



[Times for Market News International stories are ET]

06:35 11/14 **LIBOR FIXINGS:** Stg 3-mth Libor fixed at 6.29875% vs 6.28813% Tuesday -- Highest fix since September 28.

07:06 11/14 **GILT SUMMARY:** UK Gilts are higher, amid short-covering in the wake of the Bank of England Quarterly Inflation Report, which was seen as dovish. The BoE said that inflation will hit its two per cent target in two years time, but only if the Bank of England cuts interest rates. The BOE's central forecast implies the Bank will have to make at least two 25bps cuts in the next year or so, and probably a third in the next two years, to hit target. The report also noted that overall risks to growth are to the downside. Gilts paid little attention to UK labour market report, which showed that claimant count unemployment fell by 9,900 in Sept, once again outstripping the median forecast for a drop of 6,000. Headline average earnings growth rose to 4.1%, higher than the 4% forecast, and the highest since March 2007. Excluding bonuses, earnings growth remained stable at 3.7%. The Gilt 2-/10-year yield spread was 1.6 bps steeper at -8.8 bps, whilst the 10-/30-year yield spread was 0.8 bps steeper at -28.0 bps. Dec Gilts are up 10 ticks at 108.92.

07:01 11/14 **BUND SUMMARY:** European bond prices are lower on Wednesday, but above their worst levels following short-covering in UK Gilts in the wake of the dovish Bank of England Quarterly Inflation Report. Volumes were reported to be above average, with long-dated issues outperforming at the expense of shorter maturities, in turn flattening the Bund yield curve. Bunds opened sharply lower following a sharp rebound in global stocks and re-emergence of FX carry trades. Dec Bunds hit fresh session low at 113.80 despite eurozone Q3 flash GDP data coming in as expected at +0.7% q/q, +2.6% y/y. Prices were also weighed ahead of supply from Italy and Germany. Germany allotted E5.98bln of the new 4.00% Jan 2018 Bund issue at ave yield 4.19% and covered 2.0 times. Traders reported street demand for the new 4.00% Jan 2018 Bund issue following the concession this morning. Italy sold E2.5bln of the 4.25% Oct 2012 BTP issue at ave yield 4.14% and covered 1.53 times. Traders also reported real money accounts putting on 10-/30-year flattening trades.

05:56 11/14 **SHORT-STERLING:** Short-sterling has reversed morning losses in the wake of the Bank of England quarterly inflation report, which said that inflation will hit its two per cent target in two years time, but only if the Bank of England cuts interest rates. The BOE's central forecast implies the Bank will have to make at least two 25bps cuts in the next year or so, and probably a third in the next two years, to hit target. The QIR also noted that overall risks to growth are to the downside. The report is seen as dovish, and supportive of further gains in back month. June and September 2008 contracts are outperforming, up 6 and 5 ticks respectively.

07:01 11/14 **FX:** A turnaround in risk sentiment in late NY and Asian trade fed into early European dealing on Wednesday morning, helping lift euro-dollar briefly back above \$1.4700. With European equity markets trading in positive territory, carry trades were in demand, dollar-yen pushing back up to Y111.55, though the move ran out of steam here, with rate ending the morning slipping back under Y111.00. It was a similar story for euro-yen, the cross initially triggering stops up to Y164.00 before an abrupt turnaround saw the cross ending the morning under Y163.00. Sterling made session highs just shy of \$2.0850 before slipping back sharply on the morning, losing nearly 200-points on the back of a dovishBOE inflation report, ending a turbulent few hours trading around \$2.0660.

01:50 11/14 **JGB UMMARY:** Japanese government bonds ended Wednesday's session lower across the board, snapping a five-session winning streak, as the sharp stock rally and overnight U.S. Treasury weakness weighed on sentiment. Prices opened lower in line with the US markets and slowly traded lower through the session. Real money names were sellers of the front of the curve, with leveraged names noted as sellers of the belly of the curve.
 -- Benchmark 10-year yield was 3.5 bps higher at 1.535%.
 -- Benchmark 5-year yield was 3.5 bps higher at 1.075%.
 -- Benchmark 20-year yield was 2.5 bps higher at 2.085%.
 -- Benchmark 30-year yield was 2.5 bps higher at 2.320%.
 -- Lead Sept JGB futures contract was down 0.41 at 136.51.