

Sterling retains the upper hand

Risk appetite was sensitive last week to geopolitical newsflow in relation to Syria. This resulted in some risk aversion on equity markets and rising oil prices. However, some easing in geopolitical concerns as the week progressed helped provide support to sentiment and enable equity markets to make gains. At the close on Friday, the S&P 500 was up 2% on the week.

Meanwhile, the action on currency markets was confined to fairly tight ranges for much of the week. However, we did see EUR/GBP drop out of the 87-89.5p trading range it has occupied since September. The combination of some euro weakness and a firmer tone to sterling saw the pair trade down to around 86.5p. The softer euro tone in the second half of the week put a halt to EUR/USD's ascent up towards the \$1.24 level with the pair settling back down near \$1.23. Meanwhile, the stronger sterling helped push the GBP/USD pair up near \$1.43 after starting the week at \$1.41.

The macro agenda this week contains key economic updates that will be closely followed in light of the weak start to global growth this year and the implications this could have for the timing of monetary policy tightening and thus impact currencies. For the dollar, the main releases this week are retail sales and industrial production data (both March).

Meanwhile, sterling faces a very busy data schedule including a raft of labour market figures (Feb) as well retail sales and CPI (both March). A key point of focus will be on wage growth figures. If this registers a further pick-up, it could help sustain the current rally in sterling. On the euro side, there are no major data due. Geopolitics may continue to pose some event risk for markets this week given weekend developments in relation to Syria. Although overnight, the reaction on Asia markets was relatively muted.

John Fahey, Senior Economist, AIB

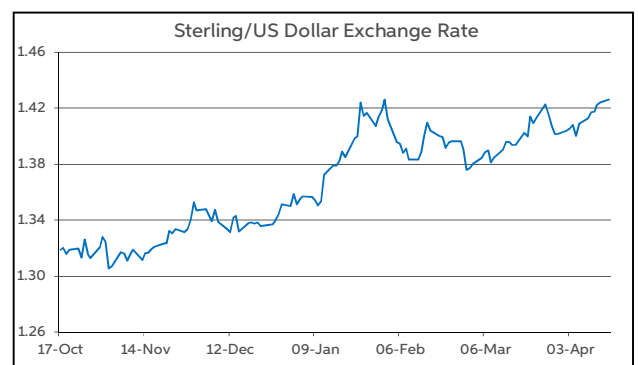
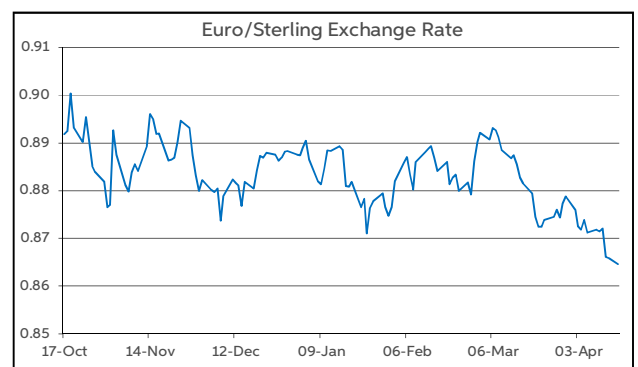
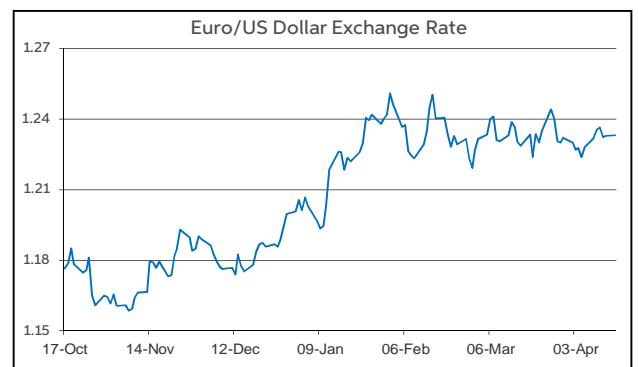
Opening Interest Rates						
	Base Rate	Short Term			Long Term	
		1-Mth	3-Mth	12-Mth	2-Yr	5-Yr
USD	1.375	1.90	2.35	2.73	2.69	2.82
EUR	0.00	-0.37	-0.33	-0.19	-0.13	0.40
GBP	0.50	0.52	0.78	1.06	1.17	1.41

Equity Indices				
	Latest Close	% Changes		
		on Day	End 2017 to Date	
Dow Jones	24360.14	-0.50	-1.45	
S&P 500	2656.3	-0.29	-0.65	
FTSE 100	7264.56	+0.09	-5.50	
DJ Stoxx 50	3448	+0.12	-1.60	
ISEQ	6638.13	-0.05	-5.69	
Nikkei	21835.53	+0.26	-4.08	

Today's Opening Rates			
		% Change	
		Day *	End 2017
EUR/USD	1.2334	0.05	2.82
EUR/GBP	0.8647	-0.15	-2.66
GBP/USD	1.4261	0.20	5.54
GBP/EUR	1.1561	0.15	2.73
USD/JPY	107.27	-0.08	-4.79
EUR/JPY	132.32	-0.04	-2.12

* 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

FX Spot	Karl Cooke Shane Gargan Adrian Flanagan Enda Homan	FX Options	Mark Tuite Lenny Hogan	Reuters Phone	AIBL 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Opening Levels

Monday 16 April 2018
07:34 am



Euro

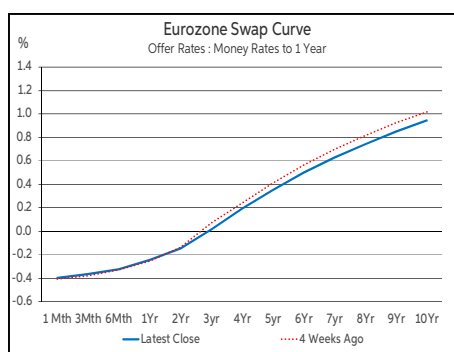
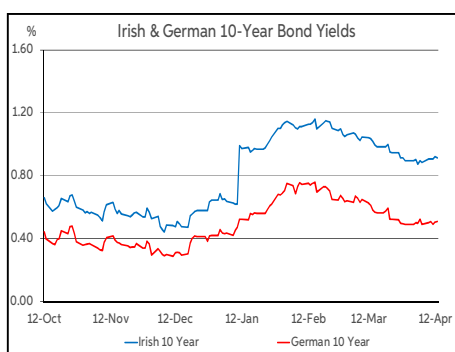
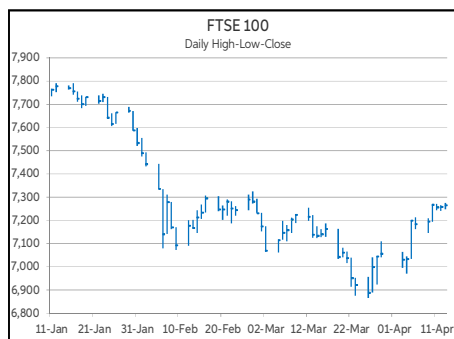
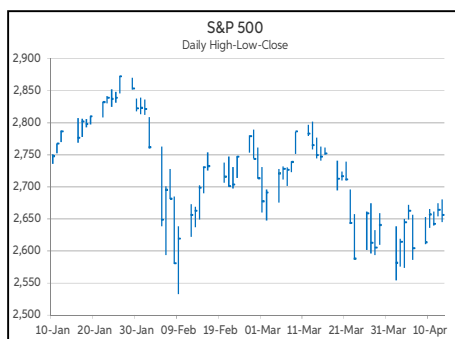
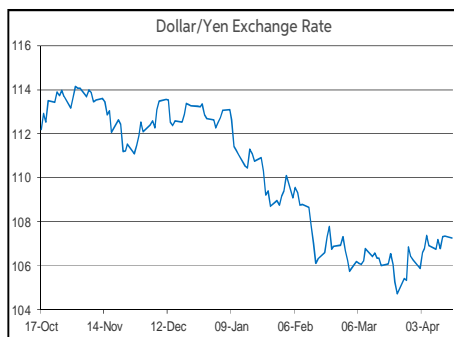
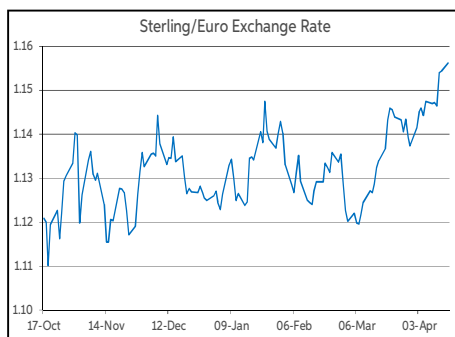
EUR/GBP	0.8647
EUR/USD	1.2334
EUR/JPY	132.32
EUR/SEK	10.4264
EUR/DKK	7.4474
EUR/NOK	9.5842
EUR/CHF	1.1876
EUR/AUD	1.5868
EUR/HKD	9.6805
EUR/CAD	1.555

Sterling

GBP/EUR	1.1561
GBP/USD	1.4261
GBP/CAD	1.7983
GBP/NZD	1.9393
GBP/JPY	152.98
GBP/SEK	12.0509
GBP/DKK	8.6113
GBP/NOK	11.0826
GBP/CHF	1.3733
GBP/AUD	1.835

Dollar

USD/JPY	107.27
USD/CAD	1.2609
USD/CHF	0.9628
USD/CNY	6.2817
USD/BRL	3.4247
USD/RUB	62.692
USD/INR	65.435
AUD/USD	0.7772
NZD/USD	0.7352



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 17
10 Year Yield %				
US	2.82	-2	-2	+42
Germany	0.51	+1	-5	+9
UK	1.44	-1	+1	+26
Ireland	0.91	-1	-7	N/A
Belgium	0.78	-2	-7	+17
France	0.73	-1	-7	-4
Italy	1.79	-2	-19	-21
Spain	1.22	-2	-13	-32
Portugal	1.64	-4	-9	-25
Greece	4.04	+9	-10	-0
5 Year Swap %				
US	2.82	+2	+3	+58
Eurozone	0.35	-2	-6	+4
UK	1.40	-3	+7	+37
2 Year Swap %				
US	2.69	+3	+8	+61
Eurozone	-0.15	-2	-1	-1
UK	1.15	-1	+11	+35
10 Year Government Bond Spreads to Benchmark bps				
Ireland	40	-1	-2	N/A
Belgium	27	-2	-2	+7
France	22	-1	-2	-13
Italy	128	-2	-13	-30
Spain	71	-2	-8	-41
Portugal	113	-5	-3	-34
Greece	353	+8	-5	-10

Commodities				
	Close	% Change		
		Day	4 Weeks	End 17
Brent Oil	72.58	+0.78	+9.62	+8.54
West Texas Oil	67.35	+0.42	+8.12	+11.40
CRB - All Commodity	199.70	+0.20	+2.70	+3.01
CRB - Food	341.72	-0.53	-1.21	+1.69
Gold \$	1345.9	+0.75	+2.35	+3.32

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