

Equity markets remain very volatile

Trading conditions in equity markets have been very volatile in the past week. However, this can in part be attributed to thin liquidity over the festive period.

On the currency front, the dollar has softened as markets suspect that the Fed funds rate may have peaked. They are no longer pricing in any further rate hikes in the US this year. This sees EUR/USD changing hands close to the \$1.15 threshold, while cable (GBP/USD) has regained the \$1.27 handle. Meanwhile, reports that Brexit may be delayed briefly saw EUR/GBP trading close to the 89p level on Monday, however, the pair opens this morning back at the 90p mark.

Looking at the schedule for the rest of the week, there is a relatively busy global data calendar. In the US, the focus will be on the release of the December employment report on Friday. Non-farm payrolls are forecast to have expanded by 177k, while the unemployment rate is expected to have held at 4.0%. It is anticipated that tight labour market conditions will result in the annual growth rate of average earnings remaining close to 3.0%. Overall, the data could act as a support for the dollar. Meantime, the release of the December manufacturing ISM will also attract some investor attention tomorrow, as will Fed Chair Powell's speech on Friday.

The highlight of the Eurozone calendar is the flash reading of December HICP, although euro reaction will likely be minimal. It is envisaged that lower oil prices will result in headline inflation edging down to 1.8%, from 1.9%. In the UK, the December PMIs are forecast to have been broadly unchanged in the month, meaning the releases may have a negligible impact on sterling. However, the currency will remain sensitive to Brexit related newsflow.

Conor Beakey, Economist, AIB

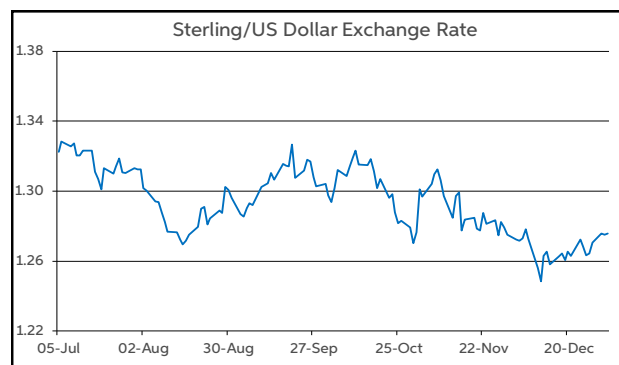
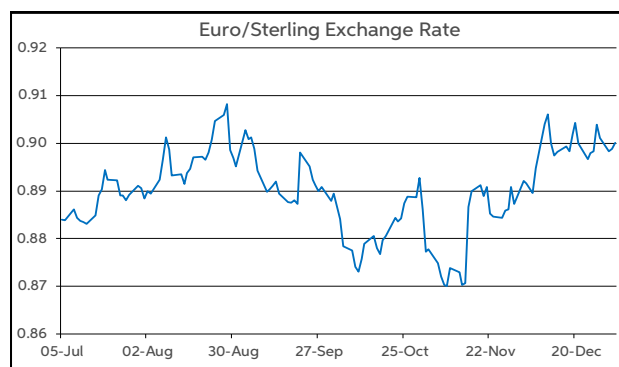
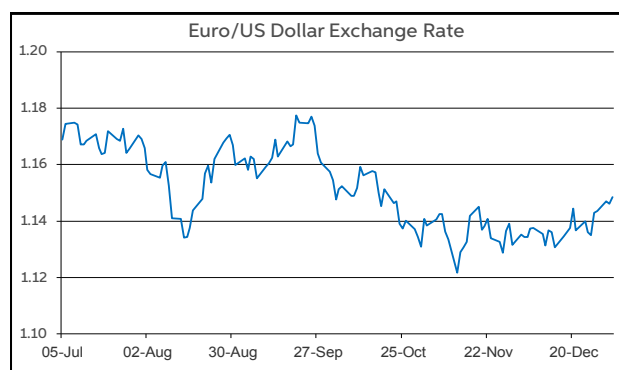
Opening Interest Rates						
	Base Rate	Short Term			Long Term	
		1-Mth	3-Mth	12-Mth	2-Yr	5-Yr
USD	2.375	2.50	2.81	3.01	2.67	2.59
EUR	0.00	-0.36	-0.31	-0.12	-0.17	0.20
GBP	0.75	0.73	0.91	1.17	1.16	1.30

Equity Indices				
	Latest Close	% Changes		
		on Day	End 2018 to Date	
Dow Jones	23327.46	+1.15	+0.00	
S&P 500	2506.85	+0.84	+0.00	
FTSE 100	6728.13	-0.09	+0.00	
DJ Stoxx 50	3001.42	+0.48	+0.00	
ISEQ	5479.81	+0.38	+0.00	
Nikkei	20014.77	-0.00	+0.00	

Today's Opening Rates			
		% Change	
		Day *	End 2018
EUR/USD	1.1479	0.12	0.09
EUR/GBP	0.9002	0.22	0.20
GBP/USD	1.2748	-0.08	-0.07
GBP/EUR	1.1102	-0.22	-0.20
USD/JPY	109.24	-0.36	-0.29
EUR/JPY	125.44	-0.22	-0.21

* 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

Wednesday 02 January 2019
07:31 am



Euro

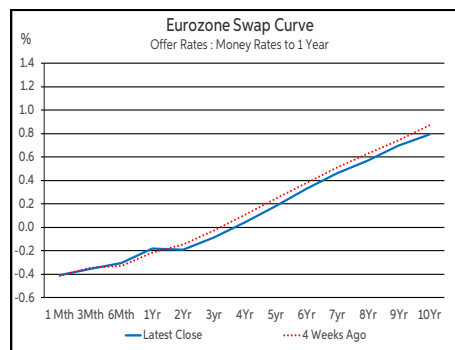
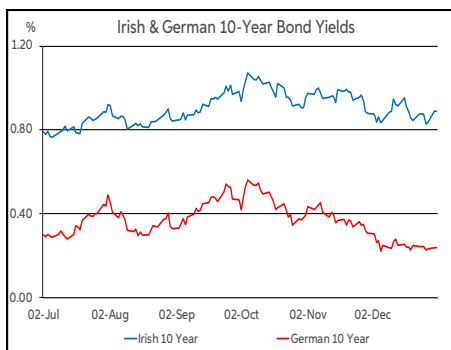
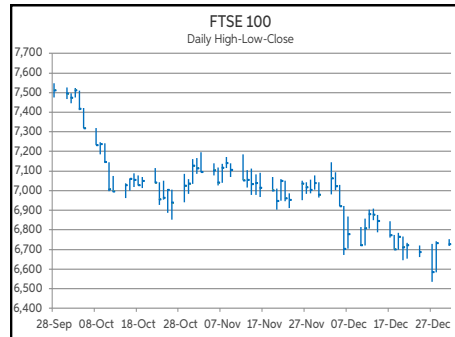
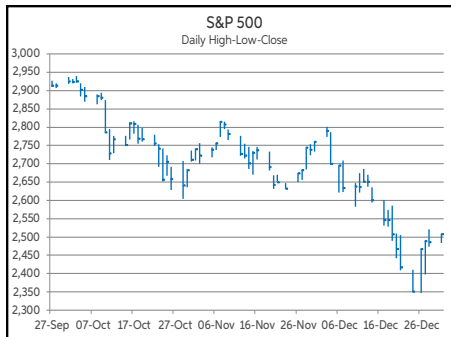
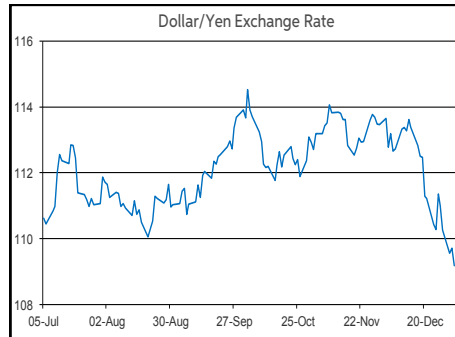
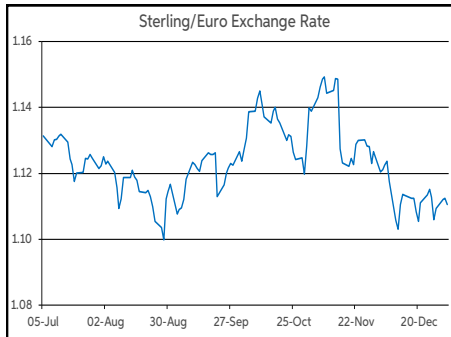
EUR/GBP	0.9002
EUR/USD	1.1481
EUR/JPY	125.44
EUR/SEK	10.1869
EUR/DKK	7.4676
EUR/NOK	9.9257
EUR/CHF	1.1263
EUR/AUD	1.6322
EUR/HKD	8.9931
EUR/CAD	1.5596

Sterling

GBP/EUR	1.1107
GBP/USD	1.2754
GBP/CAD	1.7321
GBP/NZD	1.8995
GBP/JPY	139.31
GBP/SEK	11.3108
GBP/DKK	8.2927
GBP/NOK	11.0209
GBP/CHF	1.2508
GBP/AUD	1.8126

Dollar

USD/JPY	109.23
USD/CAD	1.358
USD/CHF	0.9811
USD/CNY	6.8563
USD/BRL	3.8804
USD/RUB	69.6501
USD/INR	69.939
AUD/USD	0.7031
NZD/USD	0.6712



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 18
10 Year Yield %				
US	2.72	+0	-20	+3
Germany	0.23	+0	-3	-0
UK	1.26	-1	-3	-1
Ireland	0.92	+9	+8	N/A
Belgium	0.76	+1	+3	+0
France	0.71	+1	+4	+1
Italy	2.80	+10	-34	+9
Spain	1.42	+1	-5	+1
Portugal	1.72	+1	-7	+1
Greece	4.40	+10	+20	+10
5 Year Swap %				
US	2.54	-2	-37	-2
Eurozone	0.18	-5	-6	-5
UK	1.29	-2	-2	-2
2 Year Swap %				
US	2.63	-1	-32	-1
Eurozone	-0.19	-5	-4	-5
UK	1.15	-2	-1	-2
10 Year Government Bond Spreads to Benchmark bps				
Ireland	67	+7	+10	N/A
Belgium	53	+1	+6	+1
France	48	+1	+7	+2
Italy	256	+9	-32	+8
Spain	119	+1	-2	+1
Portugal	149	+2	-4	+2
Greece	417	+10	+24	+11

Commodities				
	Close	% Change		
		Day	4 Weeks	End 18
Brent Oil	53.8	+3.07	-13.34	+0.00
West Texas Oil	45.15	+1.51	-15.15	+0.00
CRB - All Commodity	169.80	-0.68	-7.79	+0.00
CRB - Food	324.23	+0.00	-3.08	+0.00
Gold \$	1283.1	+0.01	+3.56	+0.01

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