

USD Recovers Ground as Stocks Stumble

An unwinding of short dollar positions saw the euro fall sharply from \$1.5060 to \$1.4850 late yesterday but it has since recovered some ground to start the day around the \$1.49 level. Volatility was reported to be very high as traders also took profits in high yielding currencies following a sharp drop in stocks and commodities. Markets are now likely to turn cautious ahead of a busy week on the data front, which includes the release of Wednesday's advance US Q3 GDP figures, with the report expected to show a return to growth for the first time since Q2-2008. Consensus forecasts show a 3.3% rise in output, a sharp bounce from the previous quarter's contraction of 0.7%.

Though holding up reasonably well, sterling remains on the back foot versus the euro and dollar following Friday's news that the UK economy contracted by another 0.2% in Q3, confounding expectations that the economy had returned to growth. The data have left many on edge ahead of next week's policy meeting. However, MPC member, Adam Posen, was quoted yesterday as saying that GDP numbers wouldn't necessarily imply anything for the central bank's forecasts, which are due to be published next month as part of its Quarterly Inflation Report.

UK data of note are relatively thin on the ground this week, with just survey evidence from the Gfk featuring alongside the Nationwide, Hometrack and Land Registry house price surveys and the latest mortgage applications numbers. Gfk consumer confidence is expected to continue to edge higher, while the banking and house price data will be watched for any further anecdotal evidence of an improvement in the housing sector. However, the focus will be on the High Street today with the CBI distributive trades survey for October due for release later this morning.

Geraldine Concagh, AIB Global Treasury

Today's Opening Rates (Mid-Rate)

USD/EUR	1.4906	NOK/EUR	8.3655
GBP/EUR	0.9103	CHF/EUR	1.5152
USD/GBP	1.6371	AUD/EUR	1.6198
JPY/USD	91.95	NZD/EUR	1.984
JPY/EUR	137.13	HKD/EUR	11.5521
SEK/EUR	10.224	CAD/EUR	1.593
DKK/EUR	7.4432	EUR/GBP	1.0981

Indices		Dow	9867.96	-104.37	
FTSE	5191.74	-50.83	ISEQ	3093.94	-51.78
Nikkei	10283.46	90.78	Nasdaq	2141.85	-16.96

SHORT TERM INTEREST RATES

Months	1	3	6	12
USD	0.24	0.28	0.58	1.24
JPY	0.16	0.33	0.53	0.76
EUR	0.43	0.73	1.02	1.25
GBP	0.51	0.59	0.80	1.17

LONG TERM INTEREST RATES

Term	EURO (Annual)	GBP
2 Years	1.88	1.95
3 Years	2.32	2.63
4 Years	2.62	3.05
5 Years	2.86	3.33

Economic Indicators this week . . .

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

Date	G7	Time	Statistics	Previous	Forecast	Rank
Tue 27 Oct	EU-16	09.00	M3/ 3 Month Moving Average (September)	(+2.5%)/(+3.0%)	(+2.2%)/(+2.6%)	High
Wed 28 Oct	US	12.30	Durable Goods (September)	-2.6%	+1.3%	High
Wed 28 Oct	US	14.00	New Home Sales (September)	0.429m s.a.a.r./+0.7%	0.44m	High
Wed 28 Oct	BEL	14.00	Prelim GDP (Q3)	-0.4%(-3.8%)	+0.4%	High
Thur 29 Oct	EU-16		EC Economic Sentiment (October)	82.8	84.0	High
Thur 29 Oct	US	12.30	Advanced GDP (Q3)	-0.7% s.a.a.r.	+3.3%	High
Fri 30 Oct	EU-16	10.00	Flash HICP (October)	(-0.3%)	(0.1%)	High
Fri 30 Oct	US	12.30	Personal Income / Consumption (September)	+0.2%/+1.3%	0.0%/-0.5%	High
Fri 30 Oct	US	13.45	Chicago PMI (October)	46.1	48.5	High



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