

G7 Maintains Status Quo on Forex Markets

While the euro is modestly higher versus the dollar this morning there was little reaction to the weekend G7 communiqué, which made no official reference to recent moves in major currencies. The yen though did come under some pressure versus the dollar, euro and sterling after a warning from the Japanese Finance Minister on the need for Tokyo to take action against excessive, "one-sided" moves in foreign exchange markets. With global markets still gripped by uncertainty following last week's round of disappointing data from the US (including Friday's weaker than anticipated non-farm payrolls report), caution is expected to prevail this week, which should see the dollar and other safe haven assets trade with a positive bias over the day. Markets, however, will be looking to available data for direction including today's release of the services PMI in Europe and the ISM in the US.

The main focus, however, will be on central banks and monetary policy this week with the ECB and Bank of England both meeting to discuss interest rates. Both are expected to leave rates on hold. In the case of the ECB though markets will, as always, be keeping a close eye on the central bank's post meeting press conference for any subtle changes in tone. Although data point to a return to growth in Q3, we expect the central bank to remain in a cautious mood, indicating that policy will remain very accommodative for some time yet. Sterling remains off last week's lows versus the dollar and euro, finding some support in overnight comments from the CBI that UK finance firms enjoyed their first growth spell in two years in Q3. Today's sees the release of the CIPS services survey for September, which will be watched closely following last week's surprise dip in the manufacturing index.

Geraldine Concagh, AIB Global Treasury

Today's Opening Rates (Mid-Rate)

USD/EUR	1.4647	NOK/EUR	8.4346
GBP/EUR	0.9144	CHF/EUR	1.5107
USD/GBP	1.6015	AUD/EUR	1.6744
JPY/USD	89.78	NZD/EUR	2.032
JPY/EUR	131.51	HKD/EUR	11.3528
SEK/EUR	10.261	CAD/EUR	1.5748
DKK/EUR	7.4445	EUR/GBP	8.4346

Indices			Dow	9487.67	-19.95
FTSE	4988.70	-59.11	ISEQ	3230.82	-74.88
Nikkei	9848.07	-94.00	Nasdaq	2048.11	7.27

SHORT TERM INTEREST RATES

Months	1	3	6	12
USD	0.24	0.28	0.60	1.21
JPY	0.17	0.35	0.54	0.78
EUR	0.44	0.75	1.02	1.24
GBP	0.50	0.54	0.73	1.09

LONG TERM INTEREST RATES

Term	EURO (Annual)	GBP
2 Years	1.66	1.77
3 Years	2.08	2.44
4 Years	2.40	2.86
5 Years	2.66	3.13

Economic Indicators this week . . .

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

Date	G7	Time	Statistics	Previous	Forecast	Rank
Mon 05 Oct	EU-16	08.58	Markit Services PMI (September)	49.9 / 50.6 (p)	50.6	High
Mon 05 Oct	UK	09.28	CIPS Services PMI (September)	54.1	54.5	High
Mon 05 Oct	US	15.00	ISM Non-Manufacturing PMI (September)	48.4	49.9	High
Tue 06 Oct	UK	09.30	Industrial production (August)	+0.5% (-9.3%)	+0.2% (-8.7%)	High
Tue 06 Oct	UK	15.00	NIESR GDP Estimate (3 Mths to September)	+0.2%		High
Thur 08 Oct	IRL	11.00	CPI (September)	+0.4% (-5.9%)	+0.2% (-6.0%)	High
Thur 08 Oct	UK	12.00	BoE Interest Rate Announcement	0.5%	0.5%	High
Thur 08 Oct	EU-16	12.45	ECB Interest Rate Announcement	1.0%	1.0%	High
Fri 09 Oct	US	13.30	International Trade Balance (August)	-\$31.96bn	-\$33bn	High



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