

## Dollar Slips on Rise in US Unemployment

Despite Friday's disappointing news of a rise in the US employment rate to 10.2% (the highest level for over 26 years) risk appetite remains relatively high with the dollar falling versus other majors in early morning trade. The weak labour market data have reinforced the view that the Fed will keep interest rates low for a prolonged period of time. As well as that, the NZD led other commodity-linked currencies sharply higher on more good news on the economic front, with the gains helping to lift the euro back through the \$1.49 level.

Also hurting the US dollar was the fact that the weekend's meeting of G20 finance officials failed to make any specific references to the recent decline in the USD. There is little of note in terms of US data over this week, with markets looking to stocks as well as comments from a number of Fed officials for direction. Markets will also be keeping a close eye on major US retailers, including WalMart, who are due to report fiscal third-quarter results this week. The industry has been reporting improved y-on-y sales of late, further confirmation that the worst is over in terms of the economic downturn.

The euro, however, faces a key test with the first estimate of Q3 GDP data due for release at the end of the week. The report is expected to show the first positive growth number since Q1 last year, signalling an end to recessionary conditions. Anything less than the 0.5% rise in GDP forecast could weigh. Sterling, which has started the week in a firm position versus the euro and USD, will also be in the spotlight with the Bank of England's latest Quarterly Inflation Report due for release on Wednesday. As well as up-to-date growth and inflation predictions, the report should provide further insights in terms of the central bank's decision to increase its QE activities by Stg25bln at the November policy meeting.

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

USD/EUR	1.4954	NOK/EUR	8.4274
GBP/EUR	0.8928	CHF/EUR	1.5114
USD/GBP	1.6751	AUD/EUR	1.615
JPY/USD	90.2	NZD/EUR	2.032
JPY/EUR	134.88	HKD/EUR	11.5892
SEK/EUR	10.3223	CAD/EUR	1.5948
DKK/EUR	7.4416	EUR/GBP	1.1199

Indices		Dow	10023.42	22.07
FTSE	5142.72	17.08	ISEQ	2971.96
Nikkei	9777.64	-23.38	Nasdaq	2112.44
				22.95

### SHORT TERM INTEREST RATES

Months	1	3	6	12
USD	0.24	0.27	0.55	1.16
JPY	0.16	0.32	0.53	0.74
EUR	0.43	0.72	1.00	1.24
GBP	0.52	0.61	0.83	1.20

### LONG TERM INTEREST RATES

Term	EURO (Annual)	GBP
2 Years	1.82	2.03
3 Years	2.28	2.73
4 Years	2.60	3.18
5 Years	2.86	3.47

### 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 10 Nov	UK	00.01	BRC Retail Sales (October)	(+2.8%)		High
Tue 10 Nov	GER	10.00	ZEW Index (November)	56.0	55.0	High
Wed 11 Nov	UK	09.30	Claimant Count (October)	+20,800	+20,000	High
Wed 11 Nov	UK	10.30	BoE Inflation Report			High
Thur 12 Nov	EU-16	10.00	Industrial Production (September)	+0.9%	+0.4%(-14.1%)	High
Fri 13 Nov	GER	07.00	Flash GDP (Q3)	+0.3%(-7.1%)	+0.8%(-4.8%)	High
Fri 13 Nov	EU-16	10.00	Flash GDP (Q3)	-0.2%(-4.8%)	+0.5%(-3.9%)	High
Fri 13 Nov	US	13.30	International Trade Balance (September)	-\$30.71bn	-\$31.5bn	High
Fri 13 Nov	US	14.55	Michigan Sentiment (November Prelim)	70.6	71.0	High



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