



## Euro Edges Higher Versus the USD

Underpinned by stronger market sentiment, the euro edged towards two month highs versus the dollar above the \$1.30 level in early morning trade, though traders were cautious about bidding the single currency too high as markets await clarification on Deutsche Bank's exposure to eurozone sovereign debt. The bank is the only leading financial institution that has not as yet revealed the extent of its exposures as part of the stress test results, though it is expected to do so later today.

As well as a general pick up in risk appetite, which saw the euro climb steadily versus the USD over the day's trading session, markets were cheered by yesterday's release of a better than expected US new home sales report for June. Sales were up 23.6% from the previous month, a sharp rebound from May's record drop of 36.7%. However, this still leaves sales at very low levels and concerns remain about the outlook for the US economy. With this in mind, markets will be keeping a close eye on this afternoon's release of the US Case Shiller House Price Index for May, as well as Conference Board's index of consumer confidence for July. Meanwhile, data released early this morning showed German consumer confidence at an 8-month high, yet another upside surprise in terms of eurozone data.

Sterling saw five month highs well above \$1.55 versus the dollar in early morning trade as sentiment towards the GBP continues to be underpinned by the more upbeat outlook for the UK economy that is emerging as well as the general pick up in market sentiment. The euro's rebound versus the dollar though is helping to provide support versus the GBP. This morning sees the release of the CBI distributive trades survey for July.

**Geraldine Concagh, AIB Global Treasury**

SHORT TERM INTEREST RATES				
Months	1	3	6	12
USD	0.33	0.49	0.70	1.08
JPY	0.16	0.24	0.44	0.67
EUR	0.64	0.89	1.14	1.41
GBP	0.57	0.74	1.03	1.48

LONG TERM INTEREST RATES		
Term	EURO (Annual)	GBP
2 Years	1.48	1.53
3 Years	1.75	1.91
4 Years	1.98	2.26
5 Years	2.23	2.55

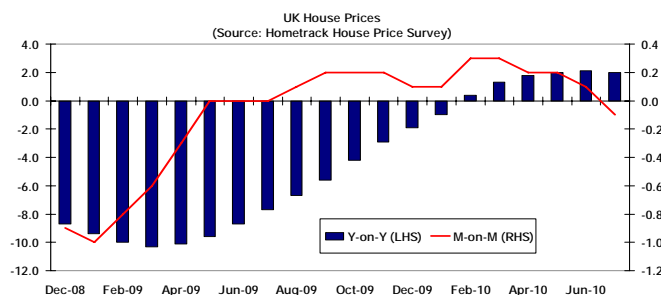
Euro S/Term interest rates Actual /360 : L/Term Actual Bond Basis

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

USD/EUR	1.299	NOK/EUR	7.9994
GBP/EUR	0.8378	CHF/EUR	1.3631
USD/GBP	1.5503	AUD/EUR	1.4404
JPY/USD	86.95	NZD/EUR	1.769
JPY/EUR	112.96	HKD/EUR	10.0933
SEK/EUR	9.474	CAD/EUR	1.3415
DKK/EUR	7.4531	EUR/GBP	1.1932

Indices		Dow	10525.43	101.26	
FTSE	5351.12	38.50	ISEQ	2947.25	29.17
Nikkei	9520.73	50.84	Nasdaq	2296.43	24.81

### Hometrack Shows Further Signs of Cooling in UK House Price Inflation



The Hometrack house price survey for July brought further evidence of a cooling in the rate of recovery in the UK housing market. According to the report, house prices in England and Wales fell for the first time in 15 months in July, causing the annual rate to weaken for the first time in over a year. The survey of estate agents and surveyors showed an average fall of 0.1% in prices in July, the first fall since April 2009. This pushed the year-on-year rate down to 2.0% from 2.1% in June. This marks the first time since March 2009 that the year-on-year growth rate has slipped back.

According to Hometrack, current supply demand dynamics point to further weakness ahead. Talk of public spending cuts had taken its toll on seller confidence, with the number of vendors registering with estate agents falling 1.3% over the month. Meanwhile, the number of houses being put up for sale continued to rise.

