LONDON

The Bank of England has advised the International Monetary Fund of the following middle rates for the dollar in the market at noon local time (1200 GMT), for use in calculating the Special Drawing Right (SDR)

Bank of England governor Mark Carney mounts a robust defense of forward guidance, denying absolutely the accusation made by his parliamentary interlocutors that it has confused British business and investors. Mr. Carney claims that guidance is well understood by the many firms he and his BoE colleagues visit around the UK, knockout clauses and all. So far his testimony has been of interest to students of UK politics, but much less so to the markets: both sterling and gilts showed very little movement throughout this (televised) testimony.

China's yuan ended little changed against the U.S. dollar Tuesday in directionless trade after weeks of consolidation.
On the over-the-counter market, the dollar closed at CNY6.0927, steady from Monday's close of CNY6.0926. It traded in a range of CNY6.0920 to CNY6.0930.

U.S. borrowers are increasingly missing payments on home equity lines of credit they took out during the housing bubble, a trend that could deal another blow to the country's biggest banks. The loans are a problem now because an increasing number are hitting their 10-year anniversary, at which point borrowers usually must start paying down the principal on the loans as well as the interest they had been paying all along. More than USD 221 bln of these loans at the largest banks will hit this mark over the next 4 years, about 40% of the home equity lines of credit now outstanding.

There is no domestic data due out today but the morning sees the heavyweights from the Bank of England explain their rationale behind the November 13 inflation report to the Treasury Select Committee at 10:00 GMT. The Bank of England Governor Mark Carney will have his Deputy Charlie Bean at his side, along with Chief Economist Spencer Dale and MPC member Ben Broadbent.
Gilts look set for another cautious open ahead of the meeting before the TSC meeting as activity in core markets contracts ahead of US Thanksgiving on Thursday. Bear in mind also that the Gilt roll will likely complete today which may also limit trading appetite.
The Confederation of Business Industry has revealed that the services sector is exhibiting the greatest degree of optimism noted for around fifteen years in the quarter running up to this month. The CBI found that 37% of 154 companies that took part in the survey indicated a positive outlook in terms of growth and business conditions against only 3% who were concerned about a contraction. The resulting 33% reading is the highest since 1999.
Director of Life Insurance in the Prudential Regulation Authority Andrew Bulley is due to be a panellist at the Insurance Strategy Insights conference in London.
Looking at the early price action from Bunds, Gilts look set to open slightly higher than the late close of 109.70. Resistance comes at 109.89 which is trend from Oct/Nov highs to the top of the November gap. Support comes from yesterday afternoon lows of 109.54.
FTSE futures are around 9 points lower