



Currencies in Tight Ranges Ahead of Payrolls

Dollar/euro traded in a relatively tight range over much of the past 24 hours as markets await updates from Europe on the latest in terms of the Greek debt restructuring talks. Dovish comments from the Fed's Bernanke provided some support for the euro but volatility was limited. The dollar was also contained in a narrow range against the yen, with expectations of a potential yen-selling intervention by Japanese authorities providing support above the Y76.00 level. Players have also taken to the sidelines ahead of this afternoon's release of the first official US employment report of 2012. Following on from December's surprise increase of 200,000, markets will be looking to see whether this performance can be maintained, though consensus forecasts are showing a somewhat smaller rise of 150,000. The unemployment rate, meanwhile, is forecast to remain unchanged at 8.5%.

Sterling is hovering near two and a half year highs versus the dollar, supported by some pick up in risk appetite as well as data showing growth in the UK manufacturing and construction sectors. This morning sees the release of the services PMI for January, which is also expected to show the sector expanding last month. Meanwhile, versus the euro, sterling stuck to a tight range as markets wait to see if there is a Greek deal before the weekend, though indications are that we may have to wait until Monday. Data released this morning showed that output in the Irish services sector fell again in January, with the NCB PMI falling to 48.3 last month from 48.4 in December. The index has been positive for almost all of 2011 but the index is now back at its weakest level since December 2010. The most notable sub reading in this month's PMI is the employment index, which fell from 47.3 to 44.5, the sharpest fall since April 2010.

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Today's Opening Rates (Mid-Rate)

USD/EUR	1.3133	NOK/EUR	7.6538
GBP/EUR	0.83	CHF/EUR	1.2054
USD/GBP	1.5821	AUD/EUR	1.2278
JPY/USD	76.18	NZD/EUR	1.579
JPY/EUR	100.04	HKD/EUR	10.1895
SEK/EUR	8.8493	CAD/EUR	1.3125
DKK/EUR	7.4329	EUR/GBP	1.2043

Indices		Dow	12705.41	-11.13	
FTSE	5796.07	5.35	ISEQ	3065.82	-6.42
Nikkei	8849.17	11.54	Nasdaq	2859.68	5.58

Czech Central Bank Keeps Rates Unchanged

The CNB Bank Board decided at its meeting yesterday to keep interest rates unchanged. The two-week repo rate was maintained at 0.75%, the discount rate at 0.25% and the Lombard rate at 1.75%. This was in line with market expectations and the decision was a unanimous one. The central bank has kept its key lending rate at a record low 0.75% since May 2010 as it looks to try and balance faltering growth with an elevated inflation rate.

Citing balanced inflationary risks and they warned that any policy easing resulting from a weaker economy, was unlikely to come soon, the bank's governor Miroslav Singer said. "We'll wait for inflation to develop and wait until the fourth quarter and before that we'll have several more policy meetings and forecast revisions," Singer told a news conference.

The central bank also released updated economic forecasts. It expects GDP growth in its export reliant economy to be flat this year, a marked downward revision from its previous forecast of growth of 1.2%. Growth for 2013 was revised down from 2.7% to 1.9%. GDP growth for 2011 was measured at 1.7%. The biggest down risk to growth is the potential impact of further fiscal consolidation measures in the eurozone.

SHORT TERM INTEREST RATES				
Months	1	3	6	12
USD	0.26	0.53	0.77	1.09
JPY	0.14	0.20	0.34	0.55
EUR	0.69	1.11	1.40	1.74
GBP	0.77	1.08	1.39	1.89

LONG TERM INTEREST RATES		
Term	EURO (Annual)	GBP
2 Years	1.14	1.24
3 Years	1.19	1.28
4 Years	1.35	1.40
5 Years	1.54	1.56

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

