

Fed in focus today

The action on currency markets yesterday was relatively muted. Although, the dollar has come under some slight pressure in the past 24 hours. Markets remain skittish pending the outcome of this evening's Fed meeting. Meanwhile, oil prices fell sharply again.

Data-wise, the calendar was very sparse. Indeed, the only release of note was the December reading of the German Ifo, which surprised to the downside. However, there was no noticeable reaction in markets. Meantime, positive developments in budget talks between the EU and the Italian government helped provide a more supportive backdrop to the euro.

In level terms, the marginally softer dollar tone sees EUR/USD open this morning close to the \$1.14 level, while cable (GBP/USD) is changing hands around the midpoint of the \$1.26-1.27 band. Elsewhere, EUR/GBP continues to trade near the 90p mark.

Turning to the day ahead, markets will likely remain in pause-mode prior to the conclusion of the aforementioned Fed meeting this evening. Investors fully expect the FOMC to increase the fed funds target range by 25bps to a 2.25-2.50% range today.

Therefore, of more interest will be the Fed's updated rate projections. Market participants will be looking to see if the weaker outlook for the global economy, as well as volatile financial markets, result in the central bank scaling back its projections. Overall, the meeting poses some event risk for the dollar.

Meanwhile, the only notable data release today is the November reading of UK CPI inflation. However, sterling impact will likely be limited, barring a major surprise. Elsewhere, a quiet Eurozone schedule could lead to the euro struggling for direction today.

Conor Beakey, Economist, AIB

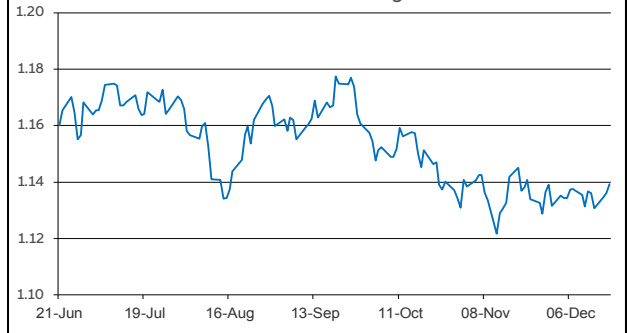
Today's Opening Rates

		% Change	
		Day *	End 2017
EUR/USD	1.1392	0.41	-5.04
EUR/GBP	0.8997	0.16	1.28
GBP/USD	1.2657	0.25	-6.33
GBP/EUR	1.1109	-0.16	-1.27
USD/JPY	112.39	-0.18	-0.25
EUR/JPY	128.03	0.23	-5.29

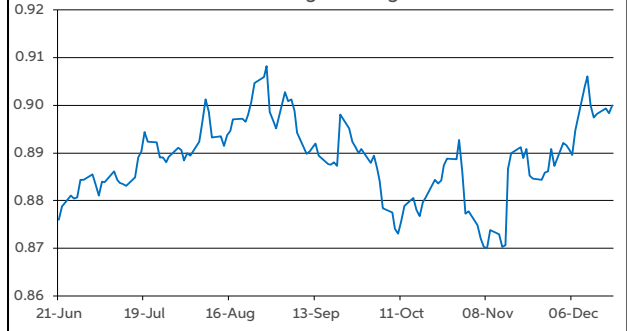
* v Previous Day's European Open

See Next Page for More Rates ▶▶▶

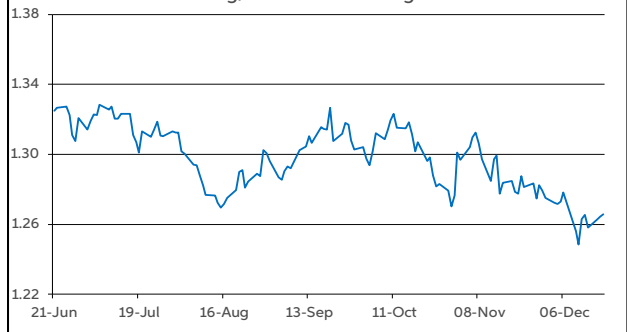
Euro/US Dollar Exchange Rate



Euro/Sterling Exchange Rate



Sterling/US Dollar Exchange Rate



Opening Interest Rates						
	Base Rate	Short Term			Long Term	
		1-Mth	3-Mth	12-Mth	2-Yr	5-Yr
USD	2.125	2.47	2.79	3.06	2.76	2.72
EUR	0.00	-0.37	-0.31	-0.13	-0.15	0.26
GBP	0.75	0.73	0.91	1.16	1.17	1.33

Equity Indices				
	Latest Close	% Changes		
		on Day	End 2017 to Date	
Dow Jones	23675.64	+0.35	-4.22	
S&P 500	2546.16	+0.01	-4.77	
FTSE 100	6701.59	-1.06	-12.83	
DJ Stoxx 50	3040.13	-0.77	-13.24	
ISEQ	5422.76	-0.88	-22.95	
Nikkei	20987.92	-0.60	-7.81	

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

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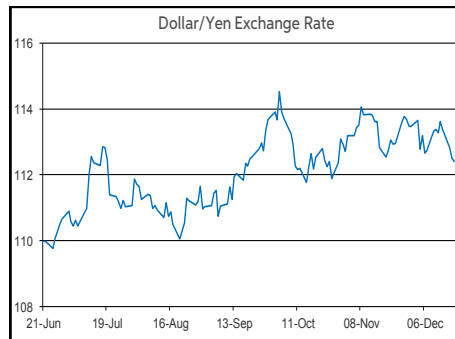
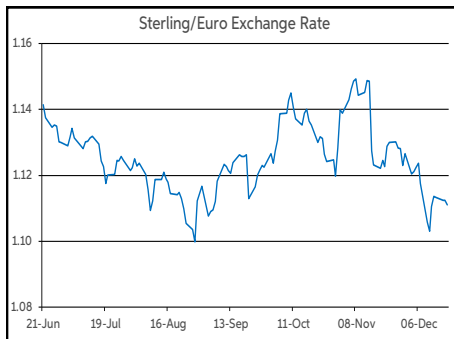
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Opening Levels

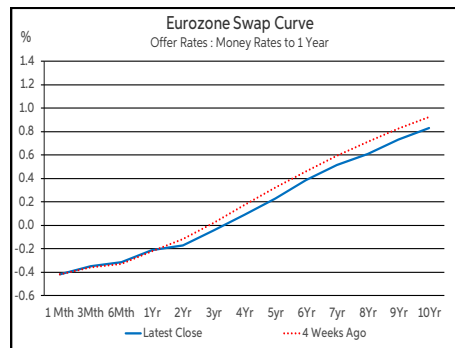
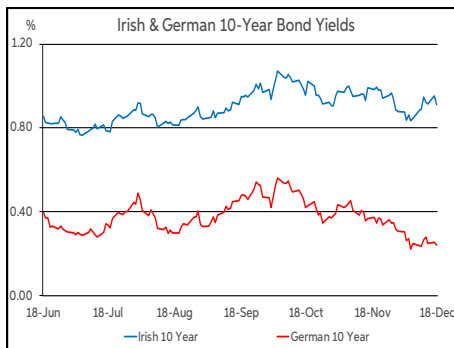
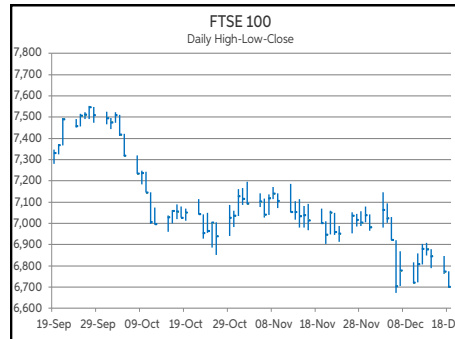
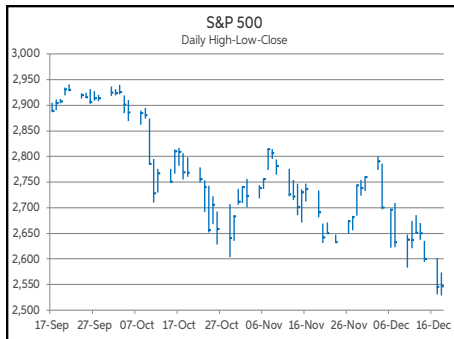
Wednesday 19 December 2018
07:29 am



Euro		Sterling		Dollar	
EUR/GBP	0.8998	GBP/EUR	1.1108	USD/JPY	112.4
EUR/USD	1.139	GBP/USD	1.2657	USD/CAD	1.3456
EUR/JPY	128.03	GBP/CAD	1.7027	USD/CHF	0.9921
EUR/SEK	10.3042	GBP/NZD	1.8443	USD/CNY	6.8935
EUR/DKK	7.4672	GBP/JPY	142.26	USD/BRL	3.9123
EUR/NOK	9.91	GBP/SEK	11.446	USD/RUB	67.07
EUR/CHF	1.1302	GBP/DKK	8.2954	USD/INR	70.156
EUR/AUD	1.5832	GBP/NOK	11.0118	AUD/USD	0.7195
EUR/HKD	8.9106	GBP/CHF	1.2558	NZD/USD	0.686
EUR/CAD	1.533	GBP/AUD	1.7591		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 17
10 Year Yield %				
US	2.82	-3	-24	+42
Germany	0.24	-1	-11	-18
UK	1.27	+1	-11	+9
Ireland	0.91	-4	-8	N/A
Belgium	0.73	-2	-8	+12
France	0.70	-3	-5	-7
Italy	2.93	-1	-67	+93
Spain	1.36	-2	-25	-18
Portugal	1.62	-1	-35	-28
Greece	4.33	+4	-28	+29
5 Year Swap %				
US	2.71	-7	-29	+47
Eurozone	0.23	-3	-9	-9
UK	1.32	-1	-4	+29
2 Year Swap %				
US	2.75	-8	-23	+67
Eurozone	-0.17	-3	-5	-3
UK	1.16	-1	+1	+35
10 Year Government Bond Spreads to Benchmark bps				
Ireland	67	-3	+2	N/A
Belgium	49	-1	+2	+30
France	46	-1	+5	+11
Italy	269	-0	-56	+111
Spain	112	-1	-14	-0
Portugal	138	+0	-24	-10
Greece	409	+5	-18	+47



Commodities				
	Close	% Change		
		Day	4 Weeks	End 17
Brent Oil	56.26	-5.62	-10.03	-15.87
West Texas Oil	46.12	-7.39	-13.62	-23.72
CRB - All Commodity	174.42	-1.97	-5.10	-10.03
CRB - Food	328.31	-0.40	-1.11	-2.30
Gold \$	1249.5	+0.28	+2.25	-4.08

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