



[Times for Market News International stories are ET]

07:06 11/16 **LIBOR**: Dollar 3 month LIBOR fixed at 4.94875% vs 4.9050% Thurs
 - Dollar 3 month LIBOR is highest fix since Oct29
 - Dollar overnight LIBOR fixed at 4.74250% vs 4.95500% Thurs

07:03 11/16 **BUND SUMMARY**: European bond prices are higher on Friday, on risk-aversion buying as stocks fell and as worries of year-end funding pressure grew. The short-dated issues outperformed, in turn steepening the Bund yield curve. Bunds opened higher, amid return of the risk-aversion bid following weakness in stocks overnight and on renewed year-end funding concerns. Money market rates are being squeezed higher, amid fears that over \$1.0 trillion worth of funds need to be rolled over into year-end, according to traders. Money market rates also driven higher on speculation that another bank has covertly borrowed from the Bank of England. Latest figures from the Bank suggest that Stg25.3 billion has been borrowed since Northern Rock secured its emergency credit line. So far, Rock have only declared that it has borrowed at least Stg20 billion. The BOE's aid is provided at a penalty rate, above the prevailing Bank Rate of 5.75%. The 2-/10-year yield spread at +28bp vs +25bp, whilst the 10-/30-year yield spread was at +33bp vs +31 bp.

06:23 11/16 **GILT SUMMARY**: Gilts are higher, with the short-dated issues leading the charge higher following a report by Nationwide building society that UK house price growth will slow to zero in 2008 from this year's current annual growth rate of close to 10%. Nationwide said that slowing economic growth, tighter credit conditions and stretched affordability would all help slow house price inflation. It said that expected cuts in interest rates and tight supply would be unable to prevent a slowdown in the market. Elsewhere, December short-sterling contract traded lower on renewed year-end funding concerns. Traders attributed the move due to some banks choosing to do their year-end funding early for the turn of year, rather than wait and have exposure to a potential cut from the Bank of England in December. Dec short-sterling is down 9 ticks at 93.670, and March 2008 contract is up 5 ticks at 94.300. The Gilt 2-/10-year yield spread was 1.1 bps steeper at -4.1 bps, whilst the 10-/30-year yield spread was 2.4 bps steeper at -23.5 bps.

06:56 11/16 **JAPAN**: Releases in Japan Friday,
 ** BOJ: Minutes of the Oct. 10-11 policy board meeting:
 - Many BOJ board members saw global mkts unstable overall
 - Many saw global econ uncertain on US slowdown risks
 - A few said Japan wage growth weak at smaller firms
 - A few said firms' capacity to absorb costs near limit

06:53 11/16 **JAPAN**: Reported comments from Japanese officials,
 ** MUTO: BOJ Deputy Governor Toshiro Muto said, (Bbg)
 - Further US housing slowdown and market turmoil could hurt Japan's economy, making it difficult to decide when to raise interest rates.
 ** OTA: Economy Minister Hiroko Ota said,
 - Financial markets very uncertain, watching carefully impact on real economy
 - Watching how high yen and oil price movements impact domestic economy.
 ** SAKAKIBARA: Speaking on CNBC earlier Friday, Japan's former vice finance minister Eisuke Sakakibara said he thought it likely the yen would fall toward the Y100 level in the next month or so. He said this was a normal occurrence as yen carry trades are unwound. Sakakibara, formerly known as "Mr Yen" added a fall to Y100 was not a concern, although a fall toward Y80 would be.

08:03 11/16 **JGB RECAP**: Prices closed higher following Thursday's sharp Tsy rally and lower stocks amid ongoing credit concerns. Regional and city banks were reportedly outright sellers of JGB's, switching out of the 5-7Y sectors into short paper as well as 10Y and longer-dated coupons. Domestic accts took some profits on 7Y while levered money hinted that they were turning more bullish on JGB's. Wider swap spds also seen as Libor pushed higher while in Linkers there was some domestic selling reported.