



## Dollar Finds Some Respite

According to the leading Ifo index, German business confidence rose to a six month high in May, providing yet further evidence that the rate of contraction in the eurozone economy looks set to ease over the coming quarters. However, the rise was less than what was expected and thus weighed on the euro, which was unable to hold the \$1.40 level versus the USD. Though \$1.4050 is still seen a near term target, early morning trade saw a low of \$1.3945 as conditions turned less favorable for the single currency. Sterling, meanwhile, is trading around the \$1.59 level, also off its recent highs versus the USD.

Indeed, the dollar recovered from five month lows against a whole host of currencies over the day yesterday with traders booking profits on recent moves as they await today's results of a 2 year US treasury auction to gauge the strength of investor appetite for dollar assets. However, despite worries about US credit worthiness, the general view is that investors are likely to continue buying US paper. With North Korea preparing to launch further missile attacks, there are reports that risk aversion has picked up a little. This is also favouring the dollar and providing some breathing room from the sharp selling seen over recent days.

The focus will remain on the eurozone today with a host of data due for release including this morning's detailed Q1 GDP data and consumer confidence from Germany. Other releases to watch over the day include French consumer spending for April as well as eurozone industrial orders for March. Later in the day the focus will switch to the US, with the March Case Shiller House Price index due for release alongside consumer confidence for May.

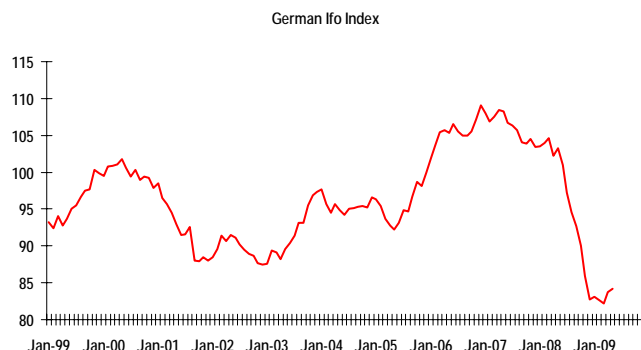
**Geraldine Concagh, AIB Global Treasury**

### Today's Opening Rates (Mid-Rate)

USD/EUR	1.397	NOK/EUR	8.86
GBP/EUR	0.8782	CHF/EUR	1.517
USD/GBP	1.5902	AUD/EUR	1.7934
JPY/USD	94.73	NZD/EUR	2.262
JPY/EUR	132.34	HKD/EUR	10.827
SEK/EUR	10.4923	CAD/EUR	1.5747
DKK/EUR	7.4463	EUR/GBP	1.138

Indices		Dow	8277.32	-14.89	
FTSE	4365.29	19.82	ISEQ	2697.98	-16.88
Nikkei	9245.95	69.67	Nasdaq	1692.01	-10.05

### German Ifo Rises Again.....But Still Disappoints



Confidence in the German business community rose for the second month running in May, with the leading Ifo index rising to 84.2 from 83.7 in April. The pick up in the index further raised hopes that we could see economic stabilisation in the second half of the year. The current conditions index actually fell but there was a sizeable increase in the expectations component. The rise in the index was still below expectations and disappointed many in the market, as reflected in the sell off in the euro following the release. Furthermore, the rise leaves the index well below the highs seen around a year ago suggesting that any pick up in the economy will be subdued at best.

SHORT TERM INTEREST RATES				
Months	1	3	6	12
USD	0.31	0.66	1.20	1.53
JPY	0.25	0.53	0.72	0.88
EUR	0.92	1.26	1.46	1.63
GBP	0.69	1.29	1.51	1.77

LONG TERM INTEREST RATES		
Term	EURO (Annual)	GBP
2 Years	1.77	1.89
3 Years	2.19	2.49
4 Years	2.53	2.95
5 Years	2.82	3.24

Euro S/Term interest rates Actual /360 : L/Term Actual Bond Basis

