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Foreign Exchange Markets

Without being too repetitious “what a volatile year we have had GBP/USD below 1.40 and above 1.65 and any price in between since the middle of 2010. December has seen more erratic movements in the month than in any other one month this year and quite often sterling has moved more than 1% either way in the space of a few minutes. Yesterday was a prime example with GBP/USD at 1.5550 in Tokyo early morning finishing in London at 1.5375 at around 4.00pm. All on the back of a rumour that a UK Clearing Bank was selling a large amount of sterling for Euros!

So what for 2011?

More volatility is my guess especially as concerns will reappear about the Euro Zone and the increasing problems for budget reductions in Greece, Ireland, Portugal and Spain.

Money Markets

Interest rates are still being kept at the historic lows although many commentators are looking for rates to go up in the second quarter of 2011.

Current official rates are

GBP at 0.50% p.a.

EUR at 1.00% p.a.

USD at 0.25% p.a.

LIBORs at 11:00hrs Thursday 30 December were

Currency	3months	6months	1year
GBP	0.75750	1.05125	1.50938
USD	0.30281	0.45656	0.78156
EURO	0.93938	1.18500	1.4725

Business with Pakistan

United National Bank has at its disposal a large network of banking contacts in Pakistan. If you require assistance on trade related business, or just general information, please feel free to contact us.

FTSE

December 2010 has seen exceptional recoveries in stock market indices worldwide and the FTSE 100 has enjoyed a rally of over 5% since its November low of approx 5,600/-

Open	5,568.00	1-Dec
Low	5,568.00	1-Dec
High	6,018.74	29-Dec
Now	5,955.65	10:10am 31-Dec

Property

I personally believe there is a lot of pent-up demand for financing and once banks start mortgage lending prices will gradually increase. Maybe at a slower pace (somewhere around 5% for 2011 would be my guesstimate).

UNB'S Domestic Retail Deposit rates

UNB's 90 Day Notice Gold deposit account pays 2.25% p.a. (gross) AER 2.26%

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

6 months	1.50% , aer 1.51%	min£2.5k, max£1mio
1 year	2.50% , aer 2.50%	min£2.5k, max£1mio
2 years	2.75% , aer 2.72%	min£1, max£1mio
3 years	3.00% , aer 2.92%	min£1, max£1mio

Interest is paid at the final maturity date of a deposit and is not compounded.

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)

MAY I WISH ALL MY READERS A HAPPY AND PROSPEROUS 2011

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