Morning Comment

Monday 23rd November 2009 7.40am GMT

E-Mail: LetUsKnow@aib.ie : Internet: http://www.fxcentre.com

AIB Global Treasury Services

Dollar Slips on Dovish Fed Talk

Risk appetite has picked up again, bolstered by the fact that the majority of Asian stock markets traded in positive territory. As a result, the dollar has dollar turned lower versus the euro and other majors including the yen and sterling, giving up some of the gains seen going into the weekend as markets also react to dovish comments from US central bankers. The head of the St. Louis Fed, James Bullard, was quoted as saying that the central bank should keep alive its mortgage related assets purchase programme beyond a planned end date to give policy makers more flexibility in terms of managing the economy's recovery. In addition, the Financial Times ran an interview with the Chicago Fed's Evans, suggesting that interest rates would not be lifted for a long time to come, maybe late 2010 or even 2011.

Markets attention will turn to eurozone data later this morning, with the flash PMI's for November due for release. The closely watched indices are expected to continue their upward trend, supporting hopes for recovery and positive market sentiment. A strong set of numbers could push the euro towards the $1.50 level but much will depend on the performance of stocks over the day. Sterling is modestly higher versus the USD this morning but is underperforming the euro as markets await tomorrow testimony from the BoE to the Treasury Select Committee. Last week's release of the minutes of the November policy meeting are weighing on the GBP as they showed the MPC open to the prospect of further stimulus. Oil prices rose above $78 a barrel in early trade as heightened tension between Iran and Western nations raised speculation over supply side risks, encouraging investors to push prices higher. Prices were also supported by the generally weaker dollar.

Geraldine Concagh, AIB Global Treasury

Today's Opening Rates (Mid-Rate)

USD/EUR	1.4967	NOK/EUR	8.384
GBP/EUR	0.9029	CHF/EUR	1.5111
USD/GBP	1.6574	AUD/EUR	1.6216
JPY/USD	88.62	NZD/EUR	2.048
JPY/EUR	132.67	HKD/EUR	11.6001
SEK/EUR	10.2854	CAD/EUR	1.59
DKK/EUR	7.4414	EUR/GBP	1.1071

Indices			Dow	10426.31	0.04
FTSE	5267.70	-74.43	ISEQ	2867.83	-37.37
Nikkei	9691.86	-46.43	Nasdaq	2193.14	-6.73

SHORT TERM INTEREST RATES

Months	1	3	6	12
USD	0.24	0.26	0.49	1.02
JPY	0.16	0.30	0.51	0.73
EUR	0.43	0.71	0.99	1.22
GBP	0.51	0.61	0.83	1.21

LONG TERM INTEREST RATES

Term	EURO (Annual)	GBP
2 Years	1.73	1.74
3 Years	2.18	2.39
4 Years	2.50	2.81
5 Years	2.75	3.12

Economic Indicators this week . . . (full listing on our "Weekly Market Brief" on www.fxcentre.com)

Date	G7	Time	Statistics	Previous	Forecast	Rank
Mon 23 Nov	EU-16	08.58	Flash PMI – Composite (November)	53.0	53.4	High
Mon 23 Nov	EU-16	08.58	- Manufacturing	50.7	51.2	High
Mon 23 Nov	EU-16	08.58	- Services	52.6	52.8	High
Mon 23 Nov	US	15.00	Existing Home Sales (October)	5.57mn s.a.a.r. / +9.4%	5.7mn	High
Tue 24 Nov	GER	09.00	Ifo Index (November)	91.9	92.5	High
Tue 24 Nov	US	13.30	Preliminary GDP (Q3)	+3.5% s.a.a.r. (p)	+3.0%	High
Tue 24 Nov	US	15.00	Consumer Confidence (November)	47.7	48.0	High
Wed 25 Nov	UK	09.30	GDP – Revised (Q3)	-0.4% (-5.2%) (p)	-0.3%(-5.1%)	High
Wed 25 Nov	US	15.00	New Home Sales (October)	0.402mn s.a.a.r. / -3.6%	0.41mn	High