

# Morning Comment

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AIB Global Treasury Services



## Improved Risk Appetite Continues to Dominate

The dollar remains on the defensive against a basket of currencies, with the Aussie dollar hitting a 14 month high overnight on optimism that positive Q3 corporate earnings reports would continue to boost investor appetite for risk. The NZD was also a star performer overnight, with better than expected retail sales data fuelling speculation that the central bank may soon drop its easing bias. The euro, meanwhile, continue to trade with a positive bias but failed to sustain a break above the \$1.48 level as markets await this morning's release of the German ZEW index for October. Also on the agenda today is the release of the minutes of the last Federal Reserve policy meeting. They should provide some insights into the FOMC's latest views on the economy and monetary policy. We expected guarded optimism in relation to signs of a US recovery, with little sign of a move towards exit strategies.

According to the RICS housing survey released overnight, sentiment in the UK residential property market rose to its highest level for almost two and a half years in September, with a lack of supply continuing to support price levels. Meanwhile, the latest BRC retail sales survey, also for September, showed retail sales up sharply over the month, again boosting hopes for a return to growth in Q3. The data, however, did little for sterling, which remains in the doldrums versus the euro falling to six month low yesterday on concerns about the UK's budget deficit and a widening in the UK/euro interest rate spread. Losses were also seen versus the US dollar. This morning sees the release of the inflation report for September as well as the DCLG house price report for August. The BoE's Bean is also due to speak.

Geraldine Concagh, AIB Global Treasury

SHORT TERM INTEREST RATES				
Months	1	3	6	12
USD	0.24	0.28	0.60	1.25
JPY	0.17	0.34	0.54	0.77
EUR	0.43	0.74	1.02	1.25
GBP	0.51	0.56	0.75	1.11

LONG TERM INTEREST RATES		
Term	EURO (Annual)	GBP
2 Years	1.78	1.79
3 Years	2.21	2.42
4 Years	2.48	2.83
5 Years	2.72	3.10

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

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

USD/EUR	1.4778	NOK/EUR	8.332
GBP/EUR	0.9386	CHF/EUR	1.5171
USD/GBP	1.5742	AUD/EUR	1.6289
JPY/USD	90.05	NZD/EUR	1.999
JPY/EUR	133.09	HKD/EUR	11.4537
SEK/EUR	10.2853	CAD/EUR	1.5274
DKK/EUR	7.4438	EUR/GBP	1.0649

Indices		Dow	9885.80	20.56	
FTSE	5210.17	48.30	ISEQ	3367.54	21.40
Nikkei	9893.63	26.44	Nasdaq	2139.14	-6.49

### Key Focus on US Corporate Earnings Data this Week

Optimism in the market that Q3 corporate earnings reports will be relatively positive helped lift the mood on equity markets as the week's trading got under way yesterday. The gains followed Friday's 2009 closing high for the Dow Jones after US aluminium giant Alcoa got the US third-quarter earnings season off to a good start last week. This week the focus will bring banks into focus with JPMorgan, Goldman Sachs, Citigroup and Bank of America all reporting over the next five days. A number of other large international companies are also due to report including Intel, Johnson & Johnson, IBM, Google, Baxter and Mattel. Below are the release dates for the results.

#### Company Name and Reporting Period (Q3)

13 <sup>th</sup> October	Intel
	Johnson & Johnson
14 <sup>th</sup> October	JP Morgan
	Baxter International
15 <sup>th</sup> October	Citigroup
	Goldman Sachs
	Google
	IBM
16 <sup>th</sup> October	Bank of America
	General Electric
	Mattel



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