Morning Comment

AIB Customer Treasury Services

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Markets Unsettled by Chinese GDP Data

News released overnight showed that the Chinese economy grew by 8.1% in the first quarter of the year. This was below what markets were expecting and marks the slowest growth rate for three years, leaving investors in a cautious mood going into the weekend. As a result, the dollar picked up some ground on safe haven flows versus the euro, yen and sterling in early morning trade. Risk sensitive currencies like the AUD also came under some pressure. Losses, however, were limited by expectations that the weaker than anticipated data could prompt further policy easing from the Bank of China. USD upside could also be limited by the fact that markets continue to speculate about the possibility of further QE from the Fed.

While comments from a number of Fed officials suggest otherwise, markets were unsettled by yesterday's release of a US weekly jobless claims report showing the sharpest rise in new applications for unemployment benefits in nearly a year. This, combined with the recent release of a somewhat disappointing non-farm payrolls report for March, suggests that the labour market may not be recovering as well as thought.

Although currently off its highs on the overnight news from China, sterling surged to a 19-month peak on a trade-weighted basket of currencies yesterday, the same day that data showed the UK's trade deficit rising unexpectedly in February as imports outpaced exports. Gains were limited versus the euro, however, also the single currency benefited from a general improvement in risk appetite. This morning sees the release of the producer prices report for March, which could provide some insights ahead of next week's CPI report.

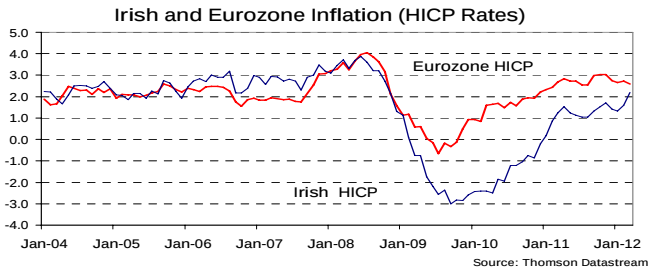
Geraldine Concagh, AIB Global Treasury

Today's Opening Rates (Mid-Rate)

USD/EUR	1.3164	NOK/EUR	7.6098
GBP/EUR	0.8256	CHF/EUR	1.2016
USD/GBP	1.594	AUD/EUR	1.2671
JPY/USD	80.99	NZD/EUR	1.587
JPY/EUR	106.59	HKD/EUR	10.2153
SEK/EUR	8.8964	CAD/EUR	1.3107
DKK/EUR	7.4383	EUR/GBP	1.211

Indices					
FTSE	5710.46	75.72	Dow	12986.58	180.13
Nikkei	9486.19	60.14	ISEQ	3195.83	56.49
			Nasdaq	3055.55	32.44

Irish Inflation Rate Moves Closer to EU Average



Irish consumer prices rose by 1.0% over the month of March, the sharpest rate of increase for four years. In year-on-year terms prices were up 2.2%. The annual rate of inflation for Services was 3.3% in the year to March, while Goods increased by 1.0%. The main factors contributing to rise in prices over the month were:-

- Higher transport costs due to an increase in airfares as well as higher petrol and diesel prices
- Higher clothing and footwear prices due to a further recovery in prices from sales levels
- A rise in the cost of miscellaneous goods & services rose due to increases in health insurance premiums.

In terms of the EU Harmonised Index of Consumer Prices (the HICP), prices increased by 1.0% in the month. Prices were 2.2% higher in year-on-year terms, up from 1.6% in February. As a result, the Irish rate of inflation is now closer to the EU average than it has been for some time.

SHORT TERM INTEREST RATES

Months	1	3	6	12
USD	0.24	0.47	0.73	1.05
JPY	0.14	0.20	0.34	0.55
EUR	0.41	0.76	1.05	1.39
GBP	0.69	1.02	1.33	1.86

LONG TERM INTEREST RATES

Term	EURO (Annual)	GBP
2 Years	1.04	1.26
3 Years	1.14	1.33
4 Years	1.31	1.44
5 Years	1.50	1.59

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

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