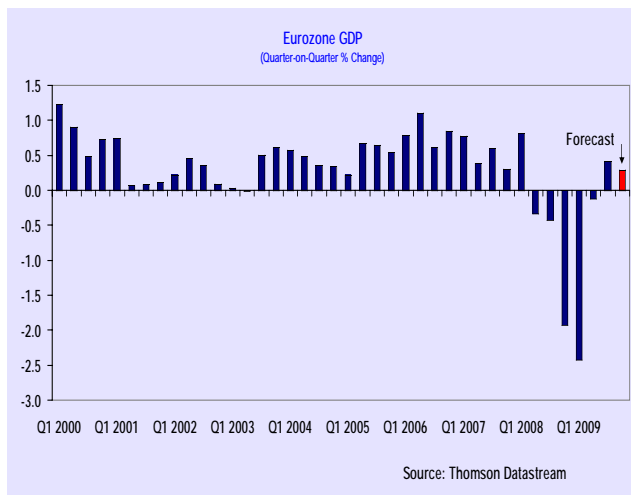


Highlights for the Week Ahead

- **The highlight of the week in US will be January's retail sales data, which are due on Thursday.** Headline sales are forecast to rise 0.3% (core sales are projected to rise by 0.4%), which should go some way towards compensating for December's disappointing result.
- **February's preliminary Michigan consumer confidence reading features on Friday** and is expected to show the headline index stabilising round the levels seen in January. Also due in the US is the December trade balance, which should show the deficit holding around the \$36 bln level.
- **The first estimate of Q4 GDP features in the eurozone on Friday and the data could well show the rate of recovery easing back from the 0.4% seen in the previous three month period, mainly as a result of a marked slowing in Germany.** This should further raise concerns about the economic outlook for the eurozone region, keeping the euro under pressure versus the USD.
- **Sentiment is also likely to be hit by rising risk aversion as concerns over fiscal problems in Europe are extended to include Spain and Portugal.** Provisional Q4 GDP data also features from the three main economies Germany, France and Italy.
- **Wednesday's release of the Bank of England's Quarterly Inflation report should be the main highlight in the UK.** As well as updated growth and inflation forecasts, the report should provide further insights into last week's decision by the MPC to halt its quantitative easing programme. The recent spike in inflation suggests an upward revision to the CPI forecast, while the growth outlook could be revised down following Q4's disappointing result.
- **Data to watch over the week include the BRC retail sales report for January as well as the RICS house price report for the same month.** Also due for release is industrial production for December, which is expected to reflect the improving trend seen in the manufacturing PMI. Political tension ahead of this year's General Election as well as the ongoing focus on sovereign risk in Europe are likely to keep sterling on the back foot versus the USD.
- **The data flow from Japan will be interrupted by Thursday's market holiday but reports to watch over the course of the week include core machinery orders for December.** Seen as a good lead indicator for capital spending, the report is forecast to show a bounce back from the previous month's weak report.
- **Sweden's central bank, the Riksbank, holds its first meeting of the year on Thursday and is expected to leave rates on hold at 0.22%.** At its last meeting in December, the Bank indicated that it expects policy to remain at very accommodative levels until late this year.



	Interest Rate Forecasts			
	Current	End Q1	End Q2	End Q3
	2010			
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 Q1	End Q2	End Q3
	2010			
US\$/EUR	1.3672	1.38	1.37	1.36
STG/EUR	0.8732	0.87	0.86	0.86
YEN/EUR	122.30	124	126	129
US\$/STG	1.5658	1.59	1.59	1.58
YEN/US\$	89.41	90	92	95

Current Rates Reuters, Forecasts AIB's ERU



ECONOMIC DIARY

Monday 8th February - Friday 12th February 2010



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Concagh
Senior
Economist

Jenny
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Economist

Date	UK & Irish Time (GMT)	Release	Previous ◆	Forecast ◆
This Week:	Fed Speakers:	Plosser, Turallo (Wednesday),		
Mon 8th	JPN:	Current Account (December)	+76.9%	+520%
	JPN: 05.00	Economy Watchers Index (January)	35.4	
	EU-16: 09.30	Sentix Economic Sentiment Index (February)	-3.7	-3.2
Tues 9th	UK: 00.01	BRC Retail Sales (January)	(+4.2%)	
	UK: 00.01	RICS House Price Balance (January)	30	29
	GER: 07.00	Final CPI (January)	+0.8% (+0.9%)	-0.6% (+0.8%)
	UK: 09.30	Trade Balance (December)	£6.784bn	£6.6bn
		- Non EU Trade	£3.032bn	£3.2bn
	IRL: 11.00	Retail Sales (December)	+1.0% (-8.2%)	0.0% (-8.0%)
	US: 15.00	Wholesale Inventories (December)	+1.5%	+0.5%
		- Sales	+3.3%	+1.0%
	JPN: 23.50	Domestic Wholesale Prices (January)	+0.1% (-3.9%)	+0.1% (-2.3%)
	JPN: 23.50	Core Machinery Orders (December)	-11.3%	+8.0%
Wed 10th	FRA: 07.45	Industrial Production (December)	+1.1%	+0.5%
	ITL: 09.00	Industrial Production (December)	+0.2% (-7.9%)	-0.1% (-4.6%)
	UK: 09.30	Industrial Production (December)	+0.4% (-6.0%)	+0.2% (-4.1%)
		- Manufacturing Production	+0.0% (-5.4%)	+0.3% (-3.0%)
	UK: 10.30	BoE Quarterly Inflation Report		
	IRL: 11.00	Industrial Production (December)	-8.0% (-9.4%)	+5% (+4.4%)
	US: 13.30	International Trade Balance (December)	-\$36.4bn	-\$35.5bn
	UK: 15.00	NIESR GDP Estimate (3 Mths to January)	+0.3%	
	US: 19.00	Federal Budget (January)	-\$91.9bn	-\$60.5bn
Thurs 11th	JPN:	Market Holiday - National Foundation Day		
	GER: 07.00	Wholesale Prices (January)	+0.2% (+0.2%)	
	SWE: 08.30	Riksbank Interest Rate Announcement	0.25%	0.25%
	EU-16: 09.00	ECB Monthly Bulletin Published		
	IRL: 11.00	CPI (January)	-0.5% (-5.0%)	-0.5% (-3.8%)
	US: 13.30	Initial Jobless Claims (w/e 6th February)	480,000	460,000
	US: 13.30	Retail Sales (January)	-0.3%	+0.3%
		- Ex Autos	-0.2%	+0.4%
	US: 15.00	Business Inventories (December)	+0.4%	+0.4%
Fri 12th	JPN: 05.00	Confidence Index (January)	37.6	
	GER: 07.00	Flash GDP (Q4)	+0.7% (-4.7%)	+0.3% (-2.2%)
	FRA: 07.45	Prelim GDP (Q4)	+0.3%	+0.5%
	ITL: 09.00	Prelim GDP (Q4)	-1.8% (-2.6%)	+0.1% (-2.5%)
	EU-16: 10.00	Flash GDP (Q4)	+0.4% (-4.0%)	+0.3% (-1.9%)
	EU-16: 10.00	Industrial Production (December)	+1.0% (-7.1%)	+0.2% (-1.5%)
	US: 14.55	Michigan Sentiment (February Prelim)	74.4	75.0

◆ 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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