

Risk averse mood on markets

It was a generally uneventful day on currency markets yesterday. A lack of any top tier macro data and/or geopolitical developments meant there was little to interest or impact the main currency pairs. Indeed, the only data releases of any note were from the US diary, with both the Empire survey and homebuilder sentiment missing to the downside of forecasts for December.

Meanwhile, investor sentiment started the week in a similar vein to where it ended last week—in a risk averse mood. Equity markets on both sides of the Atlantic registered falls. At the closing bell last night on Wall Street, the S&P 500 was down 2% on the day. There has been some spill-over from this 'risk off' mood onto currency markets, with the yen making some gains.

As trading gets underway this morning in Europe, most of the main pairs open only modestly changed from 24 hours earlier. In level terms, this is reflected in EUR/USD operating in the lower half of the \$1.13-1.14 band and GBP/USD changing hands down near to the \$1.26 threshold. Elsewhere, the EUR/GBP pair continues to trade in a very tight range just under the 90p mark.

Ahead today, the macro schedule remains on the quiet side. The main highlight is the German Ifo for December. The market consensus is for no major change from the November reading. Therefore, unless there is a significant surprise versus expectations, there is not envisaged to be much impact on the euro. For the dollar, housing starts for November are the only release of any note. Therefore, dollar watchers may take to the side-lines awaiting Wednesday evening's Fed meeting conclusion. For sterling, as ever, Brexit related developments remain a potential source of volatility, with the focus at the moment on the UK parliament.

John Fahey, Senior Economist, AIB

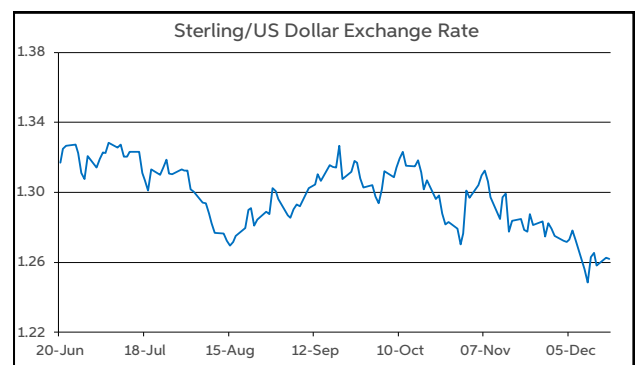
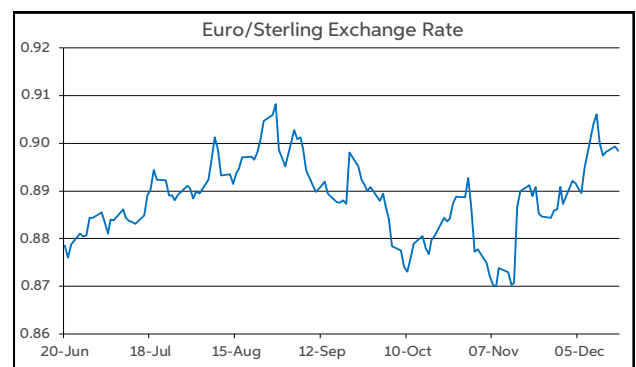
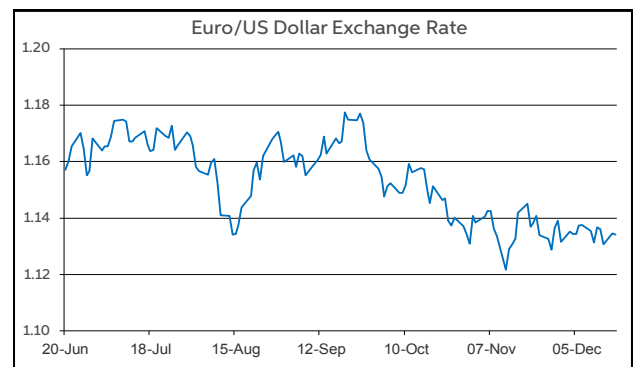
| Opening Interest Rates | | | | | | |
|------------------------|-----------|------------|-------|--------|-----------|------|
| | Base Rate | Short Term | | | Long Term | |
| | | 1-Mth | 3-Mth | 12-Mth | 2-Yr | 5-Yr |
| USD | 2.125 | 2.47 | 2.80 | 3.10 | 2.82 | 2.76 |
| EUR | 0.00 | -0.37 | -0.31 | -0.13 | -0.13 | 0.27 |
| GBP | 0.75 | 0.73 | 0.91 | 1.16 | 1.17 | 1.32 |

| Equity Indices | | | | |
|----------------|--------------|-----------|------------------|--|
| | Latest Close | % Changes | | |
| | | on Day | End 2017 to Date | |
| Dow Jones | 23592.98 | -2.11 | -4.56 | |
| S&P 500 | 2545.94 | -2.08 | -4.78 | |
| FTSE 100 | 6773.24 | -1.05 | -11.90 | |
| DJ Stoxx 50 | 3063.65 | -0.94 | -12.57 | |
| ISEQ | 5470.72 | -0.88 | -22.27 | |
| Nikkei | 21115.45 | -1.82 | -7.25 | |

| Today's Opening Rates | | | |
|-----------------------|--------|----------|----------|
| | | % Change | |
| | | Day * | End 2017 |
| EUR/USD | 1.1341 | 0.30 | -5.46 |
| EUR/GBP | 0.8986 | 0.00 | 1.16 |
| GBP/USD | 1.262 | 0.31 | -6.60 |
| GBP/EUR | 1.1126 | 0.00 | -1.15 |
| USD/JPY | 112.56 | -0.80 | -0.10 |
| EUR/JPY | 127.67 | -0.49 | -5.56 |

* v Previous Day's European Open

See Next Page for More Rates >>>



All rates quoted are indicative market rates

See Next Page For More Rates & Charts

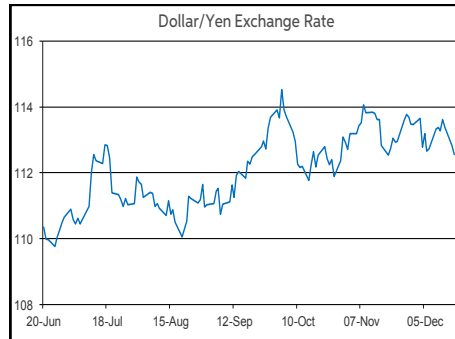
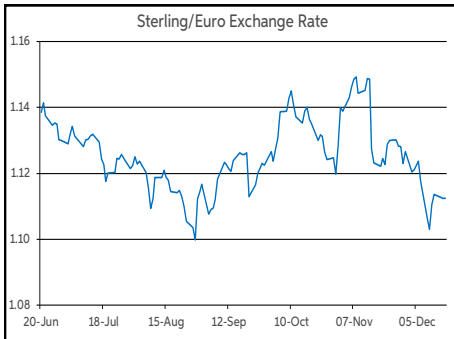
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Opening Levels

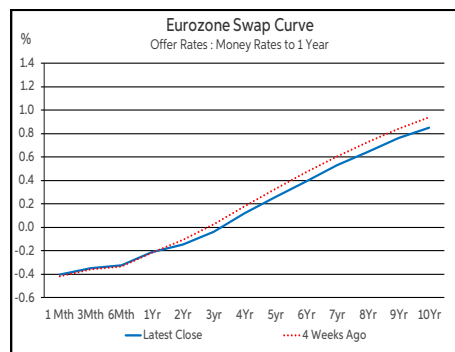
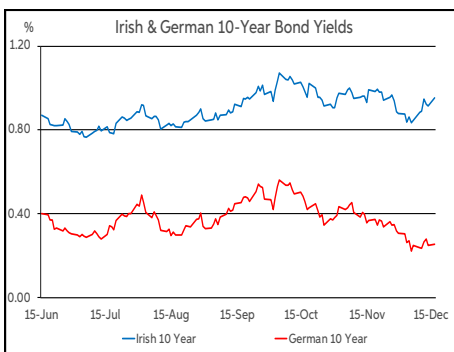
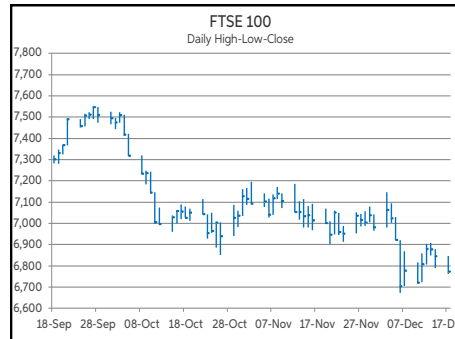
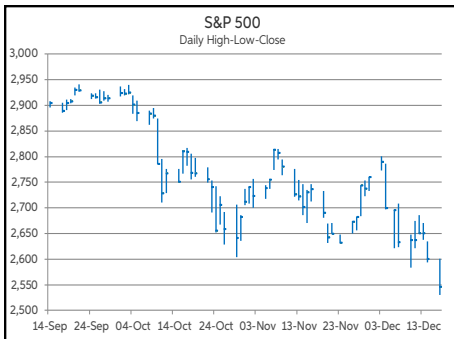
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| Euro | | Sterling | | Dollar | |
|---------|---------|----------|---------|---------|---------|
| EUR/GBP | 0.8986 | GBP/EUR | 1.1126 | USD/JPY | 112.56 |
| EUR/USD | 1.1341 | GBP/USD | 1.262 | USD/CAD | 1.3401 |
| EUR/JPY | 127.67 | GBP/CAD | 1.6914 | USD/CHF | 0.993 |
| EUR/SEK | 10.3015 | GBP/NZD | 1.8414 | USD/CNY | 6.8974 |
| EUR/DKK | 7.4679 | GBP/JPY | 142.05 | USD/BRL | 3.8994 |
| EUR/NOK | 9.8214 | GBP/SEK | 11.4564 | USD/RUB | 66.7728 |
| EUR/CHF | 1.1262 | GBP/DKK | 8.3078 | USD/INR | 71.125 |
| EUR/AUD | 1.5791 | GBP/NOK | 10.9238 | AUD/USD | 0.718 |
| EUR/HKD | 8.8653 | GBP/CHF | 1.2533 | NZD/USD | 0.6852 |
| EUR/CAD | 1.5202 | GBP/AUD | 1.7571 | | |



| Debt Markets | | | | |
|---|-------|------------|---------|--------|
| | Close | Change bps | | |
| | | Day | 4 Weeks | End 17 |
| 10 Year Yield % | | | | |
| US | 2.86 | -4 | -21 | +45 |
| Germany | 0.25 | +1 | -12 | -17 |
| UK | 1.26 | +2 | -11 | +8 |
| 5 Year Swap % | | | | |
| US | 2.77 | -6 | -24 | +53 |
| Eurozone | 0.26 | -1 | -7 | -6 |
| UK | 1.31 | -0 | -4 | +28 |
| 2 Year Swap % | | | | |
| US | 2.79 | -8 | -18 | +71 |
| Eurozone | -0.15 | -2 | -4 | -0 |
| UK | 1.16 | -1 | +2 | +36 |
| 10 Year Government Bond Spreads to Benchmark bps | | | | |
| Ireland | 70 | +3 | +9 | N/A |
| Belgium | 50 | +2 | +4 | +30 |
| France | 48 | +2 | +7 | +12 |
| Italy | 269 | +3 | -52 | +111 |
| Spain | 113 | -2 | -13 | +1 |
| Portugal | 137 | -3 | -22 | -10 |
| Greece | 404 | +8 | -8 | +42 |



| Commodities | | | | |
|---------------------|--------|----------|---------|--------|
| | Close | % Change | | |
| | | Day | 4 Weeks | End 17 |
| Brent Oil | 59.61 | -1.11 | -10.75 | -10.86 |
| West Texas Oil | 49.8 | -2.85 | -12.88 | -17.63 |
| CRB - All Commodity | 177.92 | -1.33 | -5.74 | -8.23 |
| CRB - Food | 328.71 | -0.90 | -1.41 | -2.18 |
| Gold \$ | 1246.0 | +0.62 | +1.79 | -4.35 |

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