

27/06/2007	17:03	EURO	chg	USA	chg	UK	chg
<b>Futures</b>	<b>Bond</b>	111.02	0.43	107.25	0.47	104.10	0.36
	<b>STIR</b>	95.65	0.00	94.75	0.03	93.77	0.02
<b>Cash</b>	<b>3mth</b>	4.16	0.00	5.36	0.00	5.96	0.01
	<b>2yr</b>	4.41	-0.02	4.85	-0.02	5.72	-0.04
	<b>5yr</b>	4.49	-0.05	4.93	-0.03	5.65	-0.05
	<b>10yr</b>	4.55	-0.05	5.06	-0.03	5.42	-0.05
	<b>30yr</b>	4.67	-0.05	5.18	-0.02	4.82	-0.03
	<b>10yr-2yr</b>	0.13	-0.03	0.20	-0.01	-0.30	-0.01
<b>Spreads vs euro</b>	<b>2yr</b>	--	--	0.50	0.01	1.39	-0.01
	<b>10yr</b>	--	--	0.57	0.03	0.95	0.01
<b>FX</b>	<b>USD</b>	1.343	-0.002	--	--	1.996	-0.003
	<b>EUR</b>	--	--	--	--	0.673	0.000
	<b>YEN</b>	164.59	-1.13	122.53	-0.67	244.63	-1.66
<b>Equities</b>		4412.1	-0.6%	1493.2	0.1%	6527.6	%

## Headlines

EGBs higher on subprime loan market jitters and equity market losses

June French Business Confidence: 110

ECBs Weber: ECB tightening has not yet come to an end

### Euro Mkt Summary: EGBs Track USTs Higher On Aversion Buying by Charanjeev Chana

EGBs tracked USTs higher on Wednesday afternoon, underpinned by ongoing jitters over the subprime loan market and equity market losses. EGBs had opened stronger on the back of gains in Treasury's during Asian trade. Technical stop loss buying also lifted EGBs. This meant that stronger than expected French business sentiment for June as well as hawkish comments from Wellink failed to weigh on sentiment, despite Wellink saying that it was likely the ECB would raise interest rates again. A further boost to EGBs came from the release of weaker than expected US durable goods orders for May.

Thursday sees the release of a plethora of Eurozone data including German state CPI for June and EMU M3 for May. However, the main focus will be on the US, with the FOMC interest rate decision due later in the day where interest rates are expected to remain at 5.25%.

Gilts tracked EGBs higher on Wednesday afternoon, with the belly of the curve outperforming. Gilts shrugged off hawkish overnight comments from Bank of England MPC member John Gieve who said that he was not convinced that interest rates were high enough to bring credit growth and nominal demand back to their long-term sustainable path. UK data was mixed but made little impact following the release of strong BBA loans for house purchases and soft CBI June Distributive Trades report.

All eyes on Thursday in the UK will focus on the seven Bank of England MPC members, including the Governor, who testify to the Treasury Select Committee.