

Morning Comment

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

AIB Global Treasury Services



Dollar Starts New Year on Firm Footing

The dollar starts 2010 on a firm footing with gains against most majors. It trades just off a four month high to the yen hit in weekend trading, extending its end year rally seen on renewed optimism about the US economy. The last day of 2009 brought news that the number of new jobless fell to its lowest level since mid-2008 in the most recent week with a stronger than anticipated Chicago PMI the previous day.

Year end position adjustments were also largely dollar positive. While this is no longer a factor, there are hopes that this week's packed economic calendar will show further evidence of economic revival. The main event of the coming week is undoubtedly Friday's US employment report. However there are plenty of other key releases scheduled ahead of this to provide market direction with focus today on the manufacturing PMI/ISMs from the UK, eurozone as well as the US. The services indices feature later in the week. For the eurozone the other major focus will be preliminary CPI readings for December (national and eurozone).

Sterling, meantime, ended 2009 with good gains against both the dollar and the euro in thin trading with its trade weighted index rising to a 10 day high. It has largely maintained these gains against the euro as 2010 trading gets under way, though edging back against the broadly firmer dollar.

Apart from economic data the spotlight falls on this week's BoE's policy meeting, though the MPC is not expected to announce any policy changes on Thursday. Sterling will also be looking to indications of the strength of consumer demand over the Christmas/New Year period with several key stores due to report this week.

Jenny Pollock, AIB Global Treasury

Today's Opening Rates (Mid-Rate)

USD/EUR	1.4296	NOK/EUR	8.261
GBP/EUR	0.8884	CHF/EUR	1.486
USD/GBP	1.6089	AUD/EUR	1.5889
JPY/USD	93.11	NZD/EUR	1.981
JPY/EUR	133.15	HKD/EUR	11.0888
SEK/EUR	10.2307	CAD/EUR	1.4974
DKK/EUR	7.4412	EUR/GBP	1.1253

Indices		Dow	10428.05	-120.46	
FTSE	5412.88	15.02	ISEQ	2974.93	-37.02
Nikkei	10609.34	-161.07	Nasdaq	2269.15	-23.77

SHORT TERM INTEREST RATES

Months	1	3	6	12
USD	0.23	0.25	0.43	0.98
JPY	0.17	0.28	0.48	0.69
EUR	0.45	0.70	0.99	1.25
GBP	0.52	0.61	0.84	1.25

LONG TERM INTEREST RATES

Term	EURO (Annual)	GBP
2 Years	1.91	2.04
3 Years	2.31	2.69
4 Years	2.62	3.13
5 Years	2.87	3.44

Economic Indicators this week . . .

(full listing on our "Weekly Market Brief" on www.fxcentre.com)

Date	G7	Time	Statistics	Previous	Forecast	Rank
Mon 4 Jan	EU-16	08.58	Markit Manufacturing PMI (December)	51.2 / 51.6 (p)	51.6	High
Mon 4 Jan	UK	09.28	CIPS Manufacturing PMI (December)	51.8	52.0	High
Mon 4 Jan	US	15.00	ISM Manufacturing (December)	53.6	54.0	High
Tues 5 Jan	EU-16	08.58	Flash HICP (December)	+0.5%	+1.0%	High
Wed 6 Jan	EU-16	08.58	Markit Services PMI (December)	53.0 / 53.7 (p)	53.7	High
Wed 6 Jan	UK	09.28	CIPS Services PMI (December)	56.6	56.6	High
Wed 6 Jan	US	15.00	ISM Services (December)	48.7	50.0	High
Thurs 7 Jan	EU-16	10.00	EC Economic Sentiment (December)	88.8	90.0	High
Fri 8 Jan	US	13.30	Non-Farm Payrolls (December)	-11,000	-20,000	High



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