



Earnings Reports and Plenty of Data

Forex markets have been relatively stable over the weekend. Weak stock prices, though, see the yen firmer against currencies such as the euro and the Australian dollar, showing little reaction to the news that a general election in Japan has been called for 30th August.

Markets in general have become increasingly cautious as the US Q2 reporting season gets under way. This is again likely to be a dominant theme in the week ahead, though the coming week also sees plenty of top tier releases, especially from the US, to provide direction. While there is nothing of significance on the calendar today, in term of US June real economy data this week sees retail sales, industrial, production and housing starts/permits data. With markets having become nervous that the optimism about global economic recovery may have been overdone, attention will also fall on July lead indicators such as the New York (Empire State) and Philadelphia Fed manufacturing surveys and the National Association of Home Builders (NAHB) sentiment survey.

Data from the eurozone are expected to support hopes that the worst of the economic downturn in the region is over and thus may provide the euro with some support. Notably, another increase is anticipated in the July German ZEW Index (an early indicator of sentiment in the month). Meanwhile, a good pick up in eurozone industrial production should be recorded after the strong data last week from Germany and France.

Meanwhile, it seems unlikely that data from the UK will reignite the sterling rally. UK inflation has been relatively sticky but Tuesday's data should show an easing in the CPI rate back down below the BoE's 2% target level. Meanwhile, figures on Wednesday are expected to show a further deterioration in UK labour market conditions.

Jenny Pollock, AIB Global Treasury

Today's Opening Rates (Mid-Rate)

| | | | |
|---------|--------|---------|---------|
| USD/EUR | 1.3921 | NOK/EUR | 9.103 |
| GBP/EUR | 0.8634 | CHF/EUR | 1.5134 |
| USD/GBP | 1.6116 | AUD/EUR | 1.7955 |
| JPY/USD | 92.24 | NZD/EUR | 2.229 |
| JPY/EUR | 128.41 | HKD/EUR | 10.7859 |
| SEK/EUR | 11.085 | CAD/EUR | 1.6219 |
| DKK/EUR | 7.4444 | EUR/GBP | 1.1577 |

| Indices | | Dow | 8146.52 | -35.97 | |
|---------------|---------|--------|---------------|---------|--------|
| FTSE | 4127.17 | -31.49 | ISEQ | 2572.98 | -63.37 |
| Nikkei | 9338.76 | -51.27 | Nasdaq | 1756.03 | 11.42 |

SHORT TERM INTEREST RATES

| Months | 1 | 3 | 6 | 12 |
|------------|------|------|------|------|
| USD | 0.29 | 0.51 | 0.97 | 1.46 |
| JPY | 0.22 | 0.44 | 0.67 | 0.85 |
| EUR | 0.63 | 1.01 | 1.24 | 1.43 |
| GBP | 0.61 | 1.05 | 1.27 | 1.57 |

LONG TERM INTEREST RATES

| Term | EURO (Annual) | GBP |
|----------------|------------------|------|
| 2 Years | 1.71 | 2.03 |
| 3 Years | 2.18 | 2.71 |
| 4 Years | 2.53 | 3.17 |
| 5 Years | 2.80 | 3.47 |

Economic Indicators this week . . .

(full listing on our "Weekly Market Brief" on www.fxcentre.com)

| Date | G7 | Time | Statistics | Previous | Forecast | Rank |
|-------------|-----|-------|-----------------------------------|------------------------|--------------|------|
| Tue 14 Jul | UK | 00.01 | RICS House Prices Balance (June) | -44.1 | -40.0 | High |
| Tue 14 Jul | UK | 09.30 | CPI (June) | +0.6%(+2.2%) | +0.3%(+1.8%) | High |
| Tue 14 Jul | GER | 10.00 | ZEW Index (July) | 44.8 | 47.8 | High |
| Tue 14 Jul | US | 13.30 | Retail Sales (June) | +0.5% | +0.4% | High |
| Wed 15 Jul | UK | 09.30 | Claimant Count (June) | +31,300 | +40,500 | High |
| Wed 15 Jul | US | 13.30 | CPI (June) | +0.1%(-1.3%) | +0.6%(-1.5%) | High |
| Wed 15 Jul | US | 14.15 | Industrial Production (June) | -1.1% | -0.6% | High |
| Thur 16 Jul | US | 15.00 | Philly Fed Business Survey (July) | -2.2 | -5.0 | High |
| Fri 17 Jul | US | 13.30 | Housing Starts (June) | 0.532m s.a.a.r./+17.2% | 0.53m | High |



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