

Sterling falls to 10-mth low vs dollar

Sterling sank to a 10-month low against the dollar on Monday after polls showed a growing chance that an upcoming general election may result in a hung parliament. Having broken through the key \$1.50 level, the pound at one point dropping over 2 percent on the day,

Market news was another reason for the drop in Sterling with news of AIG selling its Asian life insurance business to UK insurer Prudential Plc. Sterling showed little effect to data showing an improvement in manufacturing activity while mortgage activity data was mixed.

Sentiment has also deteriorated in the last week after the Bank of England said it stood ready to return to its asset-buying scheme if economic conditions warranted.

The graph below details the WM/Reuters 12pm spot rate having fallen on 1st March 2010 to 1.48740 from a high of 1.69945 on 5th August 2009.

