



RBA Hikes Rates Again to 3.75%

Australia was in the limelight overnight, with markets keenly awaiting the outcome of the Reserve Bank's monthly policy meeting. In the event, the central bank announced that it was tightening policy by 0.25% to 3.75%, pulling official rates further back from emergency levels. This is the first time that the RBA has increased rates for three months running, calling its actions a material adjustment. The market expects further tightening but the central bank's statement gave no direction in terms of the timing of any additional moves. The RBS next meets in February.

As well as taking support from the RBA decision, the euro is holding above the \$1.50 level versus the dollar with market sentiment rallying as fears about contagion from the Dubai crisis wane as Dubai World reports that it is restructuring its debt. Meanwhile, the euro, dollar and sterling have gained ground against the yen, with the Bank of Japan announcing early this morning (following an unscheduled monetary policy meeting) that it would introduce a new operation to provide additional funds to the market.

The focus will switch to Europe this morning with manufacturing PMIs due for release in the eurozone and the UK. All indices are expected to have rise further, supporting hopes for recovery. Data already released this morning showed UK house prices (Nationwide measure) up 0.5% in November, leaving them 2.7% higher than they were this time last year. While sterling may be rallying against the yen this morning, it remains under pressure versus the USD and euro, with the sterling/ euro rate starting the day above the Stg0.91p level as yesterday's news of a fall in consumer confidence last month weighs.

Geraldine Concagh, AIB Global Treasury

SHORT TERM INTEREST RATES				
Months	1	3	6	12
USD	0.24	0.26	0.49	1.02
JPY	0.18	0.30	0.50	0.71
EUR	0.47	0.72	1.00	1.23
GBP	0.51	0.61	0.84	1.22

LONG TERM INTEREST RATES		
Term	EURO (Annual)	GBP
2 Years	1.75	1.73
3 Years	2.15	2.34
4 Years	2.44	2.75
5 Years	2.69	3.03

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

Today's Opening Rates (Mid-Rate)

USD/EUR	1.5026	NOK/EUR	8.5128
GBP/EUR	0.9127	CHF/EUR	1.5079
USD/GBP	1.6456	AUD/EUR	1.6419
JPY/USD	87	NZD/EUR	2.089
JPY/EUR	130.78	HKD/EUR	11.6465
SEK/EUR	10.4701	CAD/EUR	1.582
DKK/EUR	7.4415	EUR/GBP	1.0947

Indices		Dow	10344.84	35.07	
FTSE	5190.68	-55.05	ISEQ	2807.59	-38.07
Nikkei	9189.17	-175.68	Nasdaq	2144.6	8.67

Average Exchange Rates & Cost of Funds for November 2009

GBP/EUR	0.8978	USD/EUR	1.4921
JPY/EUR	133.2015	SEK/EUR	10.3177
DKK/EUR	7.4411	NOK/EUR	8.4106
CHF/EUR	1.5098	AUD/EUR	1.6196
NZD/EUR	2.0399	HKD/EUR	11.5632
CAD/EUR	1.5793	JPY/USD	89.2585
USD/GBP	1.6616	EUR/GBP	1.1138

AVERAGE EURO COST OF FUNDS

	SEPT '09	OCT '09	NOV '09
1 week	0.3421	0.3511	0.3640
1mth	0.4560	0.4297	0.4334
2mths	0.6217	0.5788	0.5755
3mths	0.7730	0.7375	0.7161
6mths	1.0435	1.0167	0.9931
9mths	1.1657	1.1433	1.1236
12mths	1.2622	1.2426	1.2304



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