DJ MARKET TALK: Fed To Offer $30B Via TAF; Minimum Bid Rate 2.81%

Fri Feb 22 12:03:52 2008
EST

1703 GMT [Dow Jones] The Fed will offer $30B in 29-day credit through its Term Auction Facility, the Fed said Friday. The minimum bid rate will be 2.81%, and the minimum bid amount per bid $5M. The opening time for bid submission is Mon. at 10 a.m. EST and closing at 1 p.m. EST, with settlement Feb. 28. The Fed originally instituted TAF late last year to help with yr-end liquidity pressures, with sales continuing into 2008. The Fed has since said biweekly auctions will be conducted as long as needed. (DLB)

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(END) Dow Jones Newswires

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12:03 022208

DJ British Bankers Association Libor Rates

Fri Feb 22 12:02:15 2008
EST

	GBP	CAD	JPY *SN	EUR 365	USD
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O/N	5.33375	3.91333	0.58000	4.08090	3.06125
1WK	5.34750	3.90167	0.59563	4.17595	3.13500
2WK	5.41625	3.86167	0.60563	4.19268	3.13500
1MO	5.55500	3.85167	0.63875	4.23679	3.12000
2MO	5.61625	3.85167	0.84531	4.34578	3.09063
3MO	5.67500	3.85000	0.89500	4.43894	3.08000
4MO	5.65750	3.83333	0.91375	4.43894	3.05875
5MO	5.64750	3.82833	0.93125	4.43703	3.03000
6MO	5.63875	3.82167	0.95500	4.43514	2.99938
7MO	5.61625	3.79667	0.97000	4.43387	2.95625
8MO	5.59250	3.79500	0.98438	4.43260	2.91625
9MO	5.57250	3.79500	1.00000	4.43196	2.87688
10MO	5.55000	3.79500	1.01813	4.42943	2.85750
11MO	5.53125	3.79500	1.03250	4.42943	2.83875
12MO	5.51125	3.79500	1.04750	4.42943	2.82063

*SN=spot next

Rates are effective two days hence.
Source: BBA via Reuters

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DJ Chile Peso Closes Stronger On Brazil Real, Copper Price Gains

Fri Feb 22 12:00:59 2008
EST

By Carolina Pica

Of DOW JONES NEWSWIRES

SANTIAGO (Dow Jones)--The Chilean peso ended stronger against the dollar Friday on the gains in the Brazilian real and London spot copper prices, traders said.

The peso ended local trading at CLP465.20 to the dollar, compared with CLP465.90 at Thursday's close, after trading in a range of CLP465.20-CLP468.25.

According to the central bank, which compiles its own estimate of the day's range, the dollar fetched CLP466.62 at 1500 GMT, about an hour before the session ended.

The Brazilian real, a currency the peso often tracks as it is considered a key short-term indicator of confidence in the region, was trading at a nine-year high early in the session.

Spot copper on the London Metal Exchange, meanwhile, rose 0.5% to a 21-month high at $3.77480 a pound, according to state copper commission Cochilco's daily market data. Forex market participants often look at LME and Comex copper prices to gauge export revenue inflows as Chile is the world's largest copper producer.

The peso's strength came late in the session, however, as the currency lost ground in early trading on the tumbles in emerging markets stocks, traders said.

The Andean currency will likely trade in a CLP464-CLP468 range early next week, with market participants closely following copper prices. If copper continues to make its way towards $4.00 a pound, the peso could break out of that range and hit nine- or 10-year highs, analysts said.

They added clues on future Federal Reserve and Chilean central bank rate decisions will also influence the currency as any rate move that widens the already broad spread between local and U.S. rates will also strengthen the peso.

On the local bond market, yields on Chilean central bank bonds closed lower on increased bond demand in light of a higher February inflation outlook, traders said.

The market expects consumer prices to rise 0.1% in February from a previous expectation of no increase in prices. Some market participants, however, aren't ruling out 0.3% inflation this month.

Bond rates are adjusted for inflation so that a higher inflation outlook makes bonds a more attractive investment.

The yield on inflation-indexed five-year BCUs ended at 2.63%, down from 2.66% Thursday, while the yield on 10-year BCUs closed at 2.75%, down from 2.80% Thursday.

In the sessions ahead, analysts said they expect the yield on five-year BCUs to trade in a range of 2.6% to 2.7%, and the yield on 10-year BCUs to move between 2.75% and 2.85%.

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(Patricia San Juan contributed to this report)

(END) Dow Jones Newswires

22-02-08 1700GMT

=DJ KEY UK DATA: Lending, GDP Data To Support BOE Rate View

Fri Feb 22 11:30:10 2008

EST

LONDON (Dow Jones)--U.K. house price, lending and gross domestic product growth data due in the week ahead are unlikely to alter the prevailing market view that the Bank of England will cut interest rates gradually this year, economists said.

Figures due Friday from the Bank of England are expected to show total consumer lending was steady in January as a slight rise in net consumer lending offset a dip in mortgage lending. But economists say the data should also show mortgage approvals chalked up a fresh low since records began in 1999.

"Credit conditions remain tight and there is little evidence to suggest mortgage lenders are looking to expand balance sheets at double-digit rates," the Royal Bank of Scotland Group PLC said in a note. "Weather conditions in January were rather wet, with record rainfall in some areas, which won't have encouraged housing market activity."

Economists said data due Tuesday should show business investment growth slowed in the fourth quarter of last year. However, the second estimate of GDP growth for the final three months of 2007 is expected to confirm the first estimate of 0.6% growth on the quarter and 2.9% growth on the year.

DATE	GMT	INDICATOR	PERIOD	FORECAST		PREVIOUS
Feb 25	0930	BBA mortgage lending	Jan	n/a		+GBP4.7B
Feb 25	0001	Hometrack house prices	Feb	n/a		-0.3%MM
Feb 25	0001	Hometrack house prices	Feb	n/a		+3.0%YY
Feb 26	0930	Business investment	4Q	+0.9%QQ	(5)	+2.0%QQ
Feb 26	0930	Business investment	4Q	+2.9%yy	(5)	+6.6%YY
Feb 26	1100	CBI retail sales volume	Feb	+2	(7)	+4
Feb 27	0930	GDP second estimate	4Q	+0.6%QQ	(14)	+0.6%QQ
Feb 27	0930	GDP second estimate	4Q	+2.9%YY	(13)	+2.9%YY
Feb 29	0700	Nationwide house prices	Feb	-0.1%MM	(8)	-0.1%MM
Feb 29	0700	Nationwide house prices	Feb	+3.6%YY	(8)	+4.2%YY
Feb 29	0930	Total consumer lending	Jan	+GBP9.0B	(12)	+GBP9.1B
Feb 29	0930	Net consumer credit	Jan	+GBP0.8B	(10)	+GBP0.6B
Feb 29	0930	Mortgage lending	Jan	+GBP8.1B	(7)	+GBP8.6B
Feb 29	0930	Mortgage approvals	Jan	70000	(12)	73000
Feb 29	1030	GfK consumer confidence	Feb	-14.5	(10)	-13

(figures in parenthesis indicates number of economists surveyed)

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=DJ BOE WATCH: MPC Comments Point To Changing View On Risks

Fri Feb 22 11:12:00 2008
EST

By Natasha Brereton
Of DOW JONES NEWSWIRES

LONDON (Dow Jones)--The Bank of England looks inclined to cut interest rates by more than it has indicated, after recent comments from Monetary Policy Committee members revealed a heightened awareness of risks to economic growth.

The central bank signaled in its Inflation Report earlier this month that it would ease rates by around half a percentage point more in 2008, following February and December's 25-basis-point cuts. The bank's key rate currently stands at 5.25%.

But a flurry of commentary from MPC members this week suggests that view is evolving.

For sure, dramatic moves along the lines of those taken by the U.S. Federal Reserve, which has cut its Fed funds rate by 125 basis points since the beginning of the year, look practically out of the question.

But remarks from the MPC's historically two most hawkish members, Tim Besley and Andrew Sentance, suggest they expect a significant slowing in economic growth - probably by more than is necessary to bring inflation back to the bank's 2.0% target at the two-year horizon.

Kate Barker - who occupies central ground on the bank's nine-member committee - indicated that she was more concerned about downside risks to growth due to credit tightening than she was about the price risks posed by inflation expectations.

And minutes from the bank's February meeting showed that another member, David Blanchflower, was worried enough about economic data, which he likened to U.S. figures a few months back, to call for a 50-basis-point cut.

All in all, analysts say, that suggests that while the BOE will continue to take a cautious approach to easing, it is likely to have to cut rates by more than indicated in the Inflation Report.

The comments show "a readiness among some members of the MPC to cut interest rates more aggressively in the absence of the upside risks posed by elevated inflation," said Alan Clarke, U.K. economist at BNP Paribas, who expects the policy rate to hit 4% in 2008.

Until the middle of the year, the bank is likely to be in "go-slow" mode, but "ongoing bad news in property and growth plus the passing of the start of year pay round without an undesirable acceleration in pay will open the way to deeper cuts in the second half of the year," he said.

Probably most significant among this week's commentary were remarks by Besley, who joined the MPC in September 2006 and quickly built a reputation as a rate hawk.

Besley pointed out the importance of financial conditions in influencing the impact of interest rates on activity.

While his successive calls for hikes in his early months on the MPC responded to the easy availability of credit, this week's comments indicate he is now more likely to vote for rate cuts, to lean against a rapid contraction in credit.

Derek Halpenny, senior currency economist at Bank of Tokyo-Mitsubishi UFJ, says Besley's acknowledgment of a link between consumption growth and access to external finance through the markets suggests he could place greater importance on any renewed market turbulence.

"I would emphasize ... the potential for a shift in views from a perceived arch-hawk that could have consequences for altering the current balance within the MPC," Halpenny said.

"Of course this shift may only become relevant if we have further financial market turmoil, but in the current climate of uncertainty that risk remains high."

Another hawk who appears to have softened his stance is Andrew Sentance, who, like Besley, persistently called for rate rises after joining the MPC in October 2006.

Sentance said a U.K. recession is unlikely, but much uncertainty surrounds what is set to be a significant slowing in the economy. He also said that for the moment, inflation expectations appear to be fairly well-anchored.

While Sentance's remarks weren't as explicit as those from Barker earlier in the week and gave little direct guidance on his voting intentions, they do signal a meaningful change in his position.

Simon Hayes, U.K. economist at Barclays Capital, noted that Sentance has kept his options open.

"His views seem fully in tune with the majority MPC line that rate decisions will require a careful assessment of the evolving data flow to gauge how the observed slowdown in growth compares with what is necessary to meet the inflation target in the medium term," Hayes said.

Barker, who is soon to embark on her third term on the committee, said she sees the need for growth to ease, suggesting she wouldn't be in favor of substantial cuts in the near term.

However, she did also say that her chief concern was that credit tightening could constrict the economy to an undesirable degree. Should that happen, logic follows that she could back sharper cuts further down the line.

Barker's opinions did "not sound a million miles away from Blanchflower's reasoning earlier this month," said David Page, U.K. economist at Investec Securities.

He noted that both Barker and Besley's remarks seemed to strike a more cautious note than the February meeting minutes, which showed only BOE arch-dove David Blanchflower calling for more drastic action.

That Blanchflower was the dissenter comes as little surprise, given his voting record. But, as a U.S.-based economist, the rationale behind his call that current U.K. conditions aren't dissimilar to those in the U.S. before things went badly wrong may carry some weight with other rate-setters.

"While the MPC remain concerned about the risks from higher inflation, the MPC's commentary is generally starting to sound more dovish," said Allan Monks, a U.K. economist at JPMorgan Chase Bank. He expects to see another two quarter-point cuts from the MPC in the first half of the year, with the next move most likely to come in April.

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022208 16:11 – GMT

*DJ Brazil's Central Bank To Buy Dollars At Spot Mkt Auction

Fri Feb 22 10:31:36 2008
EST

(MORE TO FOLLOW) Dow Jones Newswires

22-02-08 1530GMT

022208 15:30 -- GMT
SID(DJF01fJY80222)

*DJ Brazil's Central Bank Buys Dollars At BRL1.708

Fri Feb 22 10:45:29 2008
EST

(MORE TO FOLLOW) Dow Jones Newswires

22-02-08 1545GMT

022208 15:45 -- GMT
SID(DJF01hqY80222)

DJ Brazil's Central Bank Buys Dollars At BRL1.708

Fri Feb 22 10:50:47 2008
EST

SAO PAULO (Dow Jones)--Brazil's Central Bank bought U.S. dollars at a snap auction Friday for 1.708 reals per dollar, the bank said.

The bank did not reveal the volume of dollars purchased.

The bank said it is purchasing dollars to build up foreign reserves.

In the minutes before the auction, the real traded at BRL1.705 per dollar. Moments after the auction, the real was trading at BRL1.708 per dollar.

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