

Europe Arab Bank Treasury



www.eabplc.com

Morning Shout

10 March 2010

Good morning everyone

Having spoken about the general increasing positive sentiment in equity markets the past month, which we fear are built on little fundamental improvement, the FTSE 100 promptly marked itself slightly down yesterday. Must have been reading *Shout*...!

Generally agreed all-round horrible trade numbers for the UK yesterday, and once again the Gods of statistics have seen fit to remind us that the UK economy is still struggling to get anywhere fast. Exports were down, and while the weather is a factor (January was as horrid as the trade figures) we remain looking for signs that the fall in sterling value is helping. We remain of the belief that the lower value for sterling (range of 1.49-1.51 for the time being is probably around 6-7% below fair value) is good for the economy in many respects including helping to drive export-led growth.

Credit has maintained its tightened position since the beginning of the week with the iTraxx Main holding steady around the 74 mark this week so far, 4bps tighter than where it closed at the end of last week. The iTraxx Crossover is also holding firm 18bps tighter on last week's close. Corporate credit markets are starting to pick up with a flurry of new issuance since the beginning of the week taking advantage of the tightened credit conditions. This has continued this morning with Alstom and Pernod Ricard coming to the market with 10 year and 6 year issuance respectively.

Data watch, in the UK we have Industrial Production (MoM) which was 0.5% last month. The survey estimate for this month is 0.3%. YoY came in at -3.6%, and this month's level is pointing at -0.8%. Manufacturing Production (MoM) figures were 0.9%. The estimate is 0.2% for this month. YoY was -1.9% today the market expects an improvement to 1.4%. Numbers above estimates would be good for sterling.

Have a good day.

EAB Treasury, London



Treasury contacts

Head of Treasury

Moorad Choudhry

Office: + 44 (0)20 7315 8706

Email: moorad.choudhry@eabplc.com

PA to the Head of Treasury

Jenny Underwood

Office: +44 (0)20 7315 8660

Email: jennifer.underwood@eabplc.com

Sales and Portfolio Management

Stuart Turner

Office: + 44 (0)20 7315 8707

Email: stuart.turner@eabplc.com

Gino Landuyt

Office: + 44 (0)20 7315 8704

Email: gino.landuyt@eabplc.com

Khurram Butt

Office: + 44 (0)20 7315 8705

Email: khurram.butt@eabplc.com

Capital Markets

Ian Greenwood

Office: + 44 (0)20 7315 8550

Email: ian.greenwood@eabplc.com

Paul Croker

Office: + 44 (0)20 7315 8645

Email: paul.croker@eabplc.com

Money Markets

Neil Turnnidge

Office: + 44 (0)20 7315 8700

Email: neil.turnnidge@eabplc.com

Gary Whitham

Office: + 44 (0)20 7315 8702

Email: gary.whitham@eabplc.com

Foreign Exchange

Les Hookway

Office: + 44 (0)20 7315 8700

Email: leslie.hookway@eabplc.com

Frankfurt branch

Donald Meier

Office: + 49 69 24 25 92 52

Email: donald.meier@eabplc.com

Rita Amler

Office: + 49 69 24 25 92 54

Email: rita.amler@eabplc.com

©Europe Arab Bank plc, 2008, 2010. All rights reserved. No part of this publication may be copied, reproduced, distributed or stored in any form including electronically without express written permission in advance from the copyright owner.

This publication is provided to you for information and illustration purposes only, and it is not intended as an offer or solicitation for the purchase or sale of any financial instrument. The information contained herein has been obtained from sources believed to be reliable, but is not necessarily complete and its accuracy cannot be guaranteed. This publication has been prepared by the Treasury department at Europe Arab Bank plc but the views contained in it do not necessarily represent the views of Europe Arab Bank plc. Views reflected herein are subject to change without notice. Past performance is not indicative of future results. Europe Arab Bank plc, its affiliates and their respective employees, may from time to time deal in or hold any of the financial instruments discussed herein. Neither Europe Arab Bank plc nor its affiliates nor any employee thereof accepts any liability whatsoever for any direct or consequential loss arising from any use of this publication. Copyright protection exists in this publication and it may not be reproduced, distributed or published by any person for any purpose (except for private customers and their professional advisors).

The authors of this publication certify that no part of their compensation was, is, or will be, directly or indirectly, related to the specific contents or views expressed by them herein. Europe Arab Bank plc accepts no responsibility or liability whatsoever in relation to this document (including for any error contained in this document or in relation to the accuracy, correctness or completeness of this document or in relation to any projections, analyses, assumptions and opinions contained herein). The exclusion of liability provided herein shall protect Europe Arab Bank plc, its officers, employees, agents, representatives and associates in all circumstances. Financial investments are not suitable for all investors. Private customers should consult with their own financial, business, legal, tax and accounting advisors with respect to investing and should refrain from entering into any transaction unless you have fully understood the risks and independently determined that the transaction is appropriate to you. Europe Arab Bank plc is registered in England and Wales with company number 5575857 and is authorised and regulated by the Financial Services Authority. Registered Office: 13-15 Moorgate, London EC2R 6AD, England