

daily market update

Higher spending for both households and the Chancellor

UK retail sales in October rose at the fastest annual pace since May 2008 according to data from the Office for National Statistics, growing 0.4% on the month. In addition, there was an upward revision to September to 0.4% from an initial estimate of 0.0%. The volume of spending is now up 3.4% on the level seen one year ago.

The better news on retail spending is partly offset by the weaker outturn on public borrowing which reached £11.4bn in October, higher than the market median of £7bn., the figure was the highest October since records began in 1993. Public Sector Net Debt as a percentage of Gross Domestic Product totalled 59.2%, also the highest since records began. However, there were downward revisions to past borrowing outturns in this fiscal year totalling £1.8bn so cumulative borrowing for this year is £87bn.

The Organisation for Economic Co-operation and Development (OECD) said growth and recovery are expected in 2010 in just about all world regions. For its 30 member countries, it has more than doubled its growth forecast to 1.9% for next year from 0.7%, however, it said growth was being "held back by substantial headwinds" and would be "modest" for some time. It said the UK's public finances were weak and required a "concrete" plan to bring the deficit under control.

The Bank of Japan kept interest rates unchanged at 0.1%. The release came hours after the Deputy Prime Minister warned about the danger that falling prices pose to recovery. Gross Domestic Product grew at an annualised 1.2 percent last quarter, the fastest pace in over two years, while a gauge of prices, excluding imports, tumbled the most in 51 years, a cabinet report showed this week.

Today is a quiet day with no major news releases due.

Have a good day

Daily Support and Resistance Levels

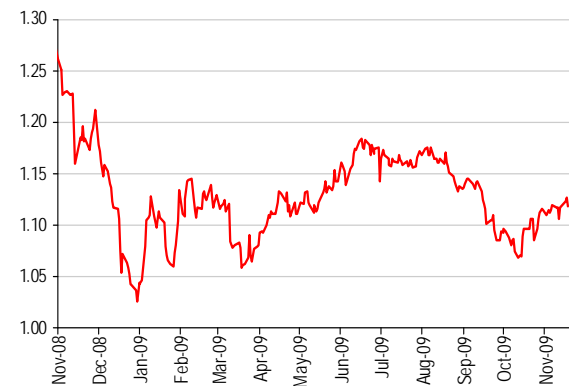
GBP/USD	Support:	1.6590	1.6521	1.6439	Resistance:	1.6741	1.6823	1.6892
GBP/EUR	Support:	1.1132	1.1098	1.1047	Resistance:	1.1217	1.1268	1.1302

GBP/USD



Source: HSBC, Reuters

GBP/EUR



Source: HSBC, Reuters

Forex mid market rates

Majors	USD	GBP
USD	N/A	1.6618
EUR	1.4905	1.1149
JPY	88.83	147.62
CHF	1.0142	1.6854
SEK	6.9059	11.4762
DKK	4.9917	8.2952
NOK	5.6383	9.3697
AUD	0.9193	1.8077
CAD	1.0644	1.7688

Exotics	USD	GBP
CNY	6.8274	11.3417
HKD	7.7499	12.8741
IDR	9480	15748
INR	46.5750	77.3704
MYR	3.3850	5.6232
SGD	1.386	2.3024
THB	33.2000	55.1518
TRY	1.4927	2.4797
ZAR	7.5100	12.4756

GBP trade weighted index 81

Central Bank and LIBOR rates

	Base	1M	3M	12M
GBP	0.50	0.51	0.61	1.21
USD	0.25	0.24	0.27	1.03
EUR	1.00	0.40	0.68	1.21

Equities & Commodities

	Closing	Movement
FTSE	5267.7	-74.4
DJ STOXX	10332.44	-93.9
NIKKEI	9497.68	-51.8

Brent Crude	\$76.75	
Gold (USD per oz)	\$1,143.50	\$-0.05

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