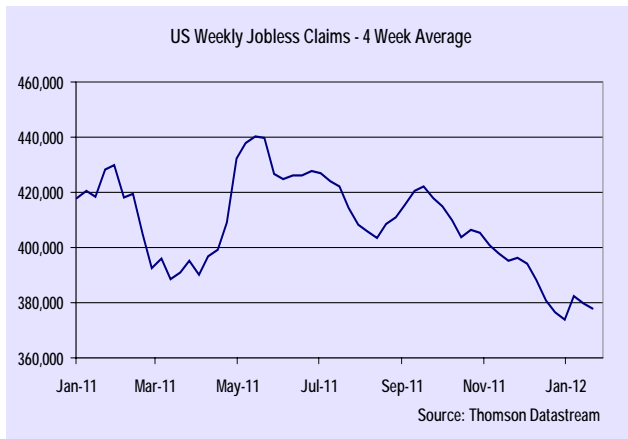


Highlights for the Week Ahead

■ **There is a light data schedule in the US this week**, with February's preliminary Michigan sentiment survey and international trade for December the main items of note. Meanwhile, following last Friday's better than expected non-farm payrolls report for January, markets will also be keeping a close eye on weekly jobless claims. **A number of Fed members are also scheduled to speak over the course of the week.**



■ **The eurozone will remain in the spotlight as market await a final agreement on debt restructuring (or PSI) in Greece.** Clarity on this issue should allow for further progress towards a meaningful solution to the region's debt crisis and help underpin market sentiment. **Meanwhile, eurozone data of note over the week include industrial production reports for December from German, France and Italy.**

■ **The ECB meets to discuss eurozone monetary policy on Thursday. The market is expecting that rates will be cut again but sees the central bank waiting until March to do so.** Even then a rate cut cannot be guaranteed. Recent PMI surveys now point to a relatively mild downturn in the eurozone and the ECB have been very quick to highlight the upside surprises in the recent numbers. Meanwhile, the December 3 year LTRO seems to have inspired some confidence. The tone of Thursday's post meeting press conference should provide some insights into the central bank's latest thinking.

■ **In the UK, the Bank of England also meets. The market is expecting the MPC to announce further quantitative easing of at least Stg50bln given that the bank's quarterly inflation report on 15th February would provide the ideal opportunity to explain the extension.** The minutes of the January MPC meeting did show that some committee members are in favour of additional asset purchases. Meanwhile, the recent marked improvement in the headline CPI rate certainly offers scope for such a move **but it is not a done deal, particularly in light of the strength of January's PMI readings.**

■ **In terms of UK data this week, releases of note include the BRC retail sales survey for January as well as December's industrial production report.** After a very poor CBI distributive trades survey, markets are predicting a drop in BRC sales activity, which could undermine some of the positive sentiment seen in the wake of the recent strong PMI data. Also on the agenda is the PPI report for last month and trade for December. The NIESR also releases its estimate of UK GDP growth in the 3 months to January.

■ In Japan, the focus will be on December's core machinery orders (a leading indicator of capital spending) as well as the latest current account data. **Other central bank meetings of note this week include the Reserve Bank of Australia and the National Bank of Poland.** Rates in Poland are forecast to remain on hold at 4.50%, while markets are anticipating a rate cut of 0.25% to 4.0% in Australia following the recent release of poor employment and household spending data.

	Interest Rate Forecasts			
	Current	End Q1	End Q2	End Q3
	2012	2012	2012	2012
Fed Funds	0-0.25	0-0.25	0-0.25	0-0.25
ECB Refi	1.00	0.75	0.75	0.75
BoE Repo	0.50	0.50	0.50	0.50
BoJ OCR	0-0.1	0-0.1	0-0.1	0-0.1

Current Rates Reuters, Forecasts AIB's ERU

	Exchange Rate Forecasts (Mid-Point of Range)			
	Current	End Q1	End Q2	End Q3
	2012	2012	2012	2013
US\$/EUR	1.3084	1.28	1.28	1.30
STG/EUR	0.8303	0.83	0.83	0.84
YEN/EUR	100.20	99	102	104
US\$/STG	1.5758	1.54	1.54	1.55
YEN/US\$	76.58	77	80	80

Current Rates Reuters, Forecasts AIB's ERU



ECONOMIC DIARY

Monday 6th February - Friday 10th February 2012



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**Brian
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Dublin

**Tom
Hall**
London

**Kevin
Abernethy**
New York

Date	UK & Irish Time (GMT + 1 Hour)	Release	Previous ♦	Forecast ♦
This Week:	ECB Speakers:	Knot (Monday)		
	Fed Speakers:	Bullard, Fisher (Monday); Williams (Wednesday); Pianalto (Friday)		
	UK: 08.00	Halifax House Prices (January)	-0.9% (-1.3%)	+0.2% (-2.1%)
Mon 6th	EU-17: 09.30	Sentix Index (February)	-21.1	-15.0
	GER: 11.00	Industrial Orders (December)	-4.8%	+0.9%
Tues 7th	UK: 00.01	BRC Retail Sales (January)	(+2.2%)	(-0.5%)
	AUS: 03.30	RBA Interest Rate Announcement	4.25%	4.0%
	JPN: 05.00	Leading Indicators (December)	0.9	
	GER: 11.00	Industrial Production (December)	-0.6%	-0.3%
	US: 20.00	Consumer Credit (December)	\$20.37bn	\$7.0bn
	JPN: 23.50	Current Account (December)	¥ 138.5bn (-85.5%)	¥ 337bn (-72%)
Wed 8th	POL:	NBP Interest Rate Announcement	4.5%	4.5%
	JPN: 05.00	Economy Watchers Index (January)	47.0	
	JPN: 23.50	Core Machinery Orders (December)	+14.8% (+12.5%)	-5.0% (+8.8%)
Thurs 9th	JPN: 05.00	Consumer Confidence (January)	38.9%	
	UK: 09.30	Industrial Production (December)	-0.6% (-3.1%)	+0.2% (-3.0%)
		- Manufacturing Output	-0.2% (-0.6%)	+0.2% (+0.4%)
	UK: 09.30	Trade Balance (December)	-£8.46bn	-£8.6bn
		- Non EU Trade	-£5.02bn	-£4.9bn
	UK: 12.00	BoE Interest Rate Announcement	0.5%	0.5%
	EU-17: 12.45	ECB Interest Rate Announcement	1.0%	1.0%
	EU-17: 13.30	ECB Press Conference		
	US: 13.30	Initial Jobless Claims (w/e 4th February)	367,000	370,000
	US: 15.00	Wholesale Inventories (December)	+0.1%	+0.4%
	UK: 15.00	NIESR GDP Estimate (3 mths to January)	-0.2%	
	JPN: 23.50	Domestic Wholesale Prices (January)	+0.1% (+1.3%)	+0.1% (+0.8%)
Fri 10th	GER: 07.00	Final CPI (January)	-0.4% (+2.0%) (p)	-0.4% (+2.0%)
		- Final HICP	-0.5% (+2.3%) (p)	-0.5% (+2.3%)
	FRA: 07.45	Industrial Output (December)	+1.1%	-0.8%
	ITL: 09.00	Industrial Production (December)	+0.3% (-4.1%)	-0.5% (-4.0%)
	UK: 09.30	PPI Input (January)	-0.6% (+8.7%)	+0.4% (+6.7%)
		- Output	-0.2% (+4.8%)	+0.1% (+3.7%)
	IRL: 11.00	Industrial Production (December)	-10.3% (-3.4%)	+5% (+2%)
	US: 13.30	International Trade Balance (December)	-\$47.8bn	-\$48.4bn
	US: 14.55	Prelim Michigan Sentiment (February)	75.0	74.0
	US: 19.00	Federal Budget (January)	-\$85.97bn	-\$60.0bn

♦ 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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