

Euro and Sterling Find Some Support

The euro and sterling have started the week higher against the dollar and yen, with general market appetite for risk boosted by Friday's relatively positive US non-farm payrolls report for February, which has boosted hopes for recovery in the global economy. Higher yielding currencies like the Australian dollar also found support overnight, getting a boost from a rise in equities. Indeed, six week highs were seen versus the USD on the back of stronger demand for riskier assets. The yen, meanwhile, is also being weighed down by speculation that the Bank of Japan could further loosen its monetary policy stance again when it next meets on 16-17 March as it seeks to address deflationary pressures in the economy. The dollar rose to a two week high versus the yen, with further modest gains possible near term. However, demand for the yen ahead of the March 31st fiscal year end is expected to limit the extent of downward pressure.

Despite the overnight moves many in the market remain wary of how far the euro and sterling can extend their recovery, with the issue of sovereign risk still in the background. In the case of sterling political concerns also continue to weigh. In a bid to calm markets, French President Nicolas Sarkozy promised Greece yesterday that eurozone countries would not leave it isolated. However, while the French administration is believed to be working on a contingency plan, there was no evidence of immediate support and much uncertainty remains. There is little in the way of fresh data to offer direction to markets today, leaving the focus on the performance of equities, with the main focus later in the week with the release of US retail sales for February, as well as the March preliminary Michigan consumer sentiment survey.

Geraldine Concagh, AIB Global Treasury

Today's Opening Rates (Mid-Rate)

USD/EUR	1.3686	NOK/EUR	8.0264
GBP/EUR	0.9017	CHF/EUR	1.4625
USD/GBP	1.5173	AUD/EUR	1.5013
JPY/USD	90.4	NZD/EUR	1.952
JPY/EUR	123.73	HKD/EUR	10.6248
SEK/EUR	9.6725	CAD/EUR	1.4071
DKK/EUR	7.4419	EUR/GBP	1.1082

Indices		Dow	10566.20	121.07
FTSE	5599.76	72.60	ISEQ	3011.24
Nikkei	10538.12	114.35	Nasdaq	2326.35
				22.34

SHORT TERM INTEREST RATES

Months	1	3	6	12
USD	0.23	0.25	0.39	0.85
JPY	0.16	0.25	0.45	0.68
EUR	0.42	0.65	0.96	1.22
GBP	0.54	0.64	0.87	1.31

LONG TERM INTEREST RATES

Term	EURO (Annual)	GBP
2 Years	1.54	1.73
3 Years	1.91	2.30
4 Years	2.21	2.74
5 Years	2.49	3.07

Economic Indicators this week . . .

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

Date	G7	Time	Statistics	Previous	Forecast	Rank
Mon 8 th Mar	GER	11.00	Industrial Production (January)	-2.6%	+1.0%	High
Tue 9 th Mar	UK	00.01	BRC Retail Sales (February)	-0.7%	-	High
Tue 9 th Mar	UK	09.30	Trade Balance (January)	-£7.278bn	-£7.0bn	High
Wed 10 th Mar	FRA	07.45	Industrial Production (January)	-0.1%	+0.2%	High
Wed 10 th Mar	ITL	09.00	Industrial Production (January)	-0.7%(-5.6%)	+0.6%(-3.0%)	High
Wed 10 th Mar	UK	09.30	Industrial Production (January)	+0.5%(-3.6%)	+0.3%(-0.8%)	High
Wed 10 th Mar	JPN	23.50	Revised GDP (Q4)	+1.1% / +4.6% s.a.a.r (p)	+1.0%/+4.1%	High
Thurs 11 th Mar	US	13.30	International Trade Balance (January)	-\$40.18bn	-\$41bn	High
Fri 12 th Mar	US	13.30	Retail Sales (February)	+0.5%	-0.1%	High



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