



[Times for Market News International stories are ET]

06:58 11/09 **LIBOR FIXINGS:** Euro 3-mth Libor fixed at 4.57875% vs 4.57750% Thursday

-- Stg 3-mth Libor fixed at 6.27938% vs 6.26875% Thursday
 -- Dollar 3-mth Libor fixed at 4.87938% vs 4.88688% Thursday.

07:08 11/09 **GILT SUMMARY:** Gilts are higher in line with European Government bonds, with the short-dated Gilts leading the charge on safe-haven buying. Market rumours of further writedowns related to subprime exposure, with latest unsubstantiated talk that Barclays is due to make an announcement of a double-digit writedown in sterling. The Gilt 2-/10-year yield spread was 1.0 bps steeper at -14.9 bps, whilst the 10-/30-year yield spread was 1.6 bps steeper at -29.6 bps. Dec Gilts are up 38 ticks at 108.87.

07:05 11/09 **UK: Data** released in the UK Friday,

** Sep Global Goods Trade Deficit Stg7.754 bln Vs Stg6.948 bln Aug
 - Sep Non-EU Goods Trade Deficit Stg4.711 bln Vs Stg3.953 bln
 - Sep Global Goods Trade Gap Hits New Record High
 - Sep Total Trade Deficit Stg5.051 bln Vs Stg4.218 bln Aug
 - Sep Global Trade Gap Ex-Oil/Erratics Stg6.945 bln Vs Stg6.110 bln

07:02 11/09 **BUND SUMMARY:** Bunds opened higher, with short-dated issues outperforming on continued risk-aversion bid. Market rumours of further writedowns related to subprime exposure underpinned the bid in the short-dated issues along with a report by S&P ratings agency that it has downgraded CDO managed by State Street Corp. as much as 18 notches. Prices extended gains on further safe-haven buying as carry trades were unwound. Traders said that the carry trade unwinds reflects the jittery financial conditions. Traders reported decent size buying in German 2-year Schatz this morning from UK real money accounts. Elsewhere, Bunds were underpinned by comments from ECB President Jean-Claude Trichet at Thursday's press conference, where markets focused on his comments about the current "hump" in inflation, while more intense than expected, should be "transitory" and ease next year. This "hump" reference was seen as dovish as Trichet seemed to open up the possibility that further policy tightening might not be needed. Bund curve is steeper on session.

07:03 11/09 **FX:** Risk aversion hit dollar-yen and the yen crosses on Friday morning, persistent fears over the ongoing credit market fallout seeing a move back into the yen, with the move given added weight as oil gave back some of its recent gains. Hedge funds sold dollar-yen on the break of this week's base, with rate then shedding another 100-points down to Y110.95. Euro-yen also lurched lower on the break of this week's base at Y164.10, sliding under Y163.00 late in the morning session. The greenback was also weak versus the euro, trading at fresh lows at \$1.4753, though this move was given back toward the end of the morning, euro-dollar trading around \$1.4680 at time of writing. Cable followed euro-dollar's lead, initially posting 26-year highs above \$2.1160, ending the morning some 170 points lower at \$2.0980.

07:41 11/09 **JGB RECAP:** Prices closed higher after Nikkei reported Mizuho could be booking some Y100B in subprime losses, which may postpone its merger with Shinko Securities. Fear there is that Mizuho is not the lone Japanese bank with such losses. Flows had some extending from 5Y into 20Y in early trade followed by selling in cash to move into FRN's. The swaps curve steepened amid long-end unwinds. Some dealers also mention that domestic accts are looking to put on bearish trades as JGBZ approaches 137.