

Inflation data put a halt to sterling's advance

After the previous day's healthy gains on equity markets, investor sentiment was holding a more subdued tone yesterday. A generally quiet macro calendar contributed to the more lacklustre action on most of the main global equity indices. At the close last night on Wall Street, the S&P 500 was flat on the day.

Meanwhile, on currency markets, sterling was in the thick of the action. The currency weakened following lower than expected UK inflation data for March. The headline CPI rate slowed to 2.5% versus expectations for a 2.7% reading (BoE forecast was at 2.8%). Meantime, the core rate came in at 2.3%, below the consensus forecast of 2.5%. The 'softer' inflation data were viewed by sterling watchers as creating some uncertainty over whether the BoE would hike interest rates as soon as May. The expectations of a BoE rate hike sooner rather than later had played a key role in sterling's recent rise. The data yesterday put a halt to this ascent.

In level terms, the weaker sterling is reflected in EUR/GBP back up at 87p, after spending the early part of this week edging down towards 86p. Likewise, the headwind caused by yesterday's inflation data weighed on GBP/USD, with the pair unable to hold its ground up in \$1.43 territory and instead finds itself back down just below the \$1.42 level. Elsewhere, the very sparse Eurozone and US macro diaries meant there was little to provide direction to EUR/USD. As a result, the pair has spent much of the last 24 hours within a \$1.235-1.24 range.

Looking ahead to today, the global macro calendar is quiet. The main release of note is once again from the UK, with March retail sales figures due. Therefore, unless the data spring a major surprise, the main FX pairs could spend today trading in narrow ranges near their current levels.

John Fahey, Senior Economist, AIB

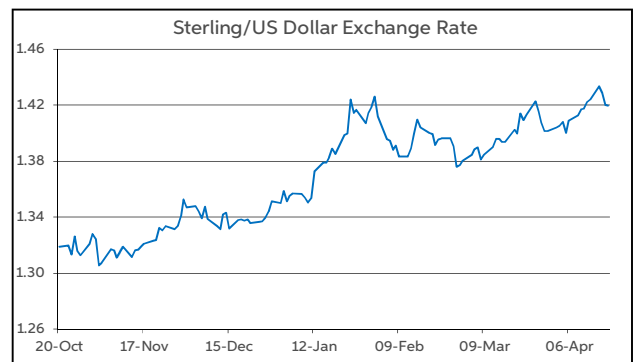
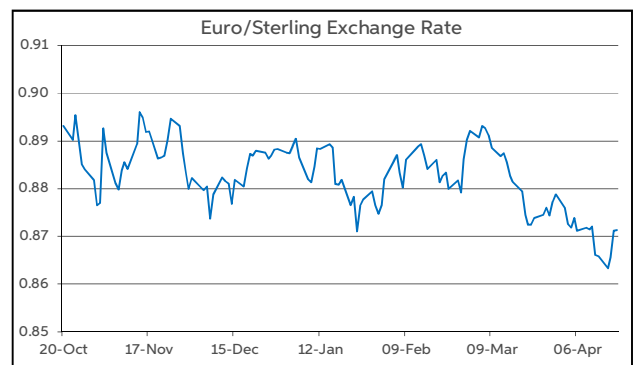
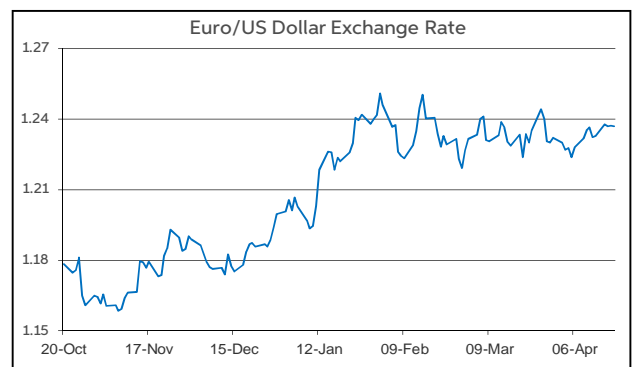
Opening Interest Rates						
	Base Rate	Short Term			Long Term	
		1-Mth	3-Mth	12-Mth	2-Yr	5-Yr
USD	1.375	1.90	2.36	2.75	2.71	2.85
EUR	0.00	-0.37	-0.33	-0.19	-0.14	0.39
GBP	0.50	0.54	0.78	1.04	1.14	1.38

Equity Indices				
	Latest Close	% Changes		
		on Day	End 2017 to Date	
Dow Jones	24748.07	-0.16	+0.12	
S&P 500	2708.64	+0.08	+1.31	
FTSE 100	7317.34	+1.26	-4.82	
DJ Stoxx 50	3490.89	+0.37	-0.37	
ISEQ	6763.63	+0.88	-3.90	
Nikkei	22191.18	+0.15	-2.52	

Today's Opening Rates			
		% Change	
		Day *	End 2017
EUR/USD	1.2368	-0.06	3.10
EUR/GBP	0.8713	0.68	-1.91
GBP/USD	1.4194	-0.73	5.05
GBP/EUR	1.1473	-0.68	1.95
USD/JPY	107.43	0.09	-4.65
EUR/JPY	132.91	0.02	-1.68

* 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	AIB 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Opening Levels

Thursday 19 April 2018
07:26 am



Euro

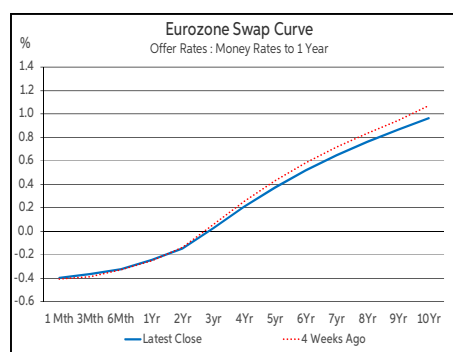
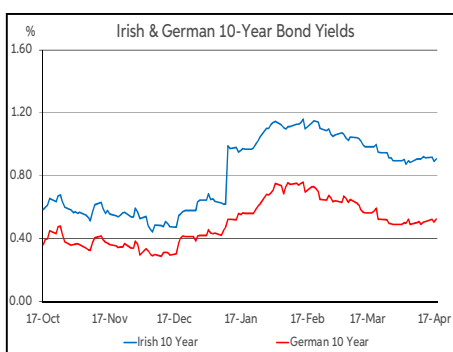
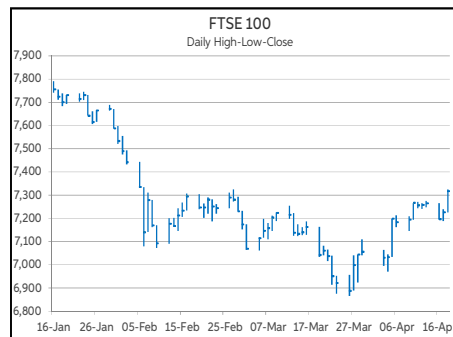
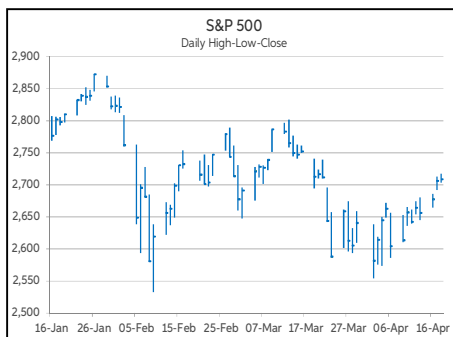
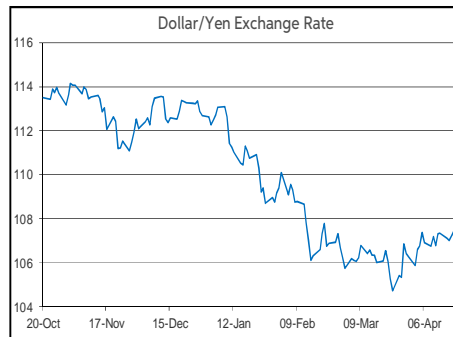
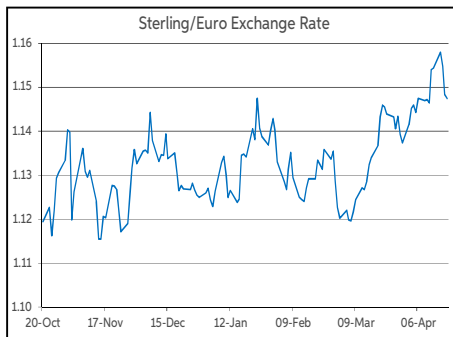
EUR/GBP	0.8713
EUR/USD	1.2368
EUR/JPY	132.91
EUR/SEK	10.3941
EUR/DKK	7.4471
EUR/NOK	9.6046
EUR/CHF	1.1988
EUR/AUD	1.5853
EUR/HKD	9.7058
EUR/CAD	1.5613

Sterling

GBP/EUR	1.1473
GBP/USD	1.4194
GBP/CAD	1.7916
GBP/NZD	1.9377
GBP/JPY	152.49
GBP/SEK	11.925
GBP/DKK	8.5459
GBP/NOK	11.0229
GBP/CHF	1.3757
GBP/AUD	1.8189

Dollar

USD/JPY	107.43
USD/CAD	1.262
USD/CHF	0.9691
USD/CNY	6.2672
USD/BRL	3.3804
USD/RUB	60.7223
USD/INR	65.765
AUD/USD	0.7801
NZD/USD	0.7322



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 17
10 Year Yield %				
US	2.87	+4	-1	+47
Germany	0.53	+2	-7	+11
UK	1.41	-3	-12	+23
Ireland	0.91	+1	-10	N/A
Belgium	0.78	+2	-8	+17
France	0.74	+2	-8	-4
Italy	1.71	-4	-22	-28
Spain	1.20	-0	-12	-34
Portugal	1.60	-1	-15	-30
Greece	3.94	-2	-23	-11
5 Year Swap %				
US	2.81	+1	-1	+57
Eurozone	0.37	+1	-6	+6
UK	1.37	-3	-9	+34
2 Year Swap %				
US	2.68	-0	+6	+59
Eurozone	-0.15	-1	-1	-1
UK	1.12	-3	-2	+32
10 Year Government Bond Spreads to Benchmark bps				
Ireland	38	-1	-3	N/A
Belgium	25	-0	-2	+6
France	22	-0	-2	-14
Italy	119	-6	-15	-39
Spain	68	-2	-5	-44
Portugal	107	-3	-8	-40
Greece	341	-4	-17	-21

Commodities				
	Close	% Change		
		Day	4 Weeks	End 17
Brent Oil	73.48	+2.65	+5.77	+9.88
West Texas Oil	68.44	+2.92	+5.13	+13.20
CRB - All Commodity	202.97	+1.80	+3.55	+4.70
CRB - Food	350.18	+5.89	+2.42	+4.21
Gold \$	1349.7	+0.15	+1.29	+3.61

This publication is for information purposes and is not an invitation to deal. The information is believed to be reliable but is not guaranteed. Any expressions of opinions are subject to change without notice. This publication is not to be reproduced in whole or in part without prior permission. In the Republic of Ireland it is distributed by Allied Irish Banks, p.l.c. In the UK it is distributed by Allied Irish Banks, p.l.c. and Allied Irish Bank (GB). In Northern Ireland it is distributed by First Trust Bank. In the United States of America it is distributed by Allied Irish Banks, p.l.c. Allied Irish Banks, p.l.c. is regulated by the Central Bank of Ireland. Allied Irish Bank (GB) and First Trust Bank are trade marks used under licence by AIB Group (UK) p.l.c. (a wholly owned subsidiary of Allied Irish Banks, p.l.c.), incorporated in Northern Ireland. Registered Office 92 Ann Street, Belfast BT1 3HH. Registered Number NI018800. Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. In the United States of America, Allied Irish Banks, p.l.c., New York Branch, is a branch licensed by the New York State Department of Financial Services. Deposits and other investment products are not FDIC insured, they are not guaranteed by any bank and they may lose value. Please note that telephone calls may be recorded in line with market practice.