MarketNews International

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06:54 11/30 **LIBOR FIXINGS**: Euro 1-mth Libor fixed at 4.82125% vs 4.80938% Thursday
-- Euro 2-mth Libor fixed at 4.81313% vs 4.78688% Thursday
-- Euro 3-mth Libor fixed at 4.81125% vs 4.78313% Thursday
-- Stg 3-mth Libor fixed at 6.60625% vs 6.60000% Thursday
-- Dollar 3-mth Libor fixed at 5.13125% vs 5.12375% Thursday.
06:57 11/30 **LIBOR FIXINGS:** Euro 3-mth Libor hits the highest level since May 2001.
07:16 11/30 **BUND SUMMARY**: Bunds opened opening moderately lower, taking direction from gains in stocks overnight in the wake of comments from Fed Chairman Ben Bernanke. Federal Reserve Chairman Ben Bernanke warned of potential consumer "headwinds" and additional financial restraints on credit-sensitive sectors, in prepared remarks to the Charlotte, North Carolina Chamber of Commerce. Bunds paid little attention to German retail sales data, which slumped 3.3% m/m in October, falling much more than generally expected, while the rebound in Sept was revised down. Prices extended lower following release of eurozone HICP inflation data, which rose to 3.0% in Nov -- marking the highest reading since May 2001. Bunds attempted to squeeze higher, amid year-end liquidity concerns following the Libor fixings, where the Euro 3-mth Libor was fixed at 4.81125% -- its highest level since May 2001 vs 4.78313% Thursday. The long-dated issues outperformed on month-end buying. This is despite the small extension in iBoxx Euro sovereign index of +0.01-yrs.

07:21 11/30 **GILT SUMMARY:** Gilts are lower and underperformed Bunds following strong gains the previous session, distorted by strong reinvestment flows as the fourteen Gilts, which went ex-dividend that pay coupon on December 7 for a total of Stg4.58bln. Nonetheless, the longer-dated issues outperformed on month-end duration extension buying as the iBoxx sterling index extends by around +0.13 yrs, which is seen as exceptionally large. Thus the Gilt 2-/10-year yield spread was 0.4 bps flatter at -2.2 bps, whilst the 10-/30-year yield spread was 1.1 bps flatter at -17.1 bps. Dec Gilts are down 24 ticks at 109.83.

06:46 11/30 **EUROZONE: Reported comments** from eurozone officials Friday,
** GERMANY ECOMIN: Inflation spike to be short lived
 - US must not allow dollar to fall too much
** ECB: To lengthen maturity of refi maturing Dec19 to 2 weeks
 - Aim to keep interest rates close to minimum bid rate
 - Refi settling on Dec28 to satisfy liquidity demands
 - Aim at balanced liquidity conditions end of maintenance period
 - If needed, ready to aim for balanced conditions earlier
** FRANCE SARKOZY: European leaders can discuss ECB policy, but ECB independence is not in question.
 - Unacceptable for Europe to suffer from monetary imbalances it is not responsible for (Italy press)

06:59 11/30 **JAPAN:** Data releaased in Japan Friday,
** Oct jobless rate at 4.0% vs 4.0% in Sept
 - Oct household spending +0.6% y/y, average income +0.4% y/y
** Oct core CPI +0.1% y/y, 1st rise in 10 months
 * Nov Tokyo core CPI +0.1% y/y, 1st rise in 10 months
** October housing starts fell 35.0% on year.
 - October construction orders down 22.7% on year

06:54 11/30 **JAPAN**: Reported comments from Japanese officials Friday,
** FUKUI: BOJ Governor Toshihiko Fukui reported saying,
 - Subprime problems affecting Japanese banks more than initially thought
 - Subprime related losses at Japan banks can be absorbed
 - Need to continue watching developments in europea, US financial markets
 - Subprime problem unlikely to have big impact on Japan financial system stability
** MOF: Investors want to see regular 40 year JGB auctions
 - JGB investors seeking fewer 15 year issues

06:51 11/30 **EUROZONE: Data released** in the eurozone Friday,
** EMU: Eurozone HICP inflation rose to 3.0% in November from an unrevised 2.6% in October, marking the highest reading since May 2001 (3.1%)
** EMU: Eurozone GDP growth in 3Q was confirmed at 0.7% on the quarter due mainly to positive contributions from household consumption, inventories and gross fixed capital formation
** EMU: After a 6.1-point slide since May, the European Commission's Economic Sentiment Indicator (ESI) fell another 1.2 point to 104.8, Eurostat reported Friday.
** GERMANY: Real SA retail sales (ex-cars/petrol stations) slumped in October, falling more than generally expected to -3.3% m/m/-0.6% y/y.
** ITALY: Preliminary November HICP rose 0.3% m/m +2.5% y/y, up from a y/y gain of 2.3% in October and of 1.7% in September, posting the steepest y/y gain since October 2005 (+2.6%).