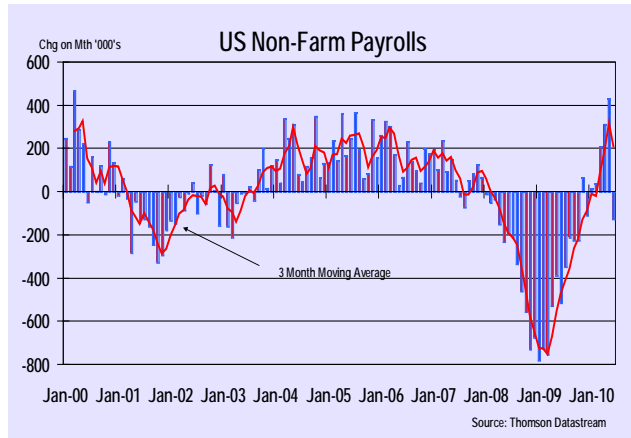


Highlights for the Week Ahead

- **Markets are currently very much focused on the fragility of the US economic recovery** and will be looking closely at this week's US data for any further signs that the pace of activity is slowing.
- This will focus **attention in particular on Friday's all important non-farm payrolls report. It is expected that this will show a further 75,000 decline in employment in July** as temporary Census workers continue to be laid off. Meanwhile, it is anticipated that the unemployment rate will notch upwards to 9.6% from 9.5% in June. An early indication of the likely trend in jobs growth will be given by Wednesday's ADP employment report.
- Ahead of this there are several other key US releases scheduled. **Lead indicators, such as the July ISM manufacturing and services indices are expected to move lower again** in line with the view that pace of growth will slow in the second half of the year. Other releases include, pending home sales, income and expenditure, factory orders and auto sales numbers.
- In the eurozone, the main **focus will be on the ECB**. Here the attention will be on the post meeting **press conference**, with no change in official interest rates anticipated. Some recent data have surprised on the upside and **markets will be watching to see how Trichet views current economic conditions** and the implications this has for the path of monetary policy.
- Indeed, on the data front, this week's manufacturing and services **PMIs are expected to confirm the earlier flash estimates which had shown a good pick up from June levels**. Furthermore, German industrial orders and production figures should underline the recovery trend in this sector. However, eurozone retail sales figures may again highlight the still sluggish nature of consumer demand. Markets also get the first national Q2 GDP report, with growth in Italy forecast to have increased by 0.4% in the quarter.
- **The Bank of England also meets this week, with again no change in rates expected**. It is likely that Andrew Sentance again dissented but we will have to wait for the publication of the minutes of the meeting in two weeks for details of the discussion. **The UK PMIs have shown signs of topping out recently and are expected to be unchanged or slightly lower in June, though still well into growth territory**. Industrial production, meantime, is expected to show modest growth in June, though the data have been somewhat volatile of late. Meanwhile, markets are anticipating that Halifax house price data, which is expected some time over the week, will confirm the softening trend displayed by other recent indices. PPI data should also show some softening in the rate of growth in factory output prices
- The RBA is widely expected to leave rates on hold at 4.5%, for the third month in a row, with signs of cooling inflation removing any threat of a near term rate hike. The CNB is also forecast to keep Czech rates unchanged at the current record low of 0.75%.



	Interest Rate Forecasts			
	Current	End Q3 2010	End Q4 2010	End Q1 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 2010	End Q4 2010	End Q1 2011
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 2nd August - Friday 6th August 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		ECB Speakers:	Trichet, Bini Smaghi (Friday)		
	UK:	09.00	Halifax House Prices (July)	-0.6% (+6.3%)	-0.5% (+5.0%)
Mon 2nd	IRL:		Bank Holiday		
	EU-16:	08.58	Markit Manufacturing PMI (July)	55.6/56.5 (p)	56.5
	UK:	09.28	CIPS Manufacturing PMI (July)	57.5	57.0
	US:	15.00	Construction Spending (June)	-0.2%	-0.5%
	US:	15.00	ISM Manufacturing (July)	56.2	54.0
Tues 3rd	AUS:	05.30	RBA Interest Rate Announcement	4.5%	4.5%
	EU-16:	10.00	PPI (June)	+0.3% (+3.1%)	+0.4% (+3.1%)
	IRL:	11.00	Retail Sales (June)	+0.1% (+3.5%)	+0.3% (+2.1%)
	US:	13.30	Personal Income (June)	+0.4%	+0.1%
			- Consumption	+0.2%	+0.1%
			- Core PCE	+0.2% (+1.3%)	+0.1%
	US:	15.00	Factory Orders (June)	-1.4%	-0.3%
	US:	15.00	Pending Home Sales (June)	77.6 / -30%	78.1 / +0.6%
	US:		Auto Sales (June)	11.05m s.a.a.r.	11.4m
Wed 4th	UK:	00.01	Nationwide Consumer Confidence (July)	63	
	EU-16:	08.58	Markit Services PMI (July)	55.5 / 56.0 (p)	56.0
	UK:	09.28	CIPS Services PMI (July)	54.4	54.4
	EU-16:	10.00	Retail Sales (June)	+0.2% (+0.3%)	+0.1% (+0.1%)
	US:	13.30	ADP Employment (July)	+13,000	+35,000
	US:	15.00	ISM Non-Manufacturing (July)	53.8	53.0
			- Business Activity	58.1	57.3
	IRL:	16.30	Exchequer Balance (End July)	July 09: -€10.5bn	-€16.5bn
Thurs 5th	GER:	11.00	Industrial Orders (June)	-0.5%	+1.4%
	IRL:	11.00	Live Register (July)	+5,800 / 444,900	446,000
	UK:	12.00	BoE Interest Rate Announcement	0.5%	0.5%
	Czech:	12.00	CNB Interest Rate Announcement	0.75%	0.75%
	EU-16:	12.45	ECB Interest Rate Announcement	1.0%	1.0%
	EU-16:	13.30	ECB Press Conference		
	US:	13.30	Initial Jobless Claims (w/e 31st July)	457,000	454,000
Fri 6th	JPN:	06.00	Leading Indicators (June)	-3.0%	
	ITL:	09.00	Industrial Production (June)	+1.0% (+7.3%)	+0.5% (+7.8%)
	UK:	09.30	Industrial Production (June)	+0.7% (+2.6%)	+0.2% (+2.0%)
			- Manufacturing Production	+0.3% (+4.3%)	+0.4% (+4.4%)
	UK:	09.30	PPI Input (July)	-0.2% (+10.7%)	-0.5% (+11.4%)
			- Output	-0.3% (+5.1%)	+0.0% (+4.9%)
	ITL:	10.00	GDP (Q2)	+0.4% (+0.5%)	+0.4% (+1.1%)
	GER:	11.00	Industrial Production (June)	+2.6%	+0.7%
	US:	13.30	Non-Farm Payrolls (July)	-125,000	-75,000
			- Average Earnings	-0.1%	+0.1%
			- Unemployment	9.5%	9.6%
	US:	20.00	Consumer Credit (June)	-\$9.15bn	-\$5.0bn

◆ 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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