories are ET]

07:01 12/17 **LIBOR FIXINGS:** Euro 1-mth Libor fixed at 4.92375% vs 4.93375% Friday

-- Euro 2-mth Libor fixed at 4.94813% vs 4.94563% Friday

-- Euro 3-mth Libor fixed at 4.94688% vs 4.94688% Friday

-- Stg 1-mth Libor fixed at 6.54125% vs 6.59250% Friday

-- Stg 3-mth Libor fixed at 6.43125% vs 6.49625% Friday

-- Dollar 3-mth Libor fixed at 4.94125% vs 4.96625% Friday.

06:54 12/17 **GILT SUMMARY:** Gilts are also higher in line with Bunds, in the wake of the Rightmove survey overnight, which reported house prices fell by 3.2% in December, following a 0.7% drop in November. This was the largest fall on the month since the Rightmove survey began in January 2002. The annual rate of increase also eased sharply to 4.8% from 7.9% in November. This was the lowest annual rise since April 2006. Also underpinning Gilts was the Bank of England's latest Quarterly Bulletin, which noted that the impact of higher energy prices on inflation appears to be less this time around than in the past. The report also suggests the UK economy is better placed to absorb the elevated oil and gas prices than it was when similar episodes occurred, such as in the 1970s. The Gilt 2-/10-year yield spread was 0.9 bps flatter at +2.6 bps, whilst the 10-/30-year yield spread was 0.4 bps steeper at -26.1 bps. Mar Gilts are up 14 ticks at 108.16.

06:44 12/17 **BUND SUMMARY:** Bunds opened higher on risk-aversion buying following the sharp losses on Asian bourses overnight. The Nikkei-225 closed down 265pts (-1.71%) and the benchmark Shanghai Composite Index closed down 131.15 points or 2.62% at 4,876.76, extending a 1.65% drop in the previous week. Bunds extended gains as European equity bourses came under pressure, exaggerated by thin volume conditions. Prices were also underpinned by weak flash eurozone PMI data, where the service sector fell to 53.2 in December vs 54.1 in November and the manufacturing PMI fell to 52.5 in December vs 52.8 in November. However, prices eased off session highs after the the European Central Bank allotted E36.61 billion in 2-day liquidity-absorbing refinancing agreements at a fixed rate of 4.00%. The total was somewhat short of the ECB's goal of absorbing up to E40 billion. Focus turns to the first "Term Auction Facility" TAF auction today of \$20.0 billion. Ahead of this daily LIBOR fixings are eyed.

02:01 12/17 **JGB SUMMARY:** jgbS ended little changed, despite a sharp fall in stocks. Market gains were capped ahead of the auction on Tuesday of new 20-year JGBs as well as ahead of the BoJ interest rate announcement on Thursday. The 10-year yield ended higher by just 0.5bps at 1.555%. Japanese shares closed sharply lower, following the losses on Wall Street Friday on worries that accelerating inflation may limit the Federal Reserve's options for buoying up the US economy. Selling was limited in the morning session as investors sought bargains among exporters after the main index fell more than 530 points over the previous three sessions. But in late trading the key index extended its losses, with investors disheartened by the softness of other Asian stock markets and a rebound in the yen.

-- Benchmark 5-year yield was 0.5 bps lower at 1.065%

-- Benchmark 20-year yield was unchanged at 2.155%.

-- Benchmark 30-year yield was unchanged at 2.385%.

06:58 12/17 **JAPAN:** Data released in Japan Monday,

\*\* October tertiary industry activity index rose 1.1% m/m after a revised 1.8% fall in September, led by gains in information and communications, wholesale and retail trade, finance and insurance, services, and real estate, METI data showed.

\*\* October average wage has been revised down to -0.1% year on year from being unchanged, after -0.6% y/y in September, while the October average overtime pay posted +1.3% y/y, unchanged from both the initial estimate and the September figure, government data showed.

\*\* Japan's index of leading economic indicators for October in revised data was at 18.2, down from the initial estimate of 20.0, staying below the key 50 level for the third consecutive month, the Cabinet Office said Monday.