



Euro Sees 14 Month Highs Versus Dollar

The euro saw its highest level in 14 months in early morning trade, hitting \$1.4994 as the dollar remained under pressure versus other majors. \$1.50 continues to elude it with options related trade keeping it below the level for now but a break higher seems inevitable. Despite expressions of concerns from yesterday's euro finance ministers meeting and further remarks from the ECB's Trichet that the strength of the euro was worrying, markets still bid the EUR higher as it viewed nothing new in the comments. The latest round of positive US earnings reports also fuelled a lack of enthusiasm for the safe haven USD. Sterling, meanwhile, is trading well above the \$1.64 level versus the USD, while holding relatively steady versus the euro.

A hawkish tone to the minutes of the Reserve Bank of Australia's policy meeting two weeks ago, when it raised interest rates by 0.25% also weighed on the US dollar. The central bank identified inflation as the major concern in its decision to begin tightening monetary policy from emergency levels. It also indicated that it would raise rates further, leading markets to price in at least two rate hikes before year end. The release of the minutes saw the AUD trade at its highest level versus the USD since August of last year, with further gains anticipated.

The focus will remain on earnings reports today and the performance of equities but markets will also be looking to the release of the US housing starts and permits for September for direction. Also due for release is the US producer prices report for September. The Bank of Canada's rate decision at 14.00 (Irish time) will also be a main risk event today, though the central bank is expected to keep its rate unchanged at 0.25%.

Geraldine Concagh, AIB Global Treasury

SHORT TERM INTEREST RATES				
Months	1	3	6	12
USD	0.25	0.28	0.59	1.25
JPY	0.16	0.33	0.53	0.77
EUR	0.43	0.74	1.02	1.26
GBP	0.51	0.58	0.78	1.14

LONG TERM INTEREST RATES		
Term	EURO (Annual)	GBP
2 Years	1.85	1.91
3 Years	2.26	2.58
4 Years	2.56	3.00
5 Years	2.80	3.28

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

Today's Opening Rates (Mid-Rate)

USD/EUR	1.4973	NOK/EUR	8.307
GBP/EUR	0.9124	CHF/EUR	1.5125
USD/GBP	1.6409	AUD/EUR	1.6147
JPY/USD	90.17	NZD/EUR	1.986
JPY/EUR	135.05	HKD/EUR	11.6053
SEK/EUR	10.356	CAD/EUR	1.54
DKK/EUR	7.4434	EUR/GBP	1.096

Indices		Dow	10092.19	95.52	
FTSE	5281.54	91.30	ISEQ	3293.92	27.41
Nikkei	10179.46	-18.84	Nasdaq	2176.32	13.91

Further Evidence of Recovery In UK Property Market

According to the Rightmove House Price survey UK house prices rose on the year in October for the first time since June 2008, while the monthly measure was the sharpest gain in 20 months. The agency's latest index showed that in the month to mid-October, house prices rose 2.8% and were 0.2% higher in year-on-year terms. The monthly rise wasn't only the largest increase since February 2008 it was also the biggest October rise since October 2003.

Properties were reported as selling quickly. However, the unusually steep rise in house prices in October (a time of year which is not traditionally such a busy one for the market) was due to a lack of suitable properties on the market, though there was some evidence that the availability of mortgage finance continues to gradually improve.

"Current price recovery is based on an unusually thin market with transaction levels still 54% down on 2007. Ongoing lack of supply is driven by home owners deciding not to move given the current economic backdrop," Rightmove said. Rightmove.co.uk is a leading UK's property website and its survey data is based on 94,629 asking prices of properties put on sale by estate agents between the September 13 and October 10 period.

