



## Euro Respite on Talk of Rescue Package

The euro has recovered some ground versus the dollar, spurred on by talk that a fiscal rescue package for Greece will soon be organised. European Union leaders are due to hold a special summit meeting later this week, with markets cautiously waiting to see what comes out of the gathering. It is expected that ECB head, Jean Claude Trichet, will attend the meeting with news of his presence further increasing the speculation of a rescue package. Trading off its eight and a half month lows versus the USD, the euro also saw gains versus the yen overnight but recent lows remain well within its sight and market sentiment could turn again if the outcome of the meeting disappoints.

Until then uncertainty will reign, with markets also looking to whatever data are available for direction. Data of note today include the UK trade balance for December, which is expected to show the deficit remaining relatively high. German consumer price data for January also features. Dollar downside is also likely to be limited by reports in the Wall Street Journal that the Fed is beginning to lay the groundwork for credit tightening later in the year. There were also relatively hawkish comments from the Fed's Bullard overnight.

The euro has staged a modest recovery versus sterling as it looks to push back through the Stg0.88p level. Falling to its lowest level in over eight months versus the dollar yesterday, sterling continues to be pressured by underlying concerns about the UK's fiscal health. Data released overnight did little to help sterling's cause, with the BRC retail sales survey for January showing disappointing High Street activity last month. The latest RICS survey did show the house price balance up on the month, but new buyer enquiries continued to fall.

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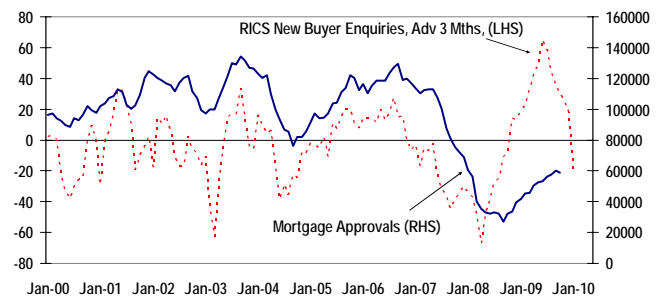
### Today's Opening Rates (Mid-Rate)

USD/EUR	1.3741	NOK/EUR	8.1442
GBP/EUR	0.8781	CHF/EUR	1.4681
USD/GBP	1.5643	AUD/EUR	1.5747
JPY/USD	89.55	NZD/EUR	1.990
JPY/EUR	123.04	HKD/EUR	10.6741
SEK/EUR	10.1279	CAD/EUR	1.4676
DKK/EUR	7.444	EUR/GBP	1.1382

Indices		Dow	9908.39	-97.04	
FTSE	5092.33	31.41	ISEQ	2908.29	18.18
Nikkei	9876.61	-55.65	Nasdaq	2126.05	-14.05

### RICS House Price Survey

UK Mortgage Approvals and RICS New Buyer Enquiries



Source: Thomson Datastream

According to the RICS house price survey, property prices in the UK picked up pace in January, despite the unusually cold weather. The Royal Institution of Chartered Surveyors said its monthly house price balance (which represents the net percentage of surveyors who report higher rather than lower house prices) rose to +32 in January from +30 in December. That was well above the consensus forecast of +28 and not far from November's three-year high of +35. However, the rate of new buyer enquiries fell again last month. A good leading indicator of future activity in the market the index has fallen in recent months, indicating that the recovery in the market may not be sustained.

SHORT TERM INTEREST RATES				
Months	1	3	6	12
USD	0.23	0.25	0.39	0.84
JPY	0.16	0.25	0.46	0.68
EUR	0.42	0.66	0.97	1.22
GBP	0.53	0.62	0.85	1.27

LONG TERM INTEREST RATES		
Term	EURO (Annual)	GBP
2 Years	1.60	1.67
3 Years	1.98	2.27
4 Years	2.27	2.73
5 Years	2.55	3.07

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



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