Northern Bank Quarterly Economic Overview Quarter 1 2011

Northern Bank

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Economic Commentary and Outlook: Q1 2011.

Global: Despite significant upheavals in Quarter 1 from events in Japan and the Middle East, the global recovery has managed to stay on track. The problems in Japan are continuing to unfold as the dent in Japan's production of components takes its toll on manufacturing lines around the world. Nonetheless, the Northern Bank's expectation for world growth is 4.7 percent this year (although if oil prices reach $150 for a sustained period this forecast would have to be revised downward).

The biggest risk to global growth at the moment is inflation, particularly the high oil price ($123 at the time of writing) and of course high food prices could significantly impact upon demand levels in emerging markets.

The US has proved very resilient in quarter one 2011, with the labour market showing signs of improvement and underlying demand having picked up. In the euro area we see economic growth of approximately 2.0 in 2011 (this is quite a bit stronger than the consensus view of 1.6). We expect higher growth as Germany continues to shine and compensates for the weakness in debt-troubled countries. The eurozone composite PMI increased to 57.8 in April, signaling strong growth and manufacturing PMI new export orders increased slightly to 57.8 (an indication that the negative impact from the Japanese earthquake is very moderate). In France too, the PMI increased in March to its highest level since 2000. Despite the ongoing debt crisis we have seen the Eurozone deliver decent growth and we expect another ECB interest rate hike in July. As the interest rate spread between Europe and the UK widens we could see the pound weaken further.

United Kingdom: Provisional figures from the Office of National Statistics show that the United Kingdom did not re-enter recession territory at the end of 2010 after all. The most recent GDP data suggest that, following the UK's Q4 contraction the economy then expanded at 0.5% q/q in Q1. The first quarter growth was in line with our forecast, but 0.3 percentage points below the projections of Bank of England and the Office for Budget Responsibility. The numbers can by no means be interpreted as proof of sustained recovery and it is fair to conclude that the economic upswing is not quite on track yet. To be confident about the UK's recovery we would really need to have seen economic growth in Q1 coming in closer to 1.0%. Downward pressure on the UK economy in the next few months will be coming from the austerity measures, low consumer confidence and elevated inflation. We only expect modest growth going forward and foresee little or possibly no monetary tightening this year.

Northern Ireland: The local economy faces the same challenges as the UK in terms of austerity cuts, high inflation and low consumer confidence. Nonetheless, Northern Ireland has experienced an exceptionally high level of investment announcements in the first quarter of this year which demonstrates the region's attractiveness as a place to do business. Investment confidence has improved and the local manufacturing base continues to benefit from strong global demand and good global growth. Some sectors such as construction and building-related manufacturers continue to struggle and the austerity measures have already made a significant impact upon household discretionary spending - with the retail sector already feeling the effect of higher VAT and low household confidence in the first quarter of this year. The economy is now facing the challenge of growing its private sector and the recently published HM Treasury paper entitled "Rebalancing the Northern Ireland economy" explores various options to do this including devolving the power to vary our corporation tax level.

TABLE 1

Northern Ireland Economic Summary - Q1 2011		2009	2010	2011
Output	Northern Ireland GVA Annual growth (OxfordEconomics estimate)	-3.8%	1.3%	1.9% (f)
	National GVA Annual growth (OxfordEconomics estimate)	-4.6%	1.8%	2.0% (f)
Employment rate [Dec-Feb]		757,000 65.2%	775,000 66.1%	779,000 66.4%
Unemployment	ILO rate [Dec-Feb]	48,000 5.9%	54,000 6.5%	62,000 7.3%
	Claimant count [Mar]	44,400 5.0%	55,700 6.3%	59,000 6.7%
Inflation [CPI Q1] (y/y change)		3.0%	3.3%	**4.1%**
Interest Rate [Bank of England official rate March]		0.5%	0.5%	**0.5%**

1. Gross output estimates

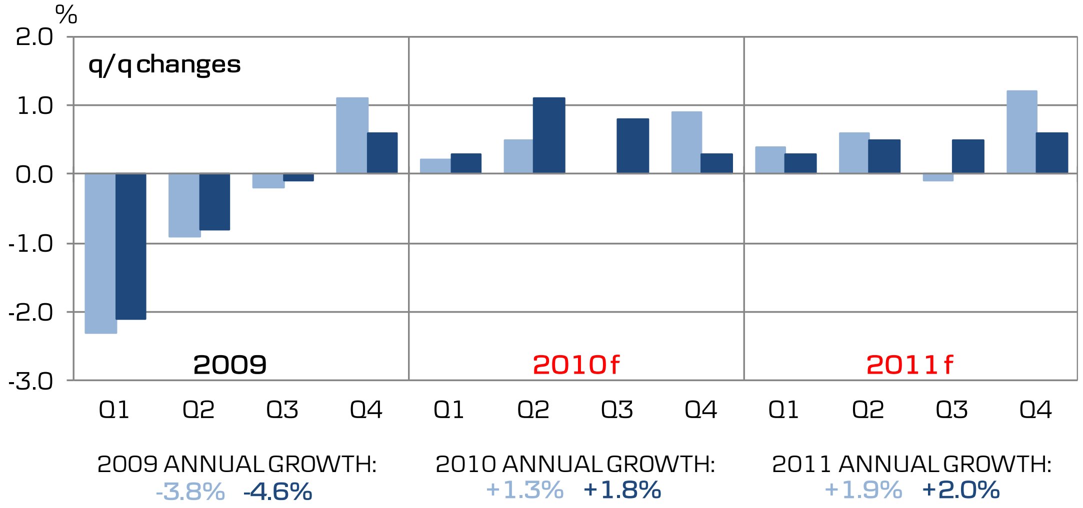
GDP United Kingdom

Provisional estimates from the Office for National Statistics (ONS) show that UK GDP grew by 0.5% in the Quarter 1 2011, compared with a contraction of 0.5% in the previous quarter. The expected annual GVA* growth rate for the UK economy in 2011 was 2.0 percent in the Oxford Economics / Northern Bank, Sectoral Forecast report published in February 2011. *However, this recent UK data will most probably result in a downward revision of that forecast in the forthcoming May Sectoral Forecast report.*

Economic Growth forecast for Northern Ireland

The Northern Bank/Oxford Economics Quarterly Sectoral Forecast report (Feb 2011) estimates that the local economy will grow by 1.9% over 2011 [see *Figure 1*]. Northern Ireland has seen a strong recovery in its manufacturing base, but other sectors such as construction and retail continue to show weak performances.

Figure 1.
Oxford Economics estimates and forecast of GVA* growth in Northern Ireland and UK. (2009 - 2011).



Source: Northern Bank/Oxford Economics.

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* N.B.:

GVA = GDP − Taxes + Subsides on products
(the latter two items are available only at a national level).

Data for Northern Ireland output are available only in the form of GVA.

2. Labour market

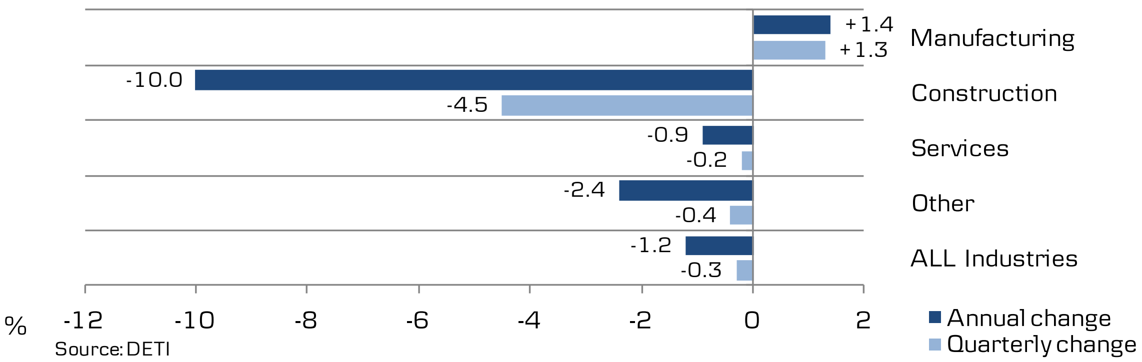
Employment

The latest "Monthly Labour Market Report" from the Northern Ireland Statistics & Research Agency (NISRA) shows that the number of people in employment in Northern Ireland during the three-month period December 2010 – February 2011 was estimated to be 779,000, equal to 66.4% of people aged 16-64. This represented an increase of 12,000 over the quarter and 4,000 over the year.

The Northern Ireland employment rate remained well below the UK average 70.7% and was the second lowest of the twelve UK regions (after North East).

Recently published sectoral employment data published for Quarter 4 2010 showed that the local manufacturing sector employed a further 950 people over the quarter, with overall employment for this sector rising by 1.3%. The Services and Construction sectors saw a reduction of 1,270 and 1,480 people respectively. In particular, Construction was the worst affected sector during 2010, losing 10.0% of jobs over the year [see *Figure 2*].

Figure 2.
Employee jobs in Northern Ireland: Annual and quarterly changes by industry. (Q4 2010).



Source: DETI

Labour Market Inactivity

The seasonally adjusted number of economically inactive persons in Northern Ireland in the period December 2010 to February 2011 was estimated at 560,000. The economic inactivity level decreased by 5,000 over the quarter but was stable over the year.

The working-age economic inactivity rate for Northern Ireland stands at 28.3%, significantly higher than the UK average (23.2%) and the highest of the twelve UK regions.

Vacancies

The level of unfilled vacancies reported to the Department of Enterprise Trade and Investment (DETI in the period ending 4th February 2011 was 4,289, a decrease of 25 per cent relative to the same period last year, when vacancies stood at 5,732.

Unemployment

- *Claimant Count (March 2011)*

NISRA has reported that the seasonally adjusted claimant count in NI increased by 100 over the month to March 2011 to 59,000.

The local claimant count rate was 6.7% of the workforce, up 0.4 points from March 2010, and represents an increase of 3,300 in the number of claimants over the year [see *Table 2*].

In the UK, the claimant count was roughly stable (+700) over the month to March 2011 at a level of 1.45 million. The UK claimant count rate in March stood at 4.5%, down 0.3 points from a year earlier.

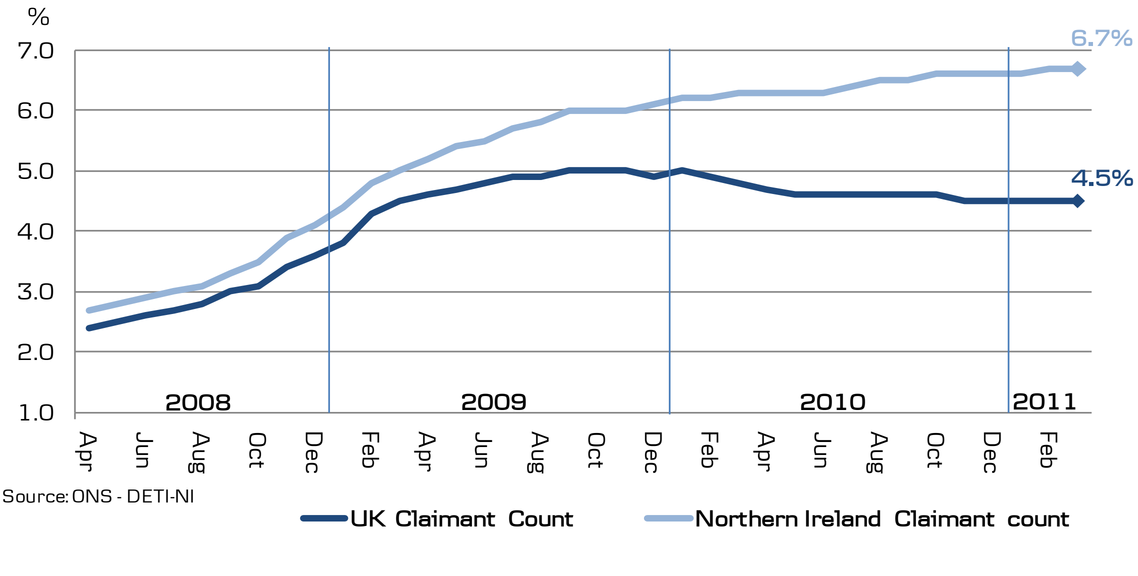
Table 2. Claimant count in Northern Ireland and UK (s.a.)

	Level Mar-2010	3-month change (level)	Annual change (level)	Rate % Mar-2011	Rate % Mar-2010
Northern Ireland	59,000	+700	+3,300	6.7%	6.3%
UK	1,450,500	-4,100	-88,700	4.5%	4.8%

Source: ONS

See *Figure 3* below for trends in monthly claimant count levels for Northern Ireland and the UK over the past three years.

Figure 3.
Claimant count rate in Northern Ireland and UK (Apr 2008 - Mar 2011).



Source: ONS - DETI-NI

- *ILO Quarterly Unemployment Rate (Dec2010 – Feb2011)*

The International Labour Organisation (ILO) seasonally adjusted unemployment rate for Northern Ireland was 7.3% in the three-month period December 2010 to February 2011. This represents a rise of 0.8 percentage point relative to one year ago [see *Table 3*].

The Northern Ireland ILO unemployment rate equated to 62,000 unemployed people in the October - December period.

The ILO unemployment rate for the UK was higher at 7.8% in the same period. The number of jobseekers at the national level fell by 17,000 over the quarter to reach 2.48 million.

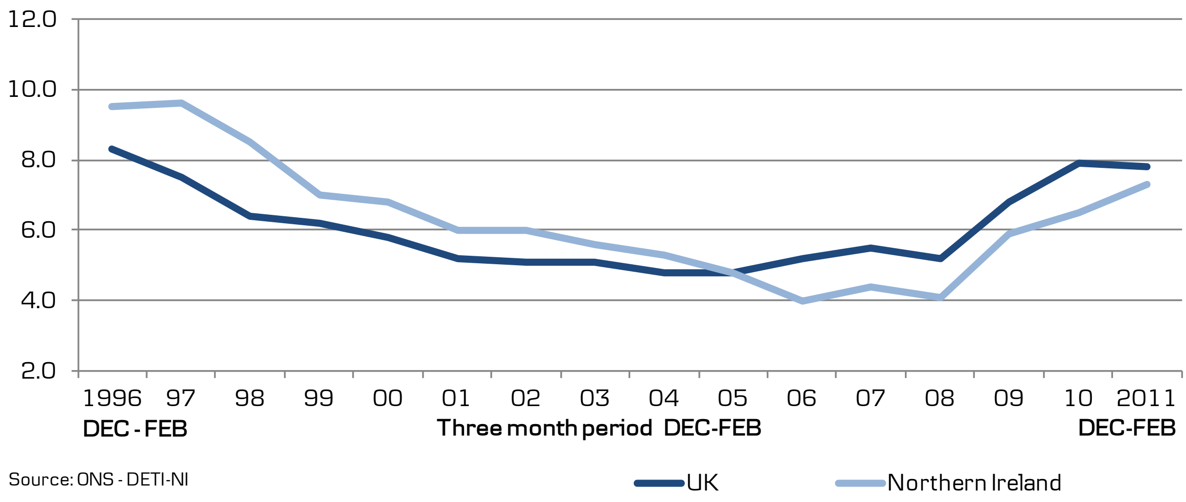
Table 3. Unemployment (ILO rate) in Northern Ireland and UK (s.a.)

	Level Dec-Feb 2011	3-month change (level)	Annual change (level)	Rate % Dec-Feb 2011	Rate % Dec-Feb 2010
Northern Ireland	62,000	-4,000	+8,000	7.3%	6.5%
UK	2,480,000	-17,000	-6,000	7.8%	7.9%

Source: ONS - DETI-NI

See *Figure 4* below for the long-term trend in quarterly unemployment rates for both Northern Ireland and the UK as a whole.

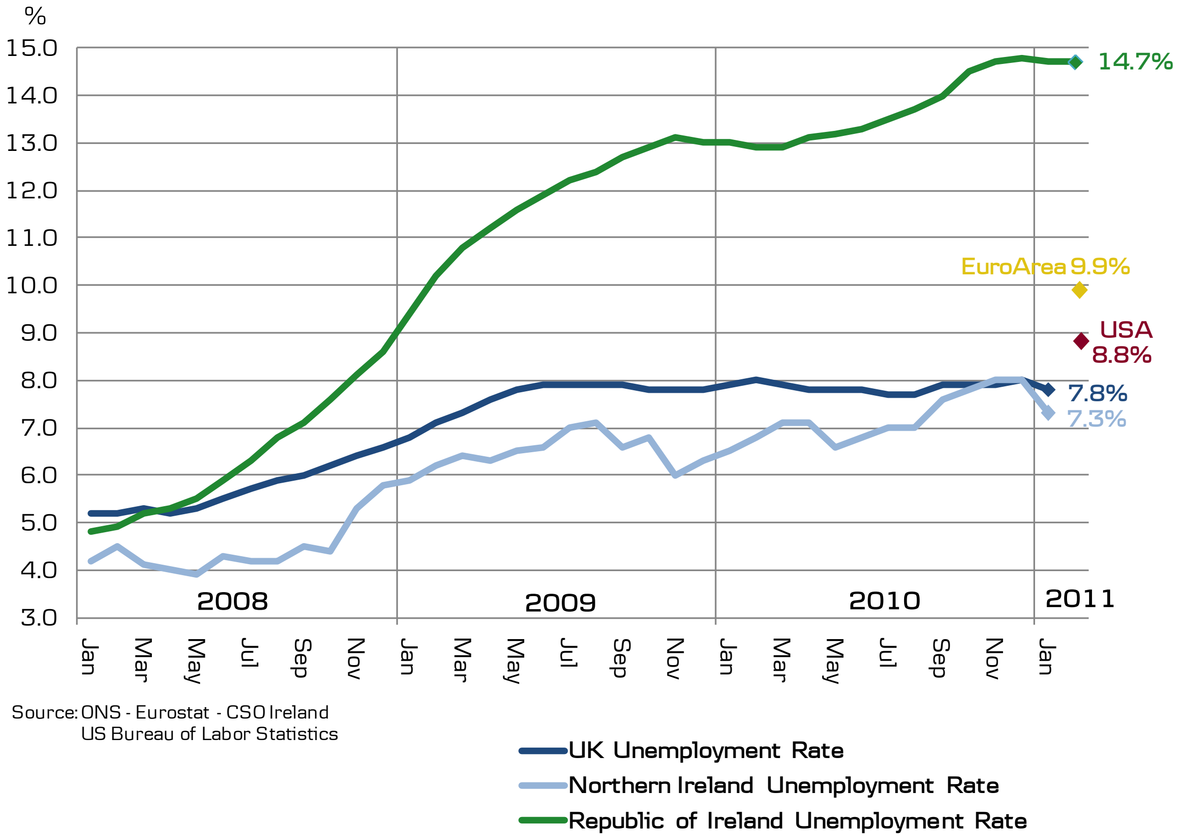
Figure 4.
Historical unemployment in Northern Ireland and UK (Q4 rates).
(Dec95-Feb96 - Dec10-Feb11).



Source: ONS - DETI-NI

Figure 5 below shows the Northern Ireland and UK monthly ILO unemployment levels from 2008 onwards. Current levels remain well below levels in the USA, Eurozone and the Republic of Ireland.

Figure 5.
Monthly Estimates of Unemployment in Northern Ireland, UK and international comparison. (Jan 2008 - Jan/Feb 2011).



Redundancies

The Department of Enterprise, Trade and Investment (DETI) was notified of 228 confirmed redundancies in March 2011, compared with 249 one year earlier.

There have been a total of 1,937 confirmed redundancies over the year to March, a decrease of 47% from the previous year (3,682).

When examined at the District Council level, the majority of redundancies over the last year have occurred in the Belfast area (33.2%), and 12.6% in Castlereagh.

Table 4 below shows a breakdown of redundancies by industrial sector during Q1 2011 compared with Q1 2010.

Table 4. Redundancies in Northern Ireland.				
Industrial sector	Jan-Mar 2011		Jan-Mar 2010	
	number	%	number	%
Agriculture, Forestry and Fishing	-	-	-	-
Mining and Quarrying	-	-	-	-
Manufacturing	146	36%	188	33%
Electricity, Gas, Air Conditioning supply	-	-	-	-
Water supply, sewerage, waste management	-	-	58	10%
Construction	83	20%	42	7%
Wholesale and Retail Trade	21	5%	22	4%
Transport	7	2%	132	23%
Hospitality (Accommodation and Food service)	-	-	25	4%
Information and Communication	14	3%	14	2%
Financials and Insurance	30	7%	46	8%
Real Estate activities	-	-	-	-
Professional, scientific and technical activities	17	4%	-	-
Administrative and support service activities	-	-	15	3%
Public Administration	3	1%	16	3%
Education	84	21%	-	-
Health and Social Work	-	-	6	1%
Total	**405**	100%	**564**	100%

Source: DETI-NI

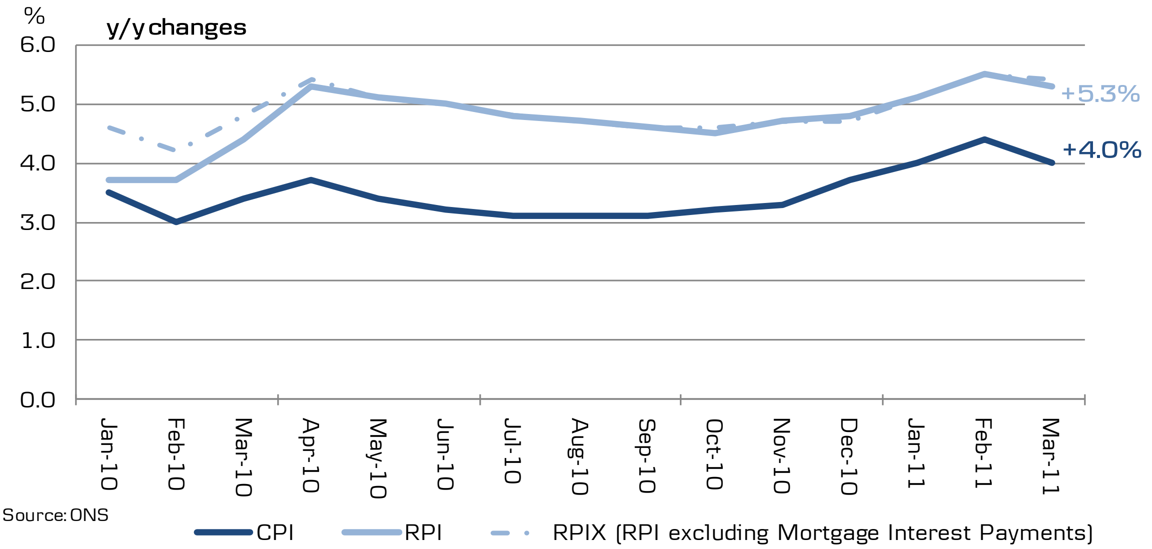
3. Inflation

Consumer price indices

In Quarter 1 2011 inflation levels remained well above the Bank of England's target level at 4.1% y/y, with the March figure sitting at +4.0% [see *Figure 6*]. This compares to the average inflation rate of 3.3 percent in Quarter1 2010.

The RPI and RPIX indices (the latter excludes mortgage interest payments) averaged 5.3% in Q1 2011, compared with 4.7% in the previous quarter. The two indices have both maintained this elevated trend since mid-2010.

Figure 6.
Annual changes in the UK consumer prices: CPI, RPI and RPIX indices.
(Jan 2010 - Mar 2011).



Source: ONS

The expenditure category "Transport" recorded strong inflation in Quarter 1 2011 and contributed nearly one third to the total growth of the annual CPI.

Upward pressures also came from Food, which grew at 5.7% over the year and contributed 0.7 points to the headline CPI annual increase,

Among single items, the main increases recorded in the CPI in Quarter 1 came again from "Domestic heating Liquid fuels" (+29% y/y and +15% q/q), "Transport insurance" (+30% y/y) and "Fuels and Lubricants" (+16% y/y and +9% q/q).

However, some downward price pressure did come from "Audio, photo, video and data processing equipment" – which fell 8% y/y, and declined 4% q/q.

Both quarterly and annual inflation for the main components of CPI are summarised in *Table 5*.

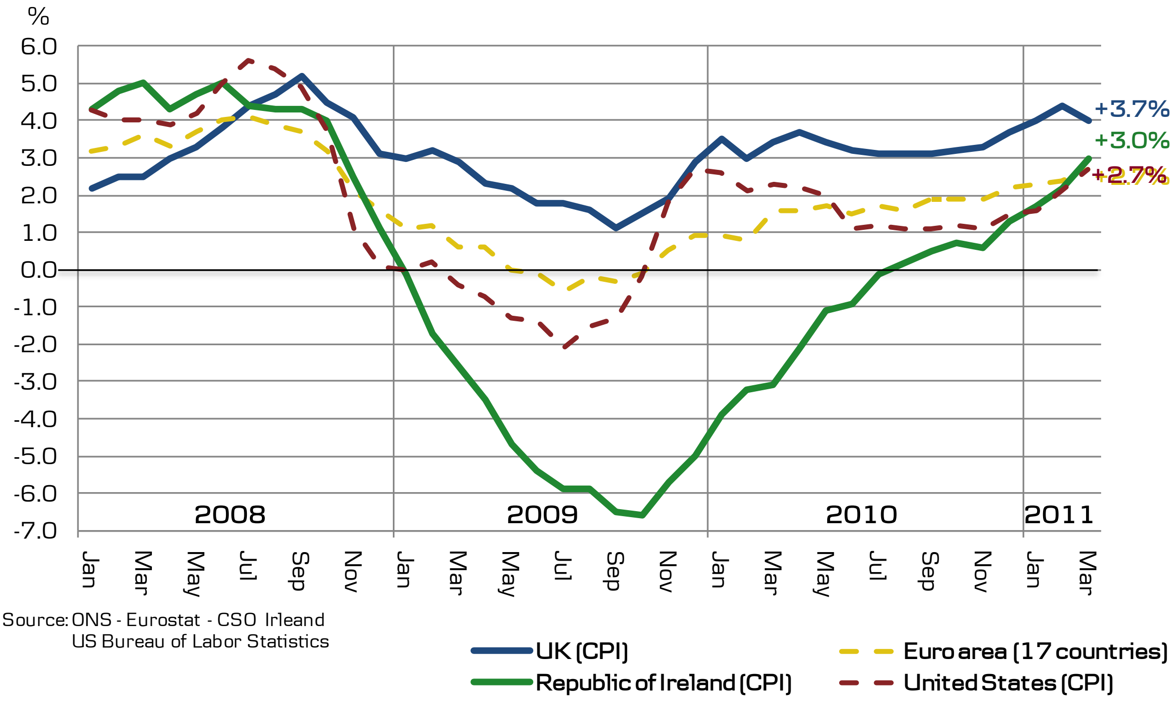
Table 5. Consumer Price Index - Main components (Q1-2011)

Expenditure category	Inflation rate % q / q	Inflation rate % y / y
Food & Non-alcoholic beverages	+1.8%	+5.7%
Alcoholic beverages & Tobacco	+3.3%	+6.1%
Clothing & Footwear	-3.9%	+2.1%
Housing & Utilities	+2.0%	+2.9%
Furniture & Household Equipment and Repair	+0.9%	+4.0%
Health	+0.7%	+3.0%
Transport	+4.3%	+7.9%
Communication	+1.9%	+4.1%
Recreation & Culture	+0.1%	+1.0%
Education	0%	+5.3%
Hotels, Cafe' & Restaurants	+1.9%	+4.4%
Other (miscellaneous goods and services)	+0.4%	+2.5%
Total	**+1.5%**	**+4.1%**

Source: ONS

Figure 7 presents an international comparison of consumer price growth since 2008.

Figure 7.
Inflation rate international comparison: UK, Eurozone, Republic of Ireland and USA. (Jan 2008 - Mar 2011).



Source: ONS - Eurostat - CSO Irleand
US Bureau of Labor Statistics

Inflation forecast

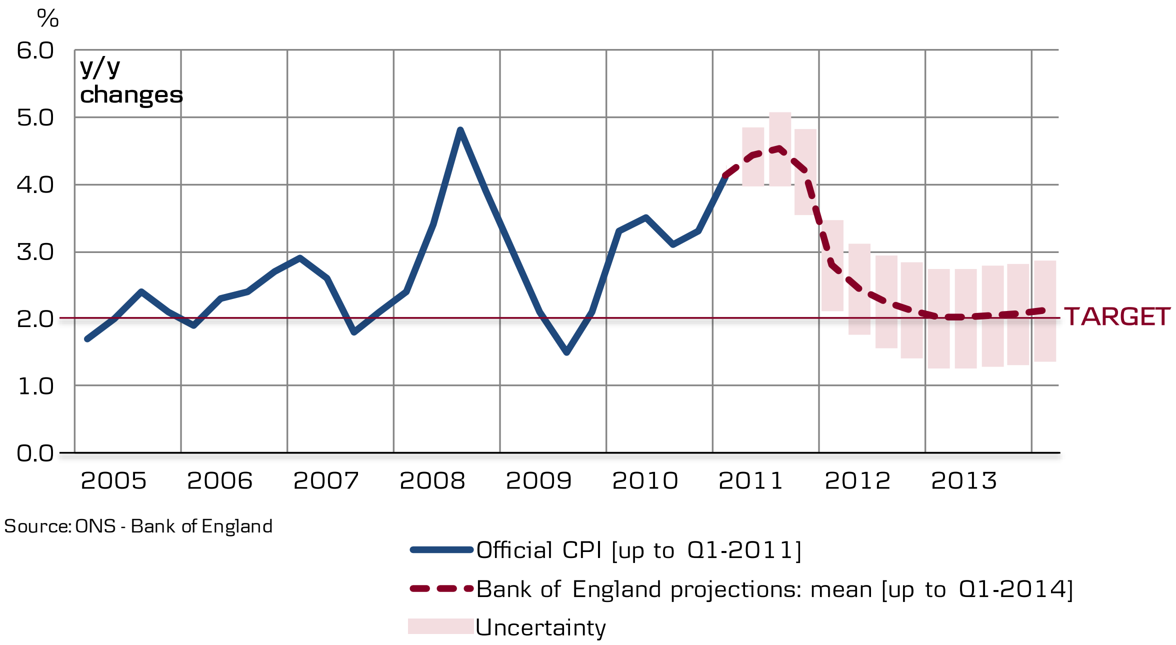
According to Bank of England's "Inflation Report" published in February 2011, the UK inflation rate is expected to remain above 4 per cent until the end of 2011. Inflation is not expected to get back towards the 2 per cent target level until the end of 2012 [see *Figure 8*].

The February inflation report revised its forecast upwards (from the November report) by 0.6 points on average in 2011 and 0.2 points in 2012.

Elevated inflation will be sustained by the increase in VAT to 20% (which came into effect on 4th January 2011) but recent increases in international commodities prices have also pushed UK prices higher. In the medium term, the probability of inflation being above or below the target is judged broadly equal. As the temporary near-term effects begin to fade, downward pressure on inflation is expected to come from persistent spare capacity.

Risks to inflation currently relate to uncertainty in commodity markets and rising inflation expectations due to the persistent above-target trend.

Figure 8.
Bank of England inflation projections.
(up to Q1 2014).



N.B.: BoE projections are made under the assumption of that the Bank Rate moves in line with market rates and the asset purchase programme remains steady at £200 billion.

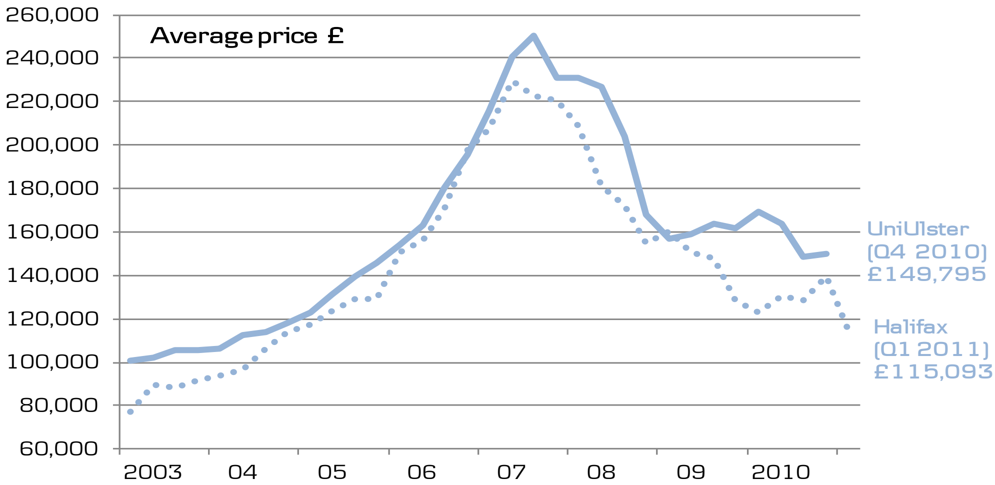
4. Housing market

Northern Ireland

The University of Ulster Index examines house prices in Northern Ireland on the basis of a sample of 684 open market transactions. The results for Quarter 4 2010 show that the average house price in Northern Ireland was £149,795, broadly in line with the average of £148,243 recorded in Quarter 3, but down by 7.2% over the year.

The University of Ulster recorded annual increases in only two areas ("East Antrim" +6% y/y and "Derry/Strabane +5% y/y). All other areas experienced price falls, particularly "Mid & South Down" which recorded the sharpest decrease at -24% y/y.

Figure 9.
Northern Ireland House Price Indices.
(Q1 2003 - Q1 2011).



The Quarter 1 "Halifax House Price Index" for Northern Ireland, based upon mortgage approvals for local residential properties, recorded an average price of £115,093, which is 6.6% below the level in Q1 2010. The current price is now at a level last seen in Q4 2004. The price adjustment since Q2 2007 recorded by the Halifax Index has reached 50%.

The outlook for house price growth in Northern Ireland is negative and the market trough is not expected before 2012, according to forecasts by Oxford Economics reported in *Table 6*.

Table 6. Oxford Economics House prices forecast - Growth %.

	2011	12	13	14	15	16	2017
Northern Ireland	-5.0	-1.4	+2.3	+4.6	+4.1	+4.0	+4.2
UK	-3.3	+0.2	+4.1	+5.5	+5.0	+4.9	+4.9

Source: Oxford Economics

The NISRA survey "NI Construction Bulletin" for Quarter 4 2010 found that the seasonally adjusted volume of construction output in Northern Ireland fell by 5.1% over the quarter and was 15.2% lower than the same quarter in 2009. New works on both public and private infrastructure and housing dropped, whilst only the volume of 'repairs and maintenance' contributed to sustain the sector over the quarter.

United Kingdom

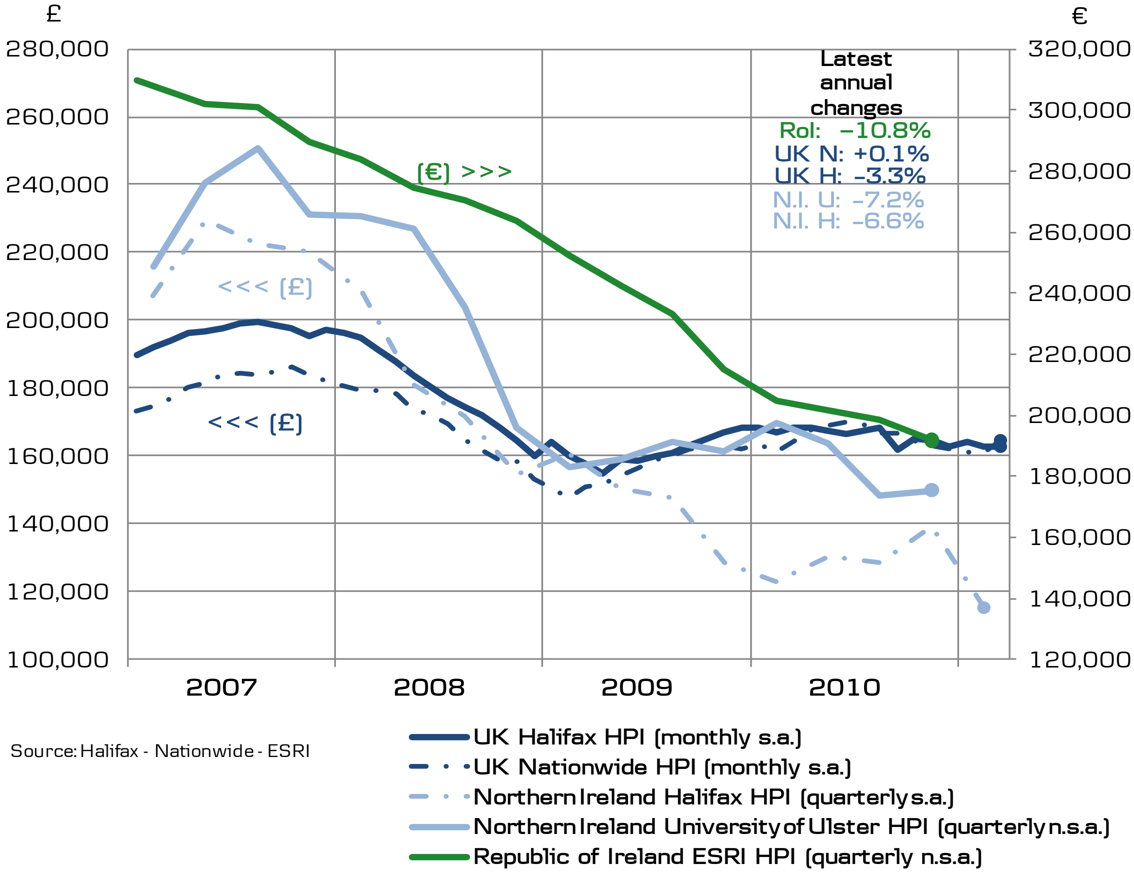
According to the Halifax and Nationwide indices, average house prices at the national level have floated between £160,000 and £170,000 throughout 2010 and early 2011.

Despite having recorded stable prices in Quarter 1 2011, the mortgage lenders Halifax and Nationwide declared that the risks are on the downside (Halifax forecast a 2% decrease in UK house prices in 2011), due to sluggish market activity which is expected to persist during the whole year.

Republic of Ireland

The latest Quarter 4 figures for the Republic of Ireland showed an annual fall in house prices of 10.8%, with the average price now sitting at €191,776 (Q2 2002 levels). At the height of the bubble in Quarter 4 2006 the average price was € 310,000.

Figure 10.
Average house prices in UK (£), Northern Ireland (£) and Republic of Ireland (€). (Q1 2007 - Q1 2011).



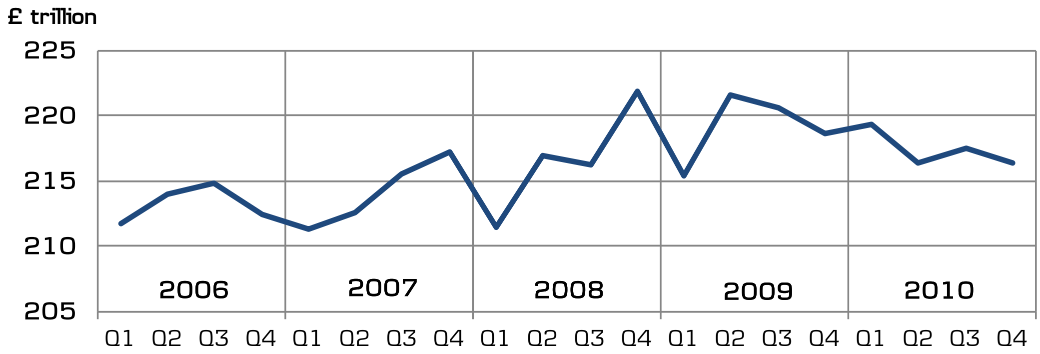
5. Households and consumers

Households' resources

According to figures from the Office of National Statistics, Real Household Disposable Income fell by 0.5% over Quarter 4 2010 [see *Figure 11* below].

The total amount of Real Household Disposable Income was £ 869.5 trillion in 2010. This figure was 0.8% lower than in 2009, representing the first annual fall since 1981, as earnings did not keep pace with elevated inflation during last year.

Figure 11.
Quarterly real households' disposable income in UK (s.a. - constant 2006 prices). (Q1 2006 - Q4 2010).



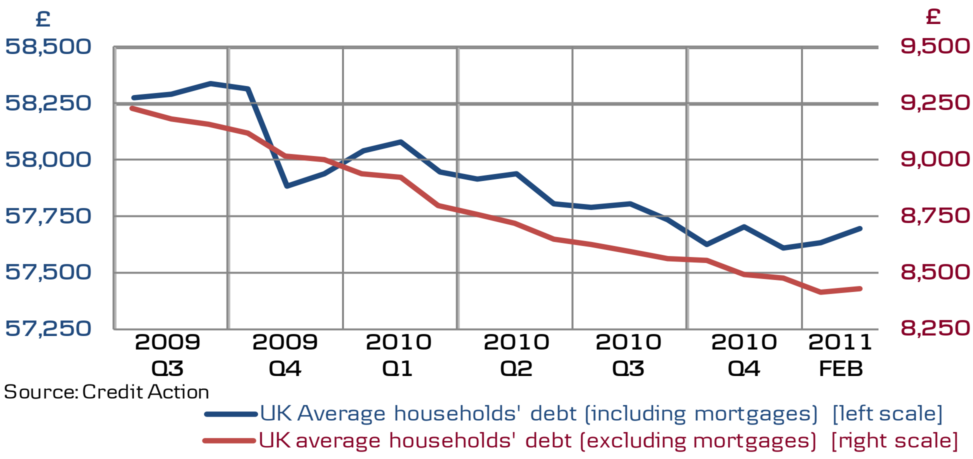
Source: ONS

According to Credit Action figures, the average total household debt in the UK grew modestly in the first two months of 2011. The figure for February stood at £ 57,697 per household, slightly up from £ 57,608 recorded at the end of 2010 [see *Figure 12*].

The average debt per household was 0.7% lower over the year to February, reflecting the tendency to repay debt among households. However, the fall is being driven by a decline in unsecured loans (-5.5% y/y), whereas mortgage liabilities registered 0.2% growth over the year.

The UK Saving Ratio dropped to 5.4% in Quarter 4 2010, from 5.5% in the previous quarter (Q3) and 6.0% one year earlier. While official data for household saving ratios are not available at the regional level, the latest Northern Bank Consumer Confidence Survey for March 2011 reveals a downward trend in local expectations for savings.

Figure 12.
Average UK households' debt, including or excluding mortgages (Q3 2009 – Feb 2011).



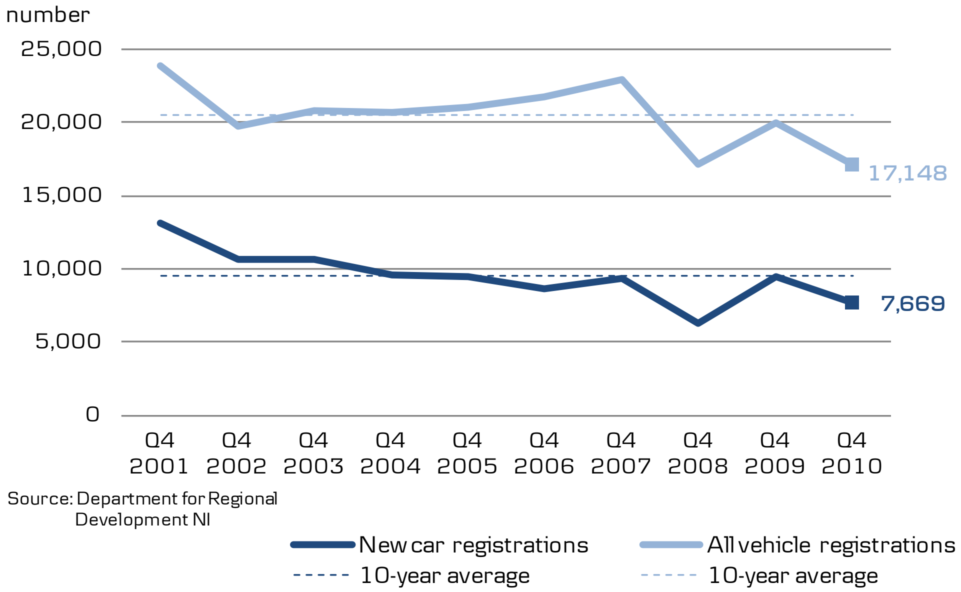
New Vehicle Registrations

Data on new vehicle registrations in Northern Ireland are published by the Department of Regional Development. The new figures for Quarter-4 show "All vehicle registrations" (17,148) near their lowest levels in ten years.

In the same quarter "New car sales" amounted to 7,669, down by 19% from the same period last year and from the ten-year average (around 9,500).

A total of 54,443 new cars were sold in the year 2010, slightly above the 2009 level of 52,859 - but 18 percent below the ten-year average (66,681).

Figure 13.
New car first registrations and all purchased vehicles registrations in Northern Ireland. (Q4 2001 - Q4 2010).



Consumer Confidence

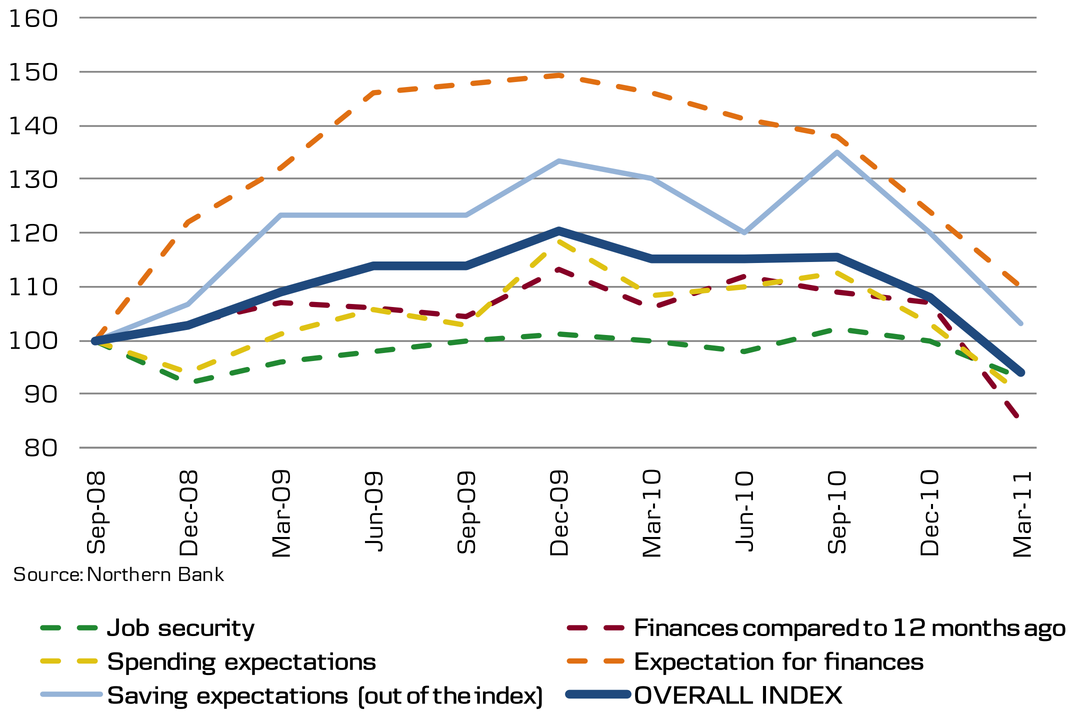
The Northern Bank's latest Consumer Confidence index carried out in March 2011 fell to 94 from 108 in the previous quarter.

The level was lower than the lowest point (100) at the peak of the financial crisis in September 2008 and therefore represented widespread pessimism among consumers.

As highlighted by the sharp drop on the "Current Finances" sub-index (red dotted line on *Figure 14*), households appeared to feel the impact of the persisting inflation and the recent VAT rise on their disposable resources since the first months of the year.

Furthermore, consumers also expressed concerns over their future expectations on earnings and their capacity of spending and saving in the next 12 months, anticipating the effect of further austerity measures.

Figure 14.
Northern Bank Consumer Confidence Index for Northern Ireland.
(Sep 2008 - Mar 2011).



N.B.: The Northern Bank Consumer Confidence Index is compiled by surveying around 1,000 people in five key areas in Northern Ireland.

Looking at UK Consumer Confidence indices (Nationwide and GfK/Nop), households' sentiment was also on the decline. Consumers are planning to cut down their spending during the next twelve months, driven by deterioration in expectations on their finances and the economy in general.

The Nationwide UK Consumer Confidence Index reached an all-time low in February 2011.

6. Business Environment

Manufacturing and services

The most recent Index of Services released by DETI for Quarter-4 2010 showed that local output levels in the service sector decreased by a modest 0.1% compared with the previous quarter. The sector "Wholesale and Retail" drove the dip in output, partly due to the severe weather conditions which curbed high street spending in November and December.

The local service sector output was estimated as falling by 1.7% over the year (compared with an increase of +0.8% y/y in the UK as a whole). The index remained some 14% below the peak recorded in 2007.

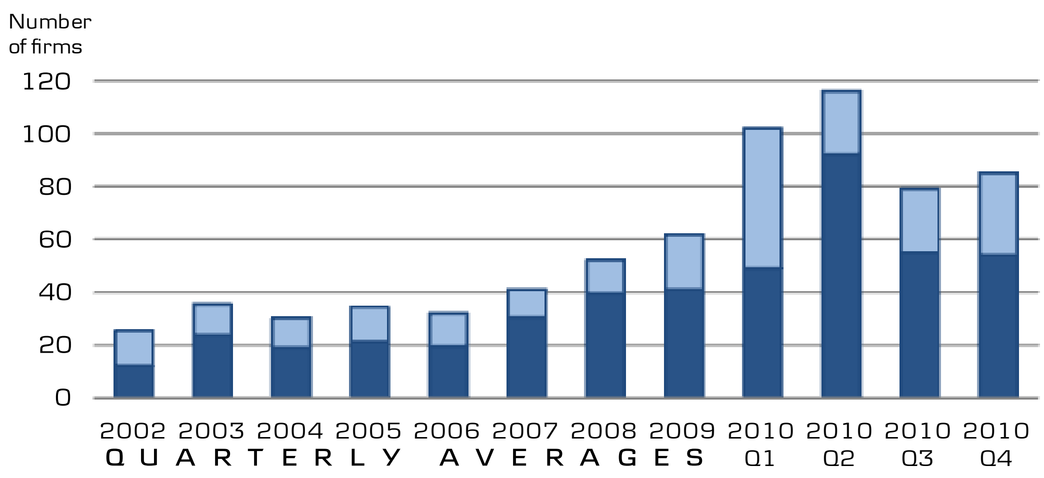
The DETI Index of Production for Quarter-4 2010 showed that output levels increased by 2.2% compared with Quarter-3 and by 5.0% over the year, at a faster pace than the UK as a whole. The "Engineering manufacturing" industry (Machinery, Electrical, Optical Equipment) was the most dynamic in 2010 (output +22% on average).

Company liquidations.

Data from the Insolvency Service of the Department of Enterprise Trade and Investment (DETI) show a total of 85 company liquidations in Northern Ireland in Quarter-4 2010.

Compulsory liquidations were steady in Quarter-4 over the quarter and down by 40% if compared with Quarter-2 (which was particularly negative). However, in terms of total liquidations, the figure for Quarter-4 was still well above its long-term quarterly average [see *Figure 15*] and up 15% compared with the same period one year earlier.

Figure 15.
Average number of company liquidations every quarter in Northern Ireland.
(Quarterly averages from 2002 to Q4 2010).



Source: DETI

Northern Ireland Exports of Goods

According to HMRC data, the number of commodity exporter firms in Northern Ireland was 1,342 in Quarter-4 2010, lower by 5% than the same period of 2009.

In terms of value Northern Ireland's exports of goods amounted to £ 5.25bn in the year 2010, compared with £ 5.14bn in 2009.

Northern Ireland represented 2.0% of the UK's total export base in 2010, whereas the region represented 2.3% in 2009 and 2.5% in 2008.

Around 58% of Northern Ireland's exports was sold to European Union countries in 2010. The share of exports sold to the EU fell throughout the year from 63% in Q1 to 56% in Q4, but was on average similar to the share sold to EU in 2009 and 2008.

The leading sector for exports is "Machinery and Transport", which constitutes over 40% of the regional export base.

Bank of England: Agents' Summary of Business Conditions.

The Bank of England's latest "Agents' Summary of Business Conditions" (April 2011) is summarised below:

- The growth rate of nominal spending on **retail goods** slowed, while goods price inflation continued to rise.
- Growth in spending on **consumer services** remained weak.
- **Activity in the housing market** appeared to have softened slightly, although there had been a slight increase in demand for newly built homes.
- Investment intentions suggested that growth in **capital spending** was likely to strengthen a little further over the next twelve months.
- Emerging market demand continued to support growth of **exports of goods**, and demand from Europe and the United States was beginning to pick up.
- Domestic demand had provided only a modest spur to **manufacturing output** growth.
- The underlying level of activity in the **construction sector** remained weak.
- There had been a further rise in **employment intentions** in manufacturing and business services, but intentions had dipped for consumer-facing firms.
- The level of **capacity utilisation** was broadly normal in the manufacturing sector, but there was still significant slack in the service sector.
- Total **labour costs** had been growing at a moderate pace, and the Agents' scores had drifted a little higher on the month.
- Inflation in the **prices of raw materials** had picked up further, adding to the upward pressures from rising foreign wages on the cost of imported finished goods.
- **Output prices** in manufacturing had risen somewhat in response to rising costs, but for business services they were broadly flat compared to a year earlier.
- The rate of **inflation** in both consumer goods and services was above its historical average, reflecting the recent increase in VAT, and the rising costs of imports, raw materials and fuel.

7. Exchange rates and interest rates

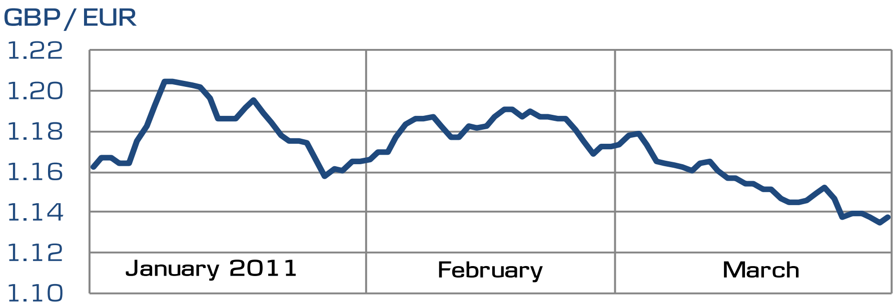
Exchange rates: £/€ and £/$

Over Quarter 1 Sterling declined against the Euro and increased against the Dollar.

Sterling's depreciation against the single currency was mainly driven by the anticipated tightening in the ECB's monetary policy (which materialised in April with a 25p hike in interest rates). The ECB is also expected to tighten policy further in July - this more certain path in Europe contrasts with great uncertainty facing the Bank of England. As monetary conditions will be normalised faster in the euro area, this has the potential to weaken sterling against the euro further.

The dollar lost ground against all major currencies in Quarter 1 2011 following the persisting dovish stance of the Fed, the increasing trend in oil and other dollar-based commodities and news about the record high federal deficit.

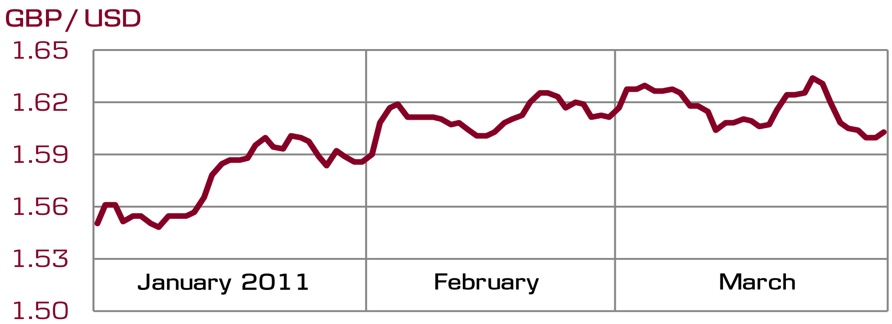
Figure 16.
Exchange rates: GBP/EUR and GBP/USD (Quarter-1 2011).



Q1 average: 1.172

High (9-Jan): 1.205

Low (30-Mar): 1.135



Q1 average: 1.601

High (23-Mar): 1.635

Low (8-Jan): 1.548

Source: www.oanda.com

Interest rates.

The Bank of England Rate is maintained at 0.5% since March 2009 and it is expected to remain at this level until Quarter-3 2011 at the earliest.

The 3-month LIBOR interbank rate (at which banks borrow funds from each other) averaged 0.78% throughout Quarter-1, whereas the 1 year LIBOR averaged 1.52% both growing modestly from the previous quarter.

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