

Daily Market Commentary - 9 September 2010

The Australian dollar rose to a one-month high against the greenback during the overnight session as positive investor sentiment helped spur demand for higher-yielding currencies. A positive Portuguese government debt auction Wednesday helped ease fresh concerns about Europe's financial system after a report earlier this week showed that some area banks might not be as healthy as first thought. The U.S. dollar retreated after rising to a one-week high on the euro as receding concerns about Europe's fiscal health and higher stocks boosted demand for currencies perceived as riskier. The yen ceded ground after strengthening overnight to a new 15-year high on the dollar, amid increased rhetoric out of Japan that officials might take serious action, such as intervening, to weaken the Japanese currency. The Canadian dollar neared a 3-week high on the greenback, supported by a local interest rate hike and positive domestic data. Sterling advanced to a 10-day peak on the greenback as equity market gains and upbeat U.K. data lifted pound sentiment. All eyes today will be on Australia's monthly employment report. Australia's economy is seen adding 29,000 positions in August, which is expected to lower the jobless rate to 5.2% from 5.3% in July. A better than expected local jobs report can ease concerns about a slowdown in the global economy which, if realised, might bode better for growth-reliant currencies such as the Aussie and come at the expense of havens like the dollar and yen. Ahead of Australia's employment report, traders will parse a survey on New Zealand manufacturing sales during the second quarter.

News Headlines

CA BoC Interest Rate Decision (Sep 8) up to 1%

AU Home Loans (Jul) up by 1.7%

GB Manufacturing Production (M/M) (Jul) remains at 0.3%

Economic Data	Local	International
Thursday	AU Aug Employment	NZ Q2 Manufacturing Sales
Thursday	AU Aug Unemployment	GB Jul Trade Balance
Thursday	RBA Asst Gov DeBelle Speaks	GB Sep BOE Policy Meeting
Thursday		CA Aug Housing Starts
Thursday		US Jul Trade Deficit