

## Quiet Start to a Hectic Week

There was some respite for the dollar towards the end of last week following the comments from the Fed's Bernanke that indicated monetary policy may have to be tightened as a recovery takes hold. His remarks helped the US currency pull back on Friday from its 14 month low against a basket of currencies.

While the dollar's recovery was modest, with Bernanke having again reiterated that accommodative policies were likely to be warranted for an extended period, the US currency has broadly maintained its gains over the weekend and has edged higher against the yen as investors trim back short dollar positions ahead of this week's key market events. Comments from the Fed's Bullard warning of the medium term inflation risks may have helped the dollar's tone.

Trading, though, may be light today, with the US closed for the Columbus Day holiday and a blank economic calendar. However, there is a plethora of data over the rest of the week to provide direction with US retail sales and CPI data key features. Meanwhile, the US Q3 earnings season gets into full swing with, amongst other big names, some of the major banking names due to report this week. Markets will be looking not only to the extent of company profits but also comments about the strength of demand.

Sterling fell not only against the firmer dollar on Friday but also against the euro. Bernanke's comments focused attention on prospects for the removal of current stimulatory monetary policies. With the BoE seen as lagging other major central banks in this regard, given the UK's poor economic performance, sterling again came under pressure. Weekend press reports that UK rates could be on hold until 2011 could reinforce the weak sterling tone with no domestic data today to provide any support.

**Jenny Pollock, AIB Global Treasury**

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

USD/EUR	1.4697	NOK/EUR	8.3057
GBP/EUR	0.9294	CHF/EUR	1.5204
USD/GBP	1.5808	AUD/EUR	1.6298
JPY/USD	90.22	NZD/EUR	2.019
JPY/EUR	132.58	HKD/EUR	11.3877
SEK/EUR	10.3708	CAD/EUR	1.5332
DKK/EUR	7.4431	EUR/GBP	1.0752

Indices		Dow	9864.94	78.90
FTSE	5161.87	7.23	ISEQ	3346.14
Nikkei	9893.63	26.44	Nasdaq	2139.28
				19.28

### SHORT TERM INTEREST RATES

Months	1	3	6	12
USD	0.25	0.28	0.60	1.22
JPY	0.17	0.34	0.54	0.77
EUR	0.43	0.74	1.02	1.24
GBP	0.51	0.56	0.75	1.11

### LONG TERM INTEREST RATES

Term	EURO (Annual)	GBP
2 Years	1.82	1.81
3 Years	2.22	2.45
4 Years	2.51	2.87
5 Years	2.75	3.12

### Economic Indicators this week . . .

(full listing on our "Weekly Market Brief" on [www.fxcentre.com](http://www.fxcentre.com))

Date	G7	Time	Statistics	Previous	Forecast	Rank
Tue 13 Oct	UK	09.30	CPI (September)	+0.4% (+1.6%)	+0.2% (+1.3%)	High
Tue 13 Oct	GER	10.00	ZEW Index (October)	57.7	58.3	High
Tue 13 Oct	US	20.00	FOMC Publishes Meeting Minutes 22-23 Sept Meeting			High
Wed 14 Oct	UK	09.30	Claimant Count (September)	+24,400	+25,000	High
Wed 14 Oct	US	13.30	Retail Sales (September)	+2.7%	-2.1%	High
Thur 15 Oct	US	13.30	CPI (September)	+0.4% (-1.5%)	+0.2% (-1.4%)	High
Thur 15 Oct	US	13.30	Empire State – NY Fed Manuf. Index (Oct)	18.88	17.0	High
Thur 15 Oct	US	15.00	Philly Fed Business Survey (October)	14.1	12.0	High
Fri 16 Oct	US	14.15	Industrial Production (September)	+0.8%	+0.2%	High



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