

Title:

Currency markets - Spanish property 20 July 2006

Word Count:

382

Summary:

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Keywords:

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Article Body:

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- US stocks surged higher on Wall Street last night after Federal Reserve Chairman Ben Bernanke reassured the market with his view that economic growth seems to be moderating and inflation remains contained, traders noted.

- 'Clearly we don't want to tighten too much to cause our economy to grow more slowly than its potential,' Bernanke said during questioning before the Senate Banking Committee.

- Investors interpreted Bernanke's testimony as a sign the Fed is close to ending its streak of interest rate hikes, dealers added.

- The DJIA closed 212.19 points higher at 11,011.42, its best performance of 2006, while the Nasdaq ended up 37.49 points at 2,080.71.

USA

Figures out Today:

13:30 US jobless claims (w/e 15/7) k Prev 332

13:30 CA wholesale sales (May) %m/m Prev 0.1

15:00 US leading indicators (Jun) % Prev -0.6

17:00 US Philadelphia Fed (Jul) Prev 13.1

19:00 US Minutes of 29 Jun FOMC Meeting

• Yesterday's 0.3% rise in the US June core CPI tipped the balance to another 25bp rate hike on 8 August. But a less hawkish than expected and fairly noncommittal testimony from Chairman Bernanke added a fraction more ambiguity to the chance of an imminent rate hike, with the focus seemingly more on the longer term impact on inflation from moderating growth. His testimony, which gave strong boost to US and European share prices and Treasury bonds, came as the Fed released forecasts suggesting that it is prepared to bring US inflation down gradually, to minimise the damage to the real economy.

UK

Figures out Today:

09:30 Retail sales (Jun) %m/m Exp 0.2 Prev 0.5

09:30 Retail sales (Jun) %y/y Exp 2.7 Prev 4.0

09:30 PSNB (Jun) £m Exp 7000 Prev 6583

09:30 PSNCR (Jun) £m Exp 13000 Prev 16246

• UK retail sales (09:30) are forecast to have edged up during June, by around 0.2%. Overall, the quarterly performance of the retail sector should have improved considerably in Q2 which should underpin tomorrow's release for GDP, expected to have grown 0.7% in Q2, inline with the MPC's central projection.

Japan

Figures out Today:

06:00 JN BoJ Monetary Policy Minutes

EURUSD @ 1.2590 GBPUSD @ 1.8435 GBPEUR @ 1.4640 USDJPY @ 116.85