

USD rises as stocks plunge on Dubai debt default fears

FX Highlights

- The USD is trading higher as stocks plunge on fears about a Dubai debt crisis, Dubai World has requested a six-month delay on its debt payments generating concern about a new global financial crisis, Japan warns on FX moves and said that Japan would be open to a joint G-7 statement on currencies, threat of BOJ intervention helped to spark a USD rebound from 14 year low versus the JPY, commodity currencies hit by Dubai default worries and sharply lower price action in crude and gold, crude is trading \$4 a barrel lower and the price of gold dropped by 2%, Dubai default fears and return of risk aversion are driving factors in today's trade
- Focus turns to today's release of Canada's Q3 current account
- Japan's October unemployment drops to 5.1%, October household spending rose 0.7%, October retail sales fall 0.9%, October CPI declined by 2.5% y/y, rumors are circulating that the BOJ is checking for rates, this could be a prelude to intervention, JPY trades at a 14 year high versus the USD
- German November CPI falls by 0.2%, ECB's Wellink says US living above it means, EU November economic sentiment rises to 88.8 from 86.1, November business climate index improves a -1.56 from -1.78, EUR lower
- Swiss KOF sentiment indicator improves 1.62 from 1.44 last month, CHF lower
- BOE's Posen says the UK economy has bottomed out, BOE's Bean says that growth in Q4 would not be a surprise, GBP lower
- China reaffirms its pledge to maintain loose fiscal and monetary policy
- US equity markets set to open sharply lower, European equities 0.5 % lower, Nikkei closed 301 points lower

Upcoming Events

- **US** - Friday, no major US economic data is due for release today
- **CAN** – Friday, Q3 current account will be released expected at -13.4bln compared to -11.2bln last month

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