



## Dollar Remains Under Pressure

Sentiment towards the US currency remains depressed as traders await this evening's FOMC announcement. We expect that the Fed will make cautious acknowledgement that the worst for the economy is over but give no indication of any move towards exit strategies from current stimulatory policies. Markets are also cautious ahead of the end week G20 summit meeting with any discussions on rebalancing the global economy likely to imply the need for a weaker dollar.

Improved risk appetite, with stock markets generally higher, is also weighing on the dollar. There was a move overnight into high yielding currencies, prompted by strong New Zealand GDP data. This not only drove the NZD to a 13 month high to the USD but helped push the USD broadly lower while the yen moved higher against other majors. The USD has hit another new one year low against a basket of currencies and against the euro in particular, with the single currency trading at around the \$1.48 level. After the dearth of economic data at the start of the week, today's Flash PMIs for the eurozone are expected to move higher providing further indication of a return to growth in the region in Q3. As such the data should provide further support to the euro.

Sterling has gained against the broadly weaker dollar but remains close to recent lows to the euro ahead of this morning's release of the minutes of the MPC meeting earlier this month. Dovish comments from BOE Governor, Mervyn King, last week weighed heavily on sterling. In particular, markets will be looking to see if today's minutes contain any discussion of a cut in the rate that the BoE pays on bank's reserve deposits.

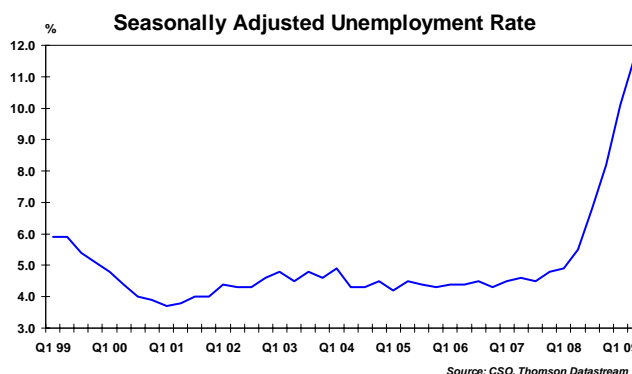
**Jenny Pollock, AIB Global Treasury**

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

USD/EUR	1.4802	NOK/EUR	8.631
GBP/EUR	0.9034	CHF/EUR	1.5136
USD/GBP	1.6383	AUD/EUR	1.6911
JPY/USD	90.79	NZD/EUR	2.039
JPY/EUR	134.39	HKD/EUR	11.4717
SEK/EUR	10.0705	CAD/EUR	1.5812
DKK/EUR	7.4416	EUR/GBP	1.1063

Indices		Dow	9829.87	50.26
FTSE	5142.60	8.24	ISEQ	3385.67
Nikkei	10379.21	70.55	Nasdaq	2146.3
				-3.72

## Irish Unemployment Rate Rises Sharply



Data released by the CSO yesterday showed that the Irish unemployment rate (seasonally adjusted) has risen to 11.6% by June of this year, up from 10.1% in the previous quarter and 5.5% for the same period in 2008. The total number employed in the economy fell 8.2% or 174,300 since Q2-2008, while the numbers registered as unemployed rose by 137,900. Reflecting the sharp downturn in housing and construction activity generally, the numbers employed by this sector fell by over 35% from Q2 last year and is down over 40% from its peak in Q2-2007. While the more timely series, the Live Register, shows that the numbers losing their jobs continue to rise, the rate of increase has at least eased from earlier in the year.

SHORT TERM INTEREST RATES				
Months	1	3	6	12
USD	0.25	0.29	0.67	1.27
JPY	0.18	0.35	0.55	0.80
EUR	0.45	0.76	1.03	1.25
GBP	0.50	0.57	0.76	1.11

LONG TERM INTEREST RATES		
Term	EURO (Annual)	GBP
2 Years	1.72	1.91
3 Years	2.21	2.65
4 Years	2.55	3.12
5 Years	2.82	3.42

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



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