

AUD tumbles after Rates left unchanged.

The Australian Dollar fell 1.09% on Tuesday 2nd February, after the RBA announced its decision to leave its main cash rate at 3.75% after most analysts expected a 25 basis points rise to 4%.

It is a move that seems to be a 'wait and see' approach by the RBA due a few factors; like measures by China trying to reign in their economy, the RBA is still judging the effects of their previous rate hikes, also there is still concern about the credit situation in some of the larger nations.

There is still a very strong possibility that the RBA will raise the rate in the near future due to:

- Housing price inflation.
- Resource sector data tending to the strong side.
- Unemployment peaking at a lower level than expected.
- Stronger than expected inflation in December.

WM 2nd Feb 2010 4pm GMT AUD mid rate: 0.8809

WM 2nd Feb 2010 3pm GMT AUD mid rate: 0.8906

AUD depreciated 1.09% against the USD.