

Highlights for the Week Ahead

■ **Given the increasing focus on the possibility of a double dip recession in the US, markets will be keeping a very close eye on this week's data releases, which include the Fed's Beige Book.** Forming the basis for discussion at the next FOMC meeting (10th August), the report is likely to point to the many headwinds the economy continues to face as indicators suggest that the pace of recovery is slowing.

■ **Also in the spotlight will be Friday's release of the first estimate of Q2 GDP, which is expected to show growth of 2.5% (annualised), a modest slowing from 2.7% in the previous period.**

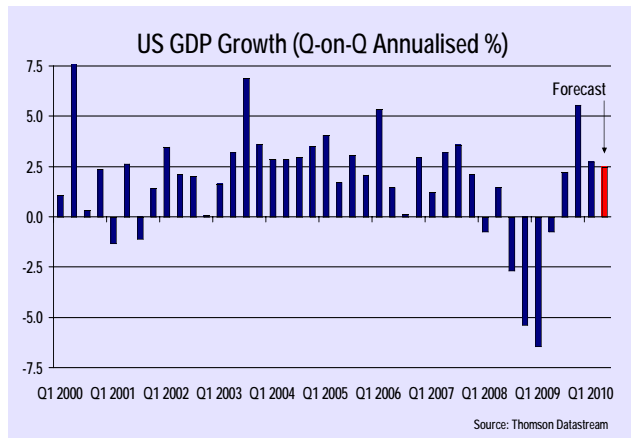
Meanwhile, indicators such as the Conference Board's measure of consumer confidence and the Chicago PMI for July could provide further evidence of a loss of momentum, which may weigh on the dollar. Also due for release are the latest Case Shiller House Price Index (May) and new home sales (June), which like other housing market data of late, should reflect the impact of the withdrawal of government tax credits.

■ **In the eurozone, reaction to Friday's publication of the results of the EU bank stress tests is likely to dominate, at least in the early part of the week. There are also a number of key data releases, including the European Commission's sentiment and activity reports for July.** Expected to show improved confidence levels for consumers and business, they could provide a lift for the euro. Meanwhile, M3 data are expected to show further contraction in monetary aggregates, while the flash HICP could show a rise in the inflation rate. Other data of note include eurozone unemployment for June.

■ **In the UK, data largely focus on the housing/ personal lending sector,** with a number of house price reports (Hometrack, Land Registry and Nationwide) and the latest mortgage approvals figures due for release. **The data are likely to show that the pick up in UK house prices continues to cool** as the demand/ supply imbalance that has been driving much of the recovery in the market is addressed to some extent. Meanwhile, mortgage approvals numbers should reflect ongoing tightness of credit conditions. The CBI distributive trades survey and consumer confidence for July also feature.

■ **In Japan, the week ends with a host of key data releases including industrial production, unemployment and inflation for June.** The jobless rate is forecast to remain steady at 5.2% after two months of rises. Meanwhile, prices are expected to contract for the 16th straight month, with the manufacturing data likely to confirm a slower pace of recovery in Q2.

■ **The Reserve Bank of New Zealand meets on Wednesday and is expected to increase rates by 0.25% for the second month running as it responds to improved economic conditions.** Markets, though, will be watching to see if the current concerns about the outlook for the global economy see it soften its tone with regard to the prospects for further policy tightening.



	Interest Rate Forecasts			
	Current	End Q3	End Q4	End Q1
		2010	2010	2011
Fed Funds	0-0.25	0-0.25	0-0.25	0-0.25
ECB Refi	1.00	1.00	1.00	1.00
BoE Repo	0.50	0.50	0.50	0.50
BoJ OCR	0.10	0.10	0.10	0.10

Current Rates Reuters, Forecasts AIB's ERU

	Exchange Rate Forecasts (Mid-Point of Range)			
	Current	End Q3	End Q4	End Q1
		2010	2010	2010
US\$/EUR	1.2809	1.26	1.26	1.28
STG/EUR	0.8336	0.83	0.84	0.85
YEN/EUR	111.69	113	116	120
US\$/STG	1.5363	1.52	1.50	1.51
YEN/US\$	87.20	90	92	94

Current Rates Reuters, Forecasts AIB's ERU



ECONOMIC DIARY

Monday 26th July - Friday 30th July 2010



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	<i>Date</i>	<i>UK & Irish Time (GMT +1)</i>	<i>Release</i>	<i>Previous</i> ◆	<i>Forecast</i> ◆
This Week	GER:	07.00	Import Prices (June)	+0.6% (+8.5%)	+0.5% (+8.6%)
Mon 26th	UK:	00.01	Hometrack House Prices (July)	+0.1% (+2.1%)	
	JPN:	00.50	Trade Balance (June)	Yen 324bn	Yen 700bn
	US:	15.00	New Home Sales (June)	0.30m s.a.a.r. / -32.7%	0.31m
Tues 27th	GER:	07.00	GfK Consumer Confidence (August)	3.5	3.5
	EU-16:	09.00	M3 (June)	(-0.2%)	(-0.1%)
			- 3 Month Moving Average	(-0.2%)	(-0.2%)
	UK:	11.00	CBI Distributive Trades (July)	-5	0
	US:	14.00	Case Shiller House Prices (May)	+0.4% (+3.8%)	(+3.8%)
	US:	15.00	Consumer Confidence (July)	52.9	51.0
Wed 28th	GER:		Prelim CPI (July)	+0.1% (+0.9%)	+0.2% (+1.1%)
	UK:	11.00	Land Registry House Prices (June)	-0.2% (+8.2%)	
	US:	13.30	Durable Goods (June)	-0.6%	+1.0%
	US:	19.00	Federal Reserve Beige Book Published		
	NZ:	22.00	RBNZ Official Cash Rate Announcement	2.75%	3.0%
Thurs 29th	UK:	07.00	Nationwide House Prices (July)	+0.1% (+8.7%)	-0.2% (+7.0%)
	FRA:	07.45	PPI (June)	+0.0%	+0.2%
	ITL:	08.30	Business Confidence (July)	96.1	96.3
	GER:	09.00	Unemployment (July)	-21,000 / 7.7%	-20,000 / 7.6%
	UK:	09.30	Consumer Credit (June)	£0.331bn	£0.3bn
	UK:	09.30	Mortgage Applications (June)	49,815	49,000
	EU-16:	10.00	Business Climate (July)	0.37	0.39
	EU-16:	10.00	Economic Sentiment (July)	98.7	99.0
			- Consumer / Industrial / Services	-17 / -6 / +4	-14 / -5 / +5
	US:	13.30	Initial Jobless Claims (w/e 24th July)	464,000	460,000
Fri 30th	UK:	00.01	Gfk Consumer Sentiment (July)	-19	-20
	JPN:	00.30	Household Spending (June)	-0.7%	-0.6%
	JPN:	00.30	Core CPI - National (June)	(-1.2%)	(-1.1%)
			- Tokyo (July)	(-1.2%)	(-1.2%)
	JPN:	00.30	Unemployment (June)	5.2%	5.2%
			- Jobs:Applicants	0.50	0.50
	JPN:	00.50	Industrial Production (June)	+0.1%	+0.2%
	ITL:	09.00	PPI (June)	+0.5% (+3.6%)	+0.2% (+3.4%)
	EU-16:	10.00	HICP Flash (July)	(+1.4%)	(+1.7%)
	EU-16:	10.00	Unemployment (June)	10.0%	10.0%
	ITL:	10.00	Prelim CPI (July)	+0.0% (+1.3%)	+0.2% (+1.5%)
	ITL:	11.00	Unemployment (June)	8.7%	8.8%
	IRL:	11.00	Credit Growth (June)	(-10.4%)	(-11%)
	US:	13.30	Employment Costs (Q2)	+0.6%	+0.5%
	US:	13.30	GDP (Q2)	+2.7% s.a.a.r.	+2.5%
	US:	14.45	Chicago PMI (July)	59.1	55.8
	US:	14.55	Michigan Sentiment (July Final)	77.0 / 66.5 (p)	67.4

◆ Month-on-month changes (year-on-year shown in brackets)

All Forecasts AIB ERU, historical data in the Economic Diary derived from publicly available sources

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