



[Times for Market News International stories are ET]

07:21 11/29 **BUND SUMMARY:** Bunds opened lower following weak close in US Treasuries towards the Chicago close amid strong gain on Wall Street stocks. Bunds continued to ease lower as risk-aversion trades were unwound following opening gains in European equity bourses. In addition, prices were weighed by German employment data, which rose a seasonally adjusted 33,000 in October to 39.791 million, according to the Federal Statistical Office, citing International Labor Organization (ILO) data. Unemployment fell by a seasonally adjusted 5,000 in October. The number of unemployed thus declined to 3.47 million in ILO terms. However, Bunds then squeezed higher on back of short-covering and safe-haven buying on market talk that a UK investment bank is due to report a \$12.0bln writedown. The yield on the 10-year Bund was down 3.7 bps at 4.08% -- having hit 4.13% earlier, which is the highest level since November 15. In supply news, Finland sold E1.0bln of the 4.25% Sept 2012 RFGB issue on Thursday at average yield 3.98%, covered 1.893 times.

07:11 11/29 **GILT SUMMARY:** Gilts are higher and outperforming on strong reinvestment flows due today as around fourteen Gilts go ex-dividend that pay coupon on December 7 for a total of Stg4.58bln. In addition, the coupon payments also triggers a significant lengthening of gilt indices, with the all-Gilt index extending 0.13-years and the +15-year bucket by 0.26 years. The short-dated issues led the charger higher following release of much stronger than expected fall in UK Nationwide house price index, which came in at -0.8% m/m, +6.9% y/y in November -- first monthly fall since Feb last year and their largest monthly fall since June 1995. In addition, UK mortgage approvals slumped in October, underscoring the rapid cooling in the housing market, while unsecured borrowing picked up. Overall, the MPC comments at today's Treasury Select Committee did very little to change market view on a rate cut, with the SONIA swap curve currently pricing in 50% chance of a 25bps rate cut at next week's BoE meeting. Dec Gilts are up 40 ticks at 109.68.

07:11 11/29 **UK: Data released** in the UK Thursday,

- ** Nationwide Nov house prices -0.8% m/m, +6.9% y/y
- UK house prices in November posted their first monthly fall since February last year and their largest monthly fall since June 1995.
- ** CBI Dist Trades: Nov Sales Vol Balance +13% Vs +10% Oct
- UK CBI: Dec Expected Sales Balance +11% Vs +15% In Nov
- UK CBI: Nov Vol Of Underlying Sales Balance +12% Vs +12% Oct
- UK CBI Quarterly Business Situation -1% Vs +9% In Aug
- UK CBI Quarterly Reported Avg. Selling Prices +42% Vs +16% In Aug
- UK CBI Quarterly Expected Selling Prices +37% Vs +12% In Aug
- ** BOE: Oct Mortgage Approvals Slump To Lowest Since Feb 2005
- BOE: UK Oct House Purchase Approvals 88,000 Vs 100,000 Sep
- UK Oct Net Mortgage Lending Up Stg7.327 Bln Vs Stg9.488 Bln Sep
- UK Oct Net Consumer Credit Up Stg1.439Bln Vs Stg1.322 Bln Sep
- UK Oct Consumer Credit Hits Highest Level Since Jan 2006

07:05 11/29 **UK: Reported comments** from UK officials Thursday,
**** BOE BLANCHFLOWER:** Setting rates will be a 'delicate balancing act'

- Think rates should come down now so we 'get ahead of the curve'
- Some evidence people taking on mortgages they cannot afford (Birmingham Post)

**** BOE KING:** Market expectations for rates have fallen

- Life has become more complicated for MPC
- Surveys suggest UK economy starting to slow
- Personal savings rate likely to rise
- Sees slowing in consumer spending
- Short term outlook is rather uncomfortable
- sees output slowing, inflation rising in near term
- Stands ready to take further measures in markets

06:57 11/29 **LIBOR FIXINGS:** Euro 1-mth Libor fixed at 4.80938% vs 4.16625% Wednesday
 -- Euro 1-mth Libor fixed at highest level since April 2001.

02:14 11/29 **JGBS SUMMARY:** Japanese government bonds ended Thursday's session mixed, reversing the trend seen Wednesday, as the longer-end of the curve outperformed. Traders said the overall weakness in the belly of the curve was on the back of sharply higher stocks. Traders said month-end duration demand from life and pension funds helped underpin the ultralong end of the curve. The front of the curve saw light selling early in the day, weighed by hedge selling ahead of the Ministry of Finance's Y1.7 trillion auction.

- Benchmark 10-year yield was 1 bps higher at 1.500%
- Benchmark 5-year yield was 0.5 bps higher at 1.0425%.
- Benchmark 20-year yield was 0.5 bps lower at 2.085%.
- Benchmark 30-year yield was 0.75 bps lower at 2.335%.
- Lead Dec JGB futures contract was 0.14 lower at 136.96.