

## Dollar holding the upper hand for now

The dollar has been generally in the ascendancy this year. Strong US macro data and Fed tightening have been supportive of the currency. The dollar has also been boosted by the repatriation of funds by US corporates to take advantage of cuts in US tax rates. In contrast, Brexit uncertainty has been unhelpful for sterling.

For the euro, disappointing macro data and rising political tensions in the EU have acted as a headwind. The firmer dollar is reflected in EUR/USD ending the year below the \$1.15 threshold and GBP/USD trading in the \$1.26-1.27 band. Meanwhile, EUR/GBP has spent most of the past 12 months in a 87-91p trading range.

In the near term, the dollar looks well underpinned. The relative strength of the US economy, widening rate differentials, global geopolitical tensions and risk aversion are all supportive of the currency. At the same time, the on-going budgetary tensions between the EU and Italy, combined with a loss of momentum in the Eurozone economy and a more cautious ECB, are likely to weigh on the euro in early 2019.

However, some of the shine could start to come off the dollar as we progress through 2019. The rising twin deficits may start to come more into focus. The US economy could also start to slow as the fiscal stimulus fades and the Fed continues to hike rates.

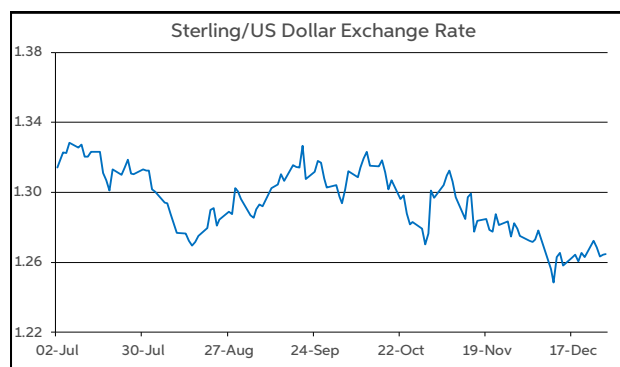
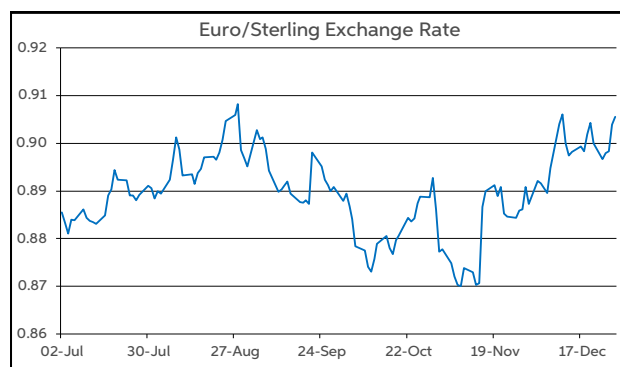
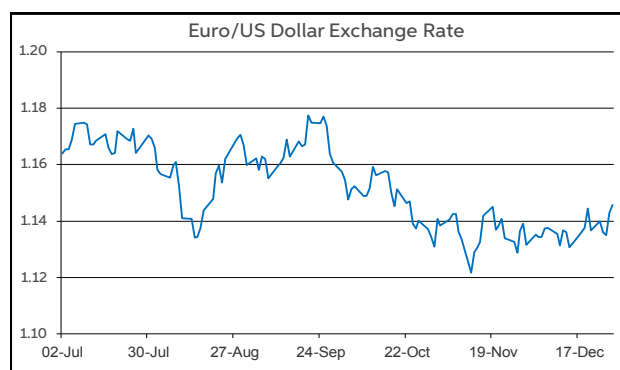
For sterling, Brexit remains the key factor. The currency could be in for a volatile start in the early part of the year amid heightened uncertainty. The postponed vote on the Withdrawal Agreement is now scheduled for the week beginning the 14th of January. A move towards a second referendum could provide some support to the currency. Meanwhile, sterling may come under severe pressure if fears grow of a hard Brexit.

**John Fahey, Senior Economist, AIB**

Today's Opening Rates			
		% Change	
		Day *	End 2017
EUR/USD	1.1451	0.60	-4.54
EUR/GBP	0.905	0.63	1.88
GBP/USD	1.2653	0.01	-6.36
GBP/EUR	1.1046	-0.63	-1.85
USD/JPY	110.47	-0.65	-1.95
EUR/JPY	126.58	-0.05	-6.36

\* v Previous Day's European Open

See Next Page for More Rates >>>



Opening Interest Rates						
	Base Rate	Short Term			Long Term	
		1-Mth	3-Mth	12-Mth	2-Yr	5-Yr
USD	2.375	2.52	2.80	3.03	2.69	2.65
EUR	0.00	-0.37	-0.31	-0.12	-0.14	0.24
GBP	0.75	0.73	0.90	1.17	1.16	1.34

Equity Indices				
	Latest Close	% Changes		
		on Day	End 2017 to Date	
Dow Jones	23138.82	+1.14	-6.39	
S&P 500	2488.83	+0.86	-6.91	
FTSE 100	6584.68	-1.52	-14.35	
DJ Stoxx 50	2937.36	-1.22	-16.17	
ISEQ	5325.99	-1.34	-24.33	
Nikkei	20014.77	-0.31	-12.08	

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

CONTACTS		
<b>AIB Customer Treasury Services</b> business.treasury@aib.ie aib.corporatetreasury@aib.ie fxcentre.aib.ie	<b>Customer Treasury Services GB</b> treasury.gb@aib.ie  aibgb.co.uk/fxcentre	<b>Customer Treasury Services NI</b> FTBtreasury@aib.ie  firsttrustbank.co.uk/fxcentre

# Opening Levels

Friday 28 December 2018  
08:34 am



## Euro

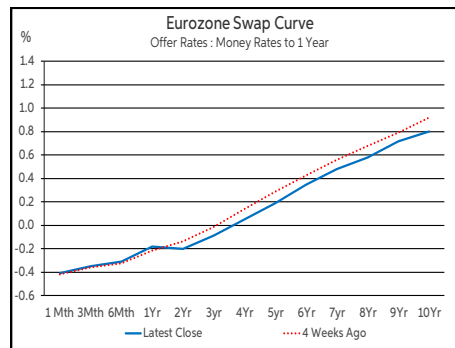
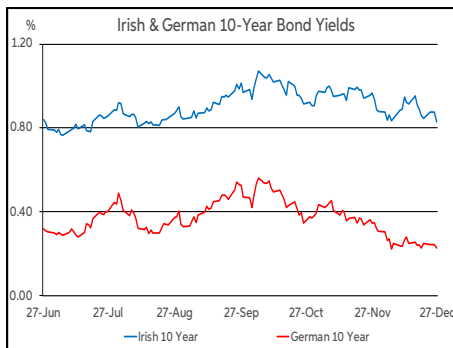
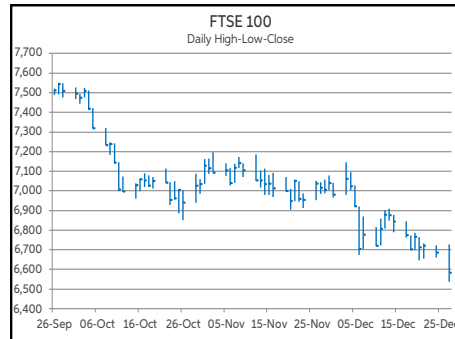
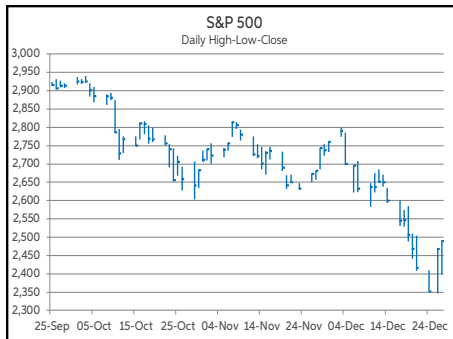
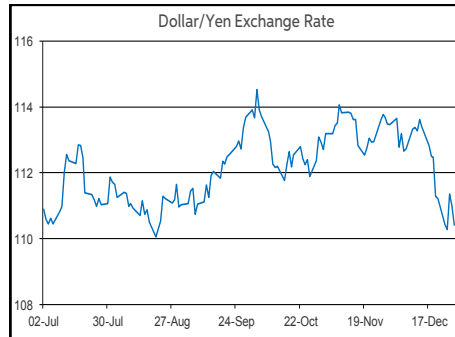
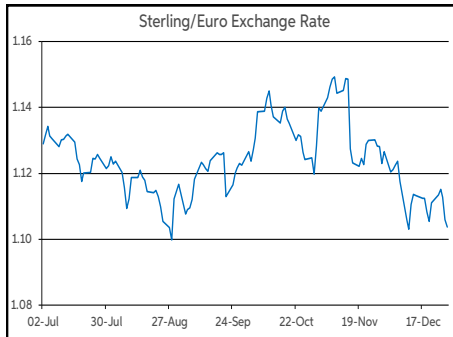
EUR/GBP	0.9049
EUR/USD	1.1452
EUR/JPY	126.57
EUR/SEK	10.2745
EUR/DKK	7.4668
EUR/NOK	10.0278
EUR/CHF	1.1293
EUR/AUD	1.624
EUR/HKD	8.9673
EUR/CAD	1.5583

## Sterling

GBP/EUR	1.1042
GBP/USD	1.2651
GBP/CAD	1.7213
GBP/NZD	1.885
GBP/JPY	139.74
GBP/SEK	11.3488
GBP/DKK	8.2473
GBP/NOK	11.0794
GBP/CHF	1.2476
GBP/AUD	1.7939

## Dollar

USD/JPY	110.46
USD/CAD	1.3605
USD/CHF	0.9859
USD/CNY	6.8662
USD/BRL	3.8732
USD/RUB	69.4009
USD/INR	69.991
AUD/USD	0.7051
NZD/USD	0.6711



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 17
<b>10 Year Yield %</b>				
US	2.77	-4	-26	+37
Germany	0.23	-2	-9	-19
UK	1.30	+4	-5	+12
Ireland	0.83	-6	-6	N/A
Belgium	0.75	-0	-0	+14
France	0.69	-1	-0	-9
Italy	2.72	-13	-46	+73
Spain	1.37	-2	-12	-17
Portugal	1.66	-3	-16	-23
Greece	4.33	-4	+10	+29
<b>5 Year Swap %</b>				
US	2.63	-7	-36	+38
Eurozone	0.19	-7	-10	-13
UK	1.31	+1	-4	+28
<b>2 Year Swap %</b>				
US	2.66	-7	-32	+58
Eurozone	-0.20	-7	-6	-6
UK	1.15	-1	-1	+35
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	60	-5	+3	N/A
Belgium	53	+1	+9	+34
France	46	+1	+9	+10
Italy	250	-10	-36	+92
Spain	115	-1	-3	+2
Portugal	143	-1	-6	-4
Greece	410	-2	+19	+48

Commodities				
	Close	% Change		
		Day	4 Weeks	End 17
Brent Oil	52.16	-4.24	-12.35	-22.00
West Texas Oil	44.48	-3.39	-13.56	-26.43
CRB - All Commodity	170.49	-1.42	-6.49	-12.06
CRB - Food	325.08	-0.12	-1.71	-3.26
Gold \$	1275.3	+0.65	+4.16	-2.10

This publication is for information purposes and is not an invitation to deal. The information is believed to be reliable but is not guaranteed. Any expressions of opinions are subject to change without notice. This publication is not to be reproduced in whole or in part without prior permission. In the Republic of Ireland it is distributed by Allied Irish Banks, p.l.c. In the UK it is distributed by Allied Irish Banks, p.l.c. and Allied Irish Bank (GB). In Northern Ireland it is distributed by First Trust Bank. In the United States of America it is distributed by Allied Irish Banks, p.l.c. Allied Irish Banks, p.l.c. is regulated by the Central Bank of Ireland. Allied Irish Bank (GB) and First Trust Bank are trade marks used under licence by AIB Group (UK) p.l.c. (a wholly owned subsidiary of Allied Irish Banks, p.l.c.), incorporated in Northern Ireland. Registered Office 92 Ann Street, Belfast BT1 3HH. Registered Number NI018800. Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. In the United States of America, Allied Irish Banks, p.l.c., New York Branch, is a branch licensed by the New York State Department of Financial Services. Deposits and other investment products are not FDIC insured, they are not guaranteed by any bank and they may lose value. Please note that telephone calls may be recorded in line with market practice.