

## Busy Week Ahead for Markets

Heightened risk sentiment led to a volatile time for majors last week. While off its highs, the dollar ended the period on a firmer note against the euro after stocks reversed some of the strong gains that had resulted from Thursday's better than expected US GDP data. The days ahead see plenty to drive risk sentiment with the week dominated by central bank meetings. Neither the Fed nor ECB are expected to make any policy changes and are likely to signal that rates remain on hold for some time. However, they are also likely to acknowledge modest improvements in economic conditions and markets will be looking to the Fed statement and ECB press conference for any subtle changes in tone.

There is also a busy economic schedule with the main being Friday's US October non-farm payrolls report. Ahead of this, October ISM/PMI surveys are due, starting with today's manufacturing sector reports. The US index is expected to move further above the key 50 level while, in the eurozone, no change from the earlier flash report is anticipated. US pending home sales also feature today.

Meanwhile, it is anticipated that today's UK manufacturing CIPS/PMI will edge up to the 50 level. However, the main focus for sterling will undoubtedly be Thursday's BoE meeting. Again we anticipate no change in official interest rates. However, with sufficient spare capacity in the economy to bear down on inflation, we expect that the MPC will decide to increase its current Stg175bn QE programme, probably by Stg25bn. Sterling last week more than recovered its losses against the euro seen after the very disappointing UK GDP numbers the previous week. However, as attention increasingly falls on this meeting it may be difficult for sterling to make further progress.

**Geraldine Concagh, AIB Global Treasury**

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

USD/EUR	1.475	NOK/EUR	8.4319
GBP/EUR	0.8976	CHF/EUR	1.5106
USD/GBP	1.6428	AUD/EUR	1.6304
JPY/USD	90.1	NZD/EUR	2.047
JPY/EUR	132.91	HKD/EUR	11.4315
SEK/EUR	10.425	CAD/EUR	1.5926
DKK/EUR	7.4424	EUR/GBP	1.1135

Indices		Dow	9712.73	-248.79	
FTSE	5044.55	-93.17	ISEQ	2866.69	-72.81
Nikkei	9903.77	27.90	Nasdaq	2045.11	-46.45

### SHORT TERM INTEREST RATES

Months	1	3	6	12
USD	0.24	0.28	0.56	1.20
JPY	0.16	0.33	0.53	0.75
EUR	0.42	0.72	1.00	1.24
GBP	0.51	0.59	0.81	1.17

### LONG TERM INTEREST RATES

Term	EURO (Annual)	GBP
2 Years	1.81	1.93
3 Years	2.24	2.57
4 Years	2.54	2.99
5 Years	2.78	3.27

### 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
Mon 2 Nov	UK	09.28	CIPS Manufacturing PMI (October)	49.5	50.0	High
Mon 2 Nov	US	15.00	ISM Manufacturing (October)	52.6	53.0	High
Wed 4 Nov	EU-16	08.58	Composite PMI (October)	51.1 / 53.0 (p)	53.0	High
Wed 4 Nov	UK	09.28	CIPS Services PMI (October)	55.3	55.5	High
Wed 4 Nov	US	15.00	ISM Non-Manufacturing PMI (October)	50.9	51.5	High
Wed 4 Nov	US	19.15	FOMC Interest Rate Announcement	0 - 0.25%	0 - 0.25%	High
Thur 5 Nov	UK	12.00	BoE Rate / QE Announcement	0.5%	0.5% / +£25bn	High
Thur 5 Nov	EU-16	12.45	ECB Rate Announcement	1.0%	1.0%	High
Fri 6 Nov	US	13.30	Non-Farm Payroll (October)	-263,000	-175,000	High



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