

Risk-off tone to markets

The first day's trading of 2019 was marked by a continuing weakness in investor risk appetite. Concerns over the outlook for global economic growth continue to weigh on investor sentiment. Yesterday's revenue warning from Apple as well as the release of weak Chinese manufacturing data worried markets. In the risk-off environment, there was further support for bonds. The yield on German 10 years declined by 7bps to 0.17%, an over two year low.

On the currency front, the yen was boosted significantly by safe haven demand. The currency gained 2.7% and 3.2% against the euro and sterling respectively. The dollar lost 1.8% against the Japanese currency. Meantime, EUR/USD has dropped back below the \$1.14 level, while cable (GBP/USD) is trading near the midpoint of the \$1.25-1.26 range.

Elsewhere, the December reading of the UK manufacturing PMI went largely unnoticed in the market. The index surprised significantly to the upside. However, the responses of the survey participants indicated that this was due to firms stockpiling ahead of Brexit. Indeed, sterling has weakened over the past 24 hours as Brexit concerns have resurfaced. This is reflected in EUR/GBP moving up to the midpoint of the 90-91p band.

Turning to the day ahead, the only release of note is the December reading of the US manufacturing ISM. The index is expected to have dipped in the month, while remaining at a level consistent with strong growth in the sector. Barring a major surprise, the impact on the dollar will likely be limited.

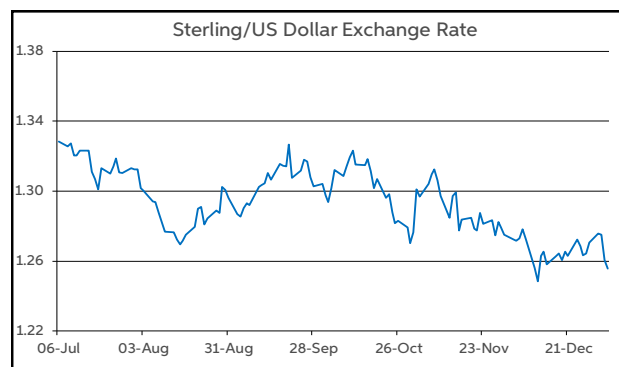
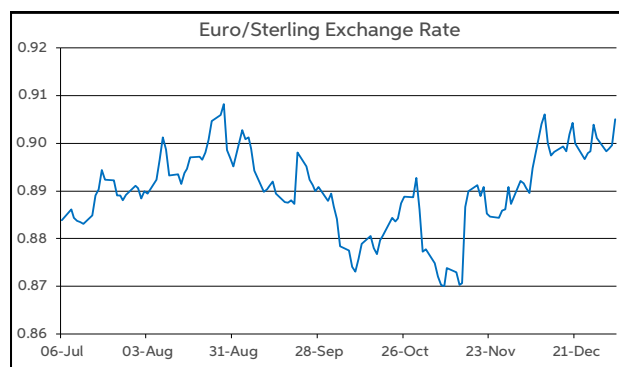
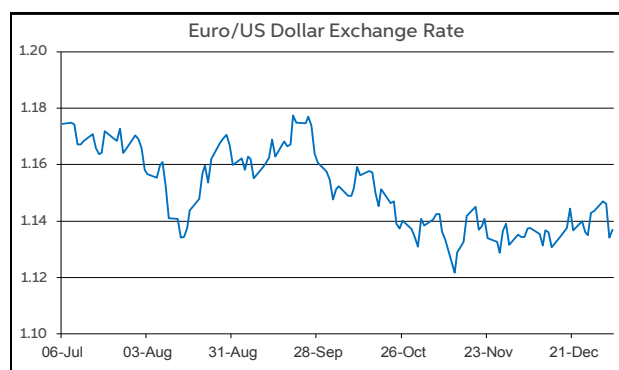
Elsewhere, the schedule is barren on this side of the Atlantic. Therefore, risk aversion may remain the dominant theme for markets today.

Conor Beakey, Economist, AIB

Today's Opening Rates			
		% Change	
		Day *	End 2018
EUR/USD	1.1368	-0.94	-0.88
EUR/GBP	0.9052	0.60	0.76
GBP/USD	1.2558	-1.54	-1.56
GBP/EUR	1.1041	-0.60	-0.75
USD/JPY	107.35	-1.78	-2.02
EUR/JPY	122.05	-2.73	-2.91

* v Previous Day's European Open

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Opening Interest Rates						
	Base Rate	Short Term			Long Term	
		1-Mth	3-Mth	12-Mth	2-Yr	5-Yr
USD	2.375	2.51	2.79	3.00	2.63	2.53
EUR	0.00	-0.36	-0.31	-0.12	-0.17	0.17
GBP	0.75	0.73	0.91	1.17	1.12	1.25

Equity Indices				
	Latest Close	% Changes		
		on Day	End 2018 to Date	
Dow Jones	23346.24	+0.08	+0.08	
S&P 500	2510.03	+0.13	+0.13	
FTSE 100	6734.23	+0.09	+0.09	
DJ Stoxx 50	2993.18	-0.27	-0.27	
ISEQ	5490.37	+0.19	+0.19	
Nikkei	20014.77	+0.00	+0.00	

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

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Opening Levels

Thursday 03 January 2019
07:27 am



Euro

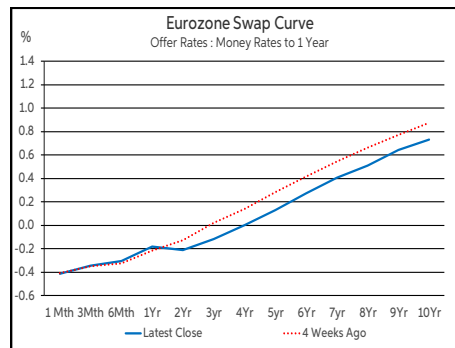
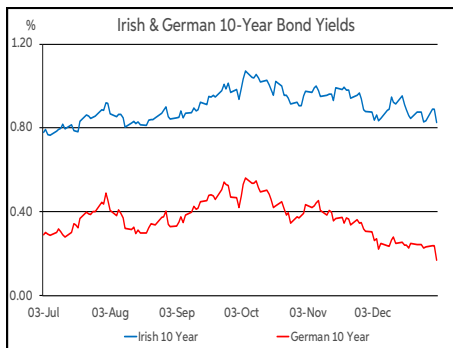
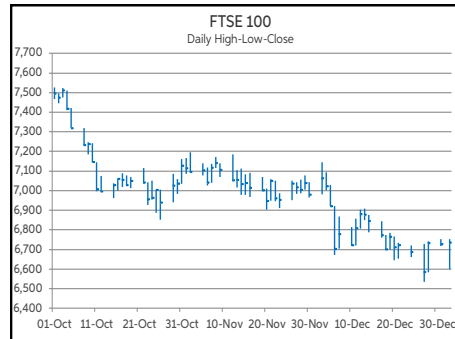
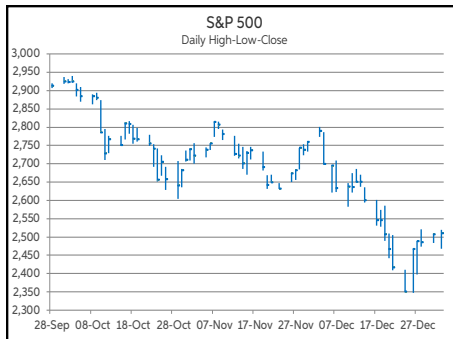
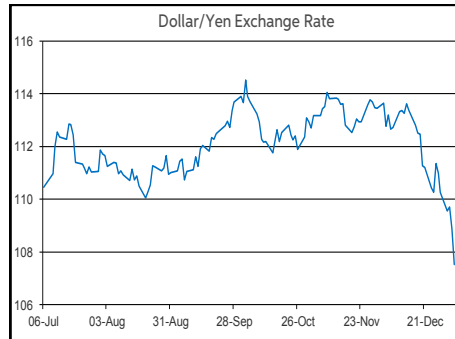
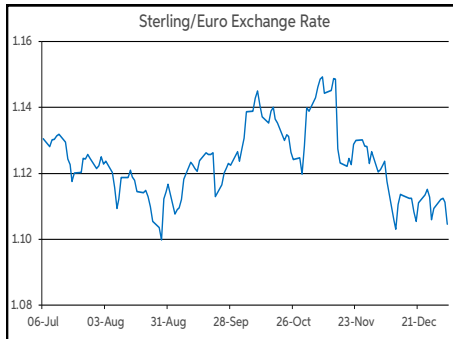
EUR/GBP	0.9052
EUR/USD	1.1368
EUR/JPY	122.05
EUR/SEK	10.24
EUR/DKK	7.4674
EUR/NOK	9.9267
EUR/CHF	1.1211
EUR/AUD	1.6378
EUR/HKD	8.9042
EUR/CAD	1.5497

Sterling

GBP/EUR	1.1041
GBP/USD	1.2558
GBP/CAD	1.7116
GBP/NZD	1.8931
GBP/JPY	134.79
GBP/SEK	11.3053
GBP/DKK	8.2462
GBP/NOK	10.9647
GBP/CHF	1.2383
GBP/AUD	1.8084

Dollar

USD/JPY	107.35
USD/CAD	1.3631
USD/CHF	0.986
USD/CNY	6.8755
USD/BRL	3.7897
USD/RUB	69.376
USD/INR	70.365
AUD/USD	0.6942
NZD/USD	0.6632



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 18
10 Year Yield %				
US	2.63	-5	-28	-5
Germany	0.17	-7	-10	-7
UK	1.22	-4	-9	-4
Ireland	0.83	-6	-4	N/A
Belgium	0.71	-5	-4	-5
France	0.65	-5	-2	-5
Italy	2.67	-4	-38	-4
Spain	1.39	-2	-5	-2
Portugal	1.70	-1	-9	-1
Greece	4.35	+5	+24	+5
5 Year Swap %				
US	2.52	-6	-41	-4
Eurozone	0.13	-10	-15	-10
UK	1.23	-8	-11	-8
2 Year Swap %				
US	2.62	-2	-35	-2
Eurozone	-0.21	-7	-8	-7
UK	1.10	-6	-7	-6
10 Year Government Bond Spreads to Benchmark bps				
Ireland	66	+1	+7	N/A
Belgium	54	+1	+7	+1
France	48	+2	+8	+2
Italy	250	+2	-27	+2
Spain	122	+5	+5	+5
Portugal	153	+6	+2	+6
Greece	418	+12	+34	+12

Commodities				
	Close	% Change		
		Day	4 Weeks	End 18
Brent Oil	54.91	+2.06	-10.80	+2.06
West Texas Oil	46.31	+2.57	-12.03	+2.57
CRB - All Commodity	170.39	+0.35	-7.27	+0.35
CRB - Food	325.88	+1.65	-1.99	+0.51
Gold \$	1284.8	+0.14	+3.81	+0.15

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