



## Euro Holds \$1.50 Level Ahead of US Data

The euro is holding in a relatively tight range above the \$1.50 level versus the dollar, underpinned by generally positive market sentiment ahead of this afternoon's release of the US ADP employment report for November. The report is expected to show a reduction in the number of jobs lost as conditions in the labour market show signs of stabilizing. Comments from the chair of Ecofin, Jean-Claude Juncker, that the euro is overvalued (and the IMF agrees with him) did not appear to have a major impact but could still inject a note of caution into the market. Markets will also be watching this evening's release of the Fed Beige Book, which will form the basis for discussion at its next FOMC meeting.

The yen, meanwhile, has come under further pressure on heightened speculation that Japan will step in to stem its strength. The USD hit a 14 year low last week, with the weakness in the dollar likely to be weighing heavily on Japan's export sector. BoJ policy board member Miyako Suda told business leaders earlier today that the central bank is carefully watching the impact of the yen's rise on the real economy, and whether any deterioration will push down price expectations. Markets also continue to consider yesterday's steps by the BoJ to provide further liquidity support to the market.

Sterling is higher against the dollar this morning but remains on the back foot versus the euro, despite yesterday's attempts to push back towards the Stg0.90p level. An unexpected dip in the UK's manufacturing PMI in November is weighing on sentiment, with the data suggesting that the recovery in the sector is very fragile. Apart from November's construction PMI, there are no UK data due for release today, leaving the focus very much on US events.

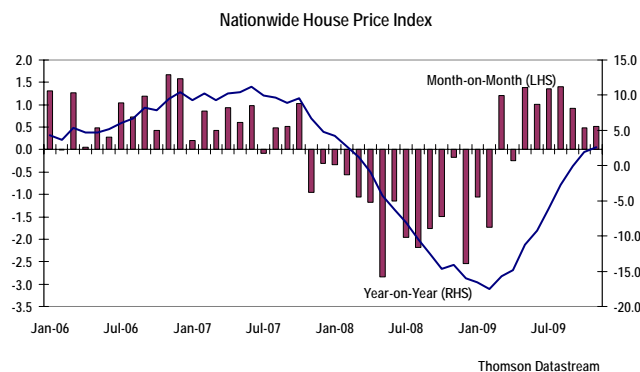
**Geraldine Concagh, AIB Global Treasury**

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

USD/EUR	1.5074	NOK/EUR	8.465
GBP/EUR	0.9096	CHF/EUR	1.5076
USD/GBP	1.6567	AUD/EUR	1.6292
JPY/USD	87.21	NZD/EUR	2.075
JPY/EUR	131.47	HKD/EUR	11.6831
SEK/EUR	10.4193	CAD/EUR	1.5762
DKK/EUR	7.4417	EUR/GBP	1.0989

Indices		Dow	10471.58	127.76	
FTSE	5312.17	121.49	ISEQ	2849.63	47.28
Nikkei	9551.79	290.38	Nasdaq	2175.81	13.58

### Data Suggest Recovery in UK Housing Market Losing Momentum



According to the Nationwide's index average UK house prices rose 0.5% in November, leaving them 2.7% higher than they were this time last year. The average house price now stands at £162,764 up from £150,501. Prices have risen in each of the past seven months but the rate of recovery is easing, as indicated in the chart above. Prices are also still 12.5% off the peak seen in late 2007. While mortgage activity is improving, it is the lack of properties coming onto the market that has really helped lift prices rather than a fundamental pick up in demand. Many in the market doubt that there will be a strong recovery in activity, with some predicting that prices could suffer a modest relapse again in 2010.

SHORT TERM INTEREST RATES				
Months	1	3	6	12
USD	0.23	0.26	0.48	1.01
JPY	0.17	0.29	0.49	0.71
EUR	0.48	0.72	1.00	1.24
GBP	0.51	0.61	0.84	1.22

LONG TERM INTEREST RATES		
Term	EURO (Annual)	GBP
2 Years	1.72	1.75
3 Years	2.12	2.35
4 Years	2.41	2.77
5 Years	2.67	3.05

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



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