



2 Brook Street, London W1S 1BQ, United Kingdom

Telephone 0044 207 290 8000

websites: [unbankltd.com](http://unbankltd.com) & [unbnetremit.com](http://unbnetremit.com)

As suggested in my last newsletter governments worldwide – but especially those in the “west” still find it difficult to accept that overspending ‘now’ has to be paid for later: witness the Finland Government’s demand to receive “collateral” against any loan that they may be party to on the Greece bail-out. So much for the supposed collective responsibility of the Euro-zone countries to each other.

However, and these are only my personal thoughts, Governments, in times of prosperity, are profligate and over commit their economies for the future. In times of poor economic growth they tend to introduce austerity measures too late to repair their own profligacy. It therefore seems to me that the only losers are the general public either by increased taxes or by devaluation of their pensions and savings

#### Overseas News

On an optimistic note, the almost certain fall of the Gaddafi regime in Libya could be the dawn of a new era in that country’s history!

The violent storms in the Pacific and on the Eastern seaboard of the USA have caused extensive damage in the affected areas. Economically this may not be a bad thing as repairs and rebuilds will re-generate economic activity!

Some international insurance companies may see their shares lower on fears of “big hits” but such downward movements could provide buying opportunities in a sector that is notoriously open to large and violent price movements.

#### Other Market News

Rumours abound that the long awaited report on the UK banking industry will be in favour of segregating “retail” from “investment” banking.

The ban on short selling in Euro-land has been welcomed by many commentators. Strangely enough, hedge fund managers still believe that they provide a genuine service to the market!

#### Foreign Exchange Markets

No change from July with big swings every day in the FX markets during August

From 01 August	Open	High	Low	Close 31/8
GBP/USD	1.6420	1.6618	1.6112	1.6275
EUR/USD	1.4410	1.4601	1.4056	1.4410
USD/JPY	77.30	80.24	76.09	76.52

#### Money Markets

LIBORs at 11:00hrs Thursday 31 August 2011

Currency	3months	6months	1year
GBP	0.88813	1.17438	1.65094
USD	0.39244	0.48878	0.80217
EURO	1.48375	1.70825	2.05438

#### Stock Market

The FTSE100 was introduced as an Index of the value of the top 100 UK companies according to their market value. It is a personal observation but with companies like Glencore (up until floatation a private company registered in Switzerland) being included, the Index has become more an international barometer than a reflection of the value of leading UK companies.

Open (01Aug11)	5,841.00
Low	4,791.01 – 9 Aug
High	5,913.46 – 1 Aug
Close (31Aug11)	5,394.53

Were these volatile movements cash driven or hedge fund selling? – probably the latter but who can prove it. Suffice it to say that my retirement has been delayed for another few years unless the market rallies significantly over the rest of 2011.

#### UNB’S Domestic Retail Deposit rates

UNB’s 90DN Gold Deposit Account pays 2.25% p.a. (gross) AER 2.26%

The 90DN Special Hi-Rate Account pays 2.75% p.a. (gross) AER 2.77% (This deposit may be withdrawn shortly)

The bank offers the following **gross** interest rates on retail Fixed Term Deposits

6 months	<b>1.50%</b>	aer1.51%	min£2,500, max£1mio
1 year	<b>3.51%</b>	aer3.51%	min£2,500, max£1mio
2 years	<b>3.75%</b>	aer3.75%	min£1, max£1mio
3 years	<b>4.25%</b>	aer4.25%	min£1, max£1mio

Interest on the 1, 2 and 3year deposit accounts is paid annually.

Depositors may opt for interest to be paid monthly or yearly on the 2 and 3 year deposits.

The gross interest rates for calculation purposes are 3.68% and 4.17% respectively if interest is paid monthly.

**Gross Interest** – gross is the contractual rate of interest payable before the deduction of income tax at the rate specified by law  
**AER (Annual Equivalent Rate)** – the aer shows the true rate of interest you will have received by the end of the year taking into account the regularity of which interest is added to the account (as the payment frequency has a compounded affect on the amount of interest you receive).

*Please note that any comments and or observations are the personnel opinion of the writer and should not be considered as advice or solicitation for business.*

*Compiled and written by Chris Wright*

*Head of Treasury, UNB London*

*Tel 0044 (0)2072908013/4*