

FX Market Overview

It was good to see Brits doing so well at the Academy Awards last night. British firm "The Kings Speech" was the big winner scooping "Best Picture", "Best Director for Tom Hooper and "Best Actor" for Colin Firth. Well done also to Christian Bale for winning "Best Supporting Actor" for his role in "The Fighter".

The tensions which started in Tunisia are spreading through the Middle East like wildfire. Libya is in grave danger of falling into civil war with Gaddafi refusing to step down. Oman became the latest Arab country to join the wave of prodemocracy demonstrations which have now reached China. The Chinese authorities were quick to snuff out an anti-government protest before it gathered momentum using water cannons and violence. Several news reporters were beaten by police for covering the demonstrations. This highlights the level of fear dictators must be feeling toward the uprising of people power sweeping the globe.

Raising oil prices are of major concern to policy makers as inflation approaches dangerous levels. Oil spikes need to be largely ignored when calculating inflation due to their temporary nature. This doesn't help those filling their cars up at the pumps though. Core inflation is the normal yard stick for real inflation. We are asked to look through non-core commodity food and energy prices which are spiraling higher and are persistent from month-to-month - easier said than done.

In the weekend US Federal Reserve member Hoenig, European Central Bank members Constancio and Draghi and Chinese Premier Wen all voiced concern over the dangers of rising inflation levels. The UK is clearly not alone in experiencing rising inflation, where we differ is our central banks denial that inflation poses a problem to our economy.

House prices in Australian capital cities fell -1.6% between December and January. This data is consistent with our view that the Reserve Bank of Australia will leave interest rates on hold tomorrow at 4.75%.

Analysts will be closely watching moves out of China following a drop in their growth targets to 7.00% for 2011-2015. Chinese growth has been in excess of 10.00% in recent years which has fueled a boom in mined commodities from Australia. A targeted fall in growth to ease inflation pressures and the probability of the property bubble bursting could have a negative effect on the AUD and NZD as it would likely reduce demand for Australasian exports.

New Zealand Finance Minister Bill English has predicted the total cost of the Christchurch earthquake could be as much as NZ\$16bn. A growing number of analysts are forecasting an emergency interest rate cut next Thursday from 3.00%. A rate cut would provide a much needed boost to NZ business and would trigger a sell-off in the Kiwi dollar which would add relief to NZ exporters and the tourism sector.

Speculation is building that Portugal are moving closer to having to accept a bail-out package ahead of next month's European summit. This would halt the Euros rally higher to \$1.40+ against the dollar as it now seems unavoidable that Portugal will join Greece and Ireland in insolvency.

Heard of Lady Gaga, how about Baby Gaga? A London shop is serving £14 ice-cream made with breast milk. Named Baby Gaga, it is made with milk from 15 mothers who replied to an online ad. The milk is expressed onsite, then is pasteurised and churned with vanilla pods and lemon zest - weird.

Quote

Democracy means simply the bludgeoning of the people by the people for the people. **Oscar Wilde**

Today's Major Economic Releases

Market	GMT	Data / Event	Last	Expected
US	13:30pm	January personal income	0.4	0.4
US	13:30pm	January personal spending	0.7	0.4
Canada	13:30pm	Q4 current account	-17bn	-9.4bn
Canada	13:30pm	December GDP	+0.4	+0.3
US	14:45pm	February Chicago purchasing manager's index	68.8	67.9
US	15:00pm	January pending home sales	2.0	-2.5

Risk Indicators

Currency - GBP / Australian Dollar

You Buy AUD	Costs You Today	Cost You 1 Month Ago	Cost You 3 Months Ago	Cost You 6 Months Ago
100,000	£62,991	£62,448	£61,741	£58,472
250,000	£157,478	£156,119	£154,353	£146,179
500,000	£314,957	£312,238	£308,707	£292,358

Currency - GBP / Euro

You Buy EUR	Costs You Today	Cost You 1 Month Ago	Cost You 3 Months Ago	Cost You 6 Months Ago
100,000	£85,532	£86,299	£84,088	£82,639
250,000	£213,831	£215,748	£210,220	£206,598
500,000	£427,661	£431,496	£420,440	£413,196

Currency - GBP / South African Rand

You Buy ZAR	Costs You Today	Cost You 1 Month Ago	Cost You 3 Months Ago	Cost You 6 Months Ago
100,000	£8,895	£8,888	£9,022	£8,809
250,000	£22,238	£22,220	£22,556	£22,023
500,000	£44,476	£44,439	£45,111	£44,045

Currency - GBP / Canadian Dollar

You Buy CAD	Costs You Today	Cost You 1 Month Ago	Cost You 3 Months Ago	Cost You 6 Months Ago
100,000	£63,508	£63,221	£63,114	£61,126
250,000	£158,769	£158,053	£157,784	£152,815
500,000	£317,539	£316,106	£315,569	£305,631

Currency - GBP / New Zealand Dollar

You Buy NZD	Costs You Today	Cost You 1 Month Ago	Cost You 3 Months Ago	Cost You 6 Months Ago
100,000	£46,745	£48,746	£47,893	£45,706
250,000	£116,862	£121,865	£119,733	£114,265
500,000	£233,725	£243,730	£239,466	£228,531

Currency - GBP / US Dollar

You Buy USD	Costs You Today	Cost You 1 Month Ago	Cost You 3 Months Ago	Cost You 6 Months Ago
100,000	£61,979	£62,977	£64,472	£64,945
250,000	£154,947	£157,444	£161,180	£162,362
500,000	£309,893	£314,887	£322,360	£324,724

Important

Exchange rates can be extremely volatile and directly affect the value of your transactions. Timing when you buy or sell currency is the key to obtaining the best exchange rates. Halo Financial's FX Dealers can protect you from currency risk and monitor target exchange rates for you 24-hours a day. Call us today to discuss how we can reduce currency losses and maximise your currency gains on **+44 (0)20 7350 5470 (Corporate Clients)** or **+44 (0)20 7350 5474 (Private Clients)**

National Interest Rates

Country	Central Bank	Next Meeting	Last Change	Current Interest Rate
Australia	Reserve Bank of Australia	01 Mar 2011	02 Nov 2010	4.75%
Canada	Bank of Canada	01 Mar 2011	08 Sep 2010	1.00%
Eurozone	European Central Bank	03 Mar 2011	07 May 2009	1.00%
Japan	Bank of Japan	15 Mar 2011	05 Oct 2010	0.00%
New Zealand	Reserve Bank of New Zealand	10 Mar 2011	29 Jul 2010	3.00%
South Africa	South African Reserve Bank	24 Mar 2011	18 Nov 2010	5.50%
Switzerland	Swiss National Bank	17 Mar 2011	12 Mar 2009	0.38%
United Kingdom	Bank of England	10 Mar 2011	05 Feb 2009	0.50%
United States	Federal Reserve Bank	15 Mar 2011	16 Dec 2008	0.25%

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