

## Carney's comments push sterling lower

Cautious overnight comments from BoE Governor Carney have seen sterling weaken further. He seemed to downplay expectations of a UK rate hike next month, noting the recent "mixed" UK data and emphasising that there "are other meetings" in the coming months.

Yesterday's UK data further highlighted Governor Carney's point, with retail sales for March surprised to the downside. Sales fell by 1.2% (forecast -0.5%), reflecting some impact from the extreme weather conditions. The data mean that retail sales fell by 0.5% in Q1, following on from Q4 2017's modest 0.4% rise. Along with other recent data, they suggest weaker UK growth in the first quarter. However, sterling impact from yesterday's data was limited.

In level terms, the BoE Governor's comments sees EUR/GBP open this morning trading back up near the 88p mark, while the GBP/USD pair has moved down to the mid-point of the \$1.40-1.41 band. Meantime, a lack of Eurozone or US updates has meant that EUR/USD has been confined to a \$1.233-1.24 range over the last 24 hours.

In the day ahead, we finish the week with another light schedule. Indeed, the only noteworthy release is the flash reading of the EC measure of Eurozone consumer confidence. The index is expected to have moved lower in the month, while remaining at a very encouraging level.

Overall though, no significant euro reaction from the data is likely. However, sterling may continue to experience some sensitivity as markets continue to digest last night's comments from BoE Governor Carney.

**Dara Turnbull, Economist, AIB**

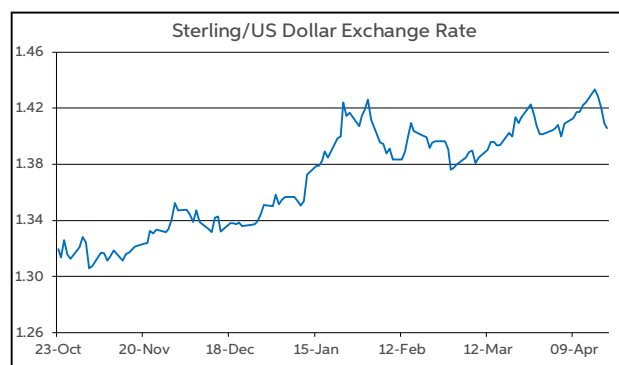
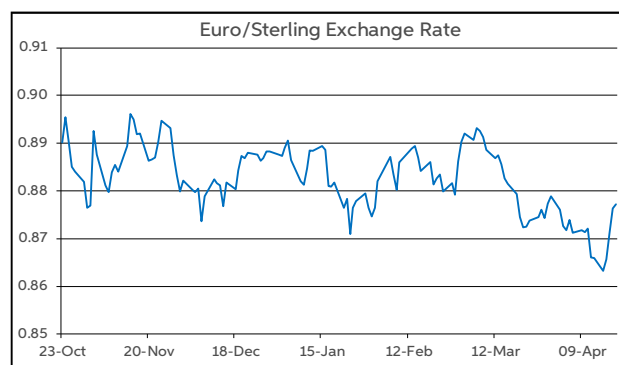
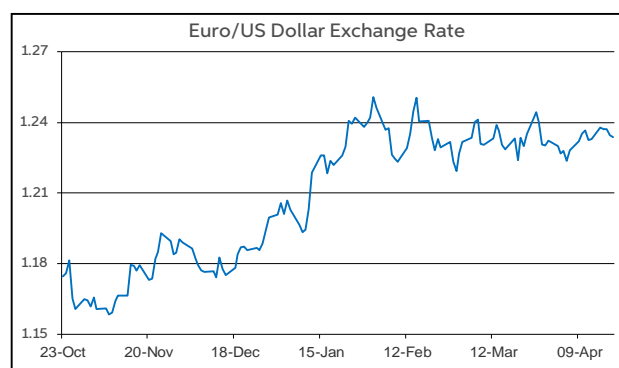
Opening Interest Rates						
	Base Rate	Short Term			Long Term	
		1-Mth	3-Mth	12-Mth	2-Yr	5-Yr
USD	1.375	1.90	2.36	2.76	2.72	2.86
EUR	0.00	-0.37	-0.33	-0.19	-0.14	0.41
GBP	0.50	0.55	0.79	1.05	1.16	1.44

Equity Indices				
	Latest Close	% Changes		
		on Day	End 2017 to Date	
Dow Jones	24664.89	-0.34	-0.22	
S&P 500	2693.13	-0.57	+0.73	
FTSE 100	7328.92	+0.16	-4.67	
DJ Stoxx 50	3486.6	-0.12	-0.50	
ISEQ	6782.81	+0.28	-3.63	
Nikkei	22162.24	-0.13	-2.65	

Today's Opening Rates			
		% Change	
		Day *	End 2017
EUR/USD	1.2334	-0.35	2.82
EUR/GBP	0.8777	0.69	-1.19
GBP/USD	1.405	-1.04	3.98
GBP/EUR	1.1387	-0.68	1.21
USD/JPY	107.55	0.13	-4.54
EUR/JPY	132.67	-0.22	-1.86

\* 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

Friday 20 April 2018  
07:30 am



## Euro

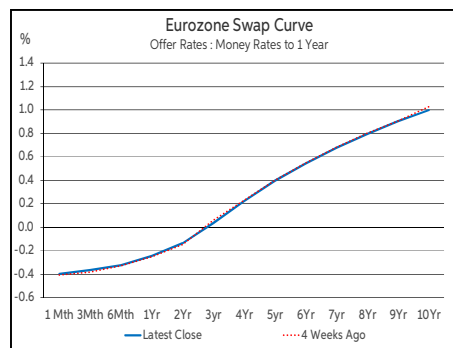
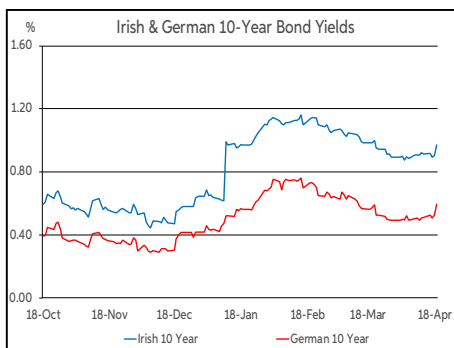
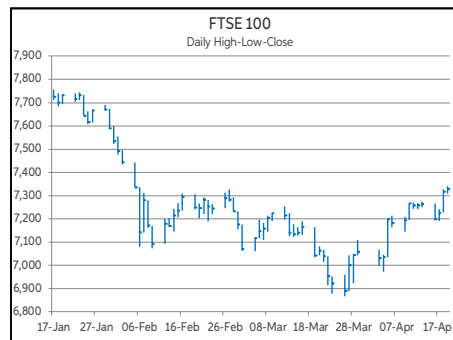
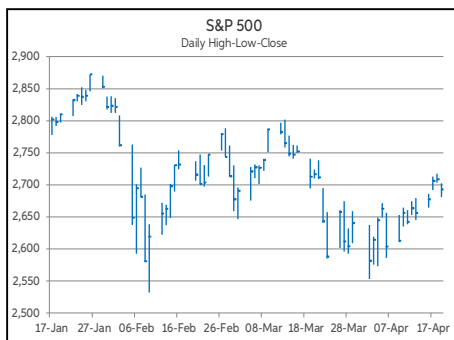
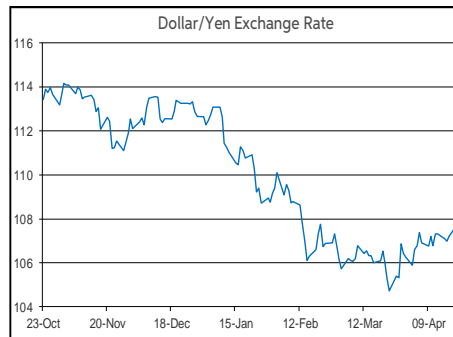
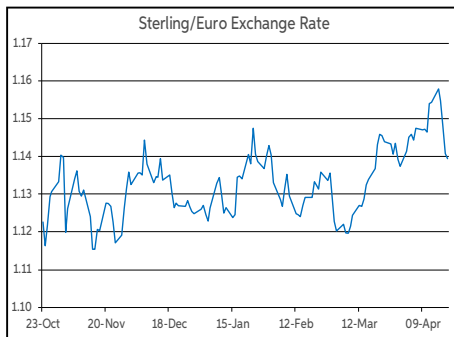
EUR/GBP	0.8777
EUR/USD	1.2335
EUR/JPY	132.67
EUR/SEK	10.3803
EUR/DKK	7.4472
EUR/NOK	9.6203
EUR/CHF	1.1994
EUR/AUD	1.6007
EUR/HKD	9.6792
EUR/CAD	1.5632

## Sterling

GBP/EUR	1.1387
GBP/USD	1.4051
GBP/CAD	1.7805
GBP/NZD	1.9413
GBP/JPY	151.1
GBP/SEK	11.82
GBP/DKK	8.4825
GBP/NOK	10.9595
GBP/CHF	1.3661
GBP/AUD	1.8233

## Dollar

USD/JPY	107.54
USD/CAD	1.2671
USD/CHF	0.9722
USD/CNY	6.2858
USD/BRL	3.3841
USD/RUB	61.0118
USD/INR	66.0225
AUD/USD	0.7704
NZD/USD	0.7236



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 17
<b>10 Year Yield %</b>				
US	2.91	+4	+9	+51
Germany	0.59	+7	+7	+18
UK	1.51	+10	+8	+33
Ireland	0.97	+6	+2	N/A
Belgium	0.85	+7	+4	+23
France	0.81	+7	+5	+3
Italy	1.77	+6	-11	-22
Spain	1.27	+7	-1	-27
Portugal	1.64	+5	-9	-25
Greece	3.99	+6	-25	-5
<b>5 Year Swap %</b>				
US	2.85	+2	+8	+61
Eurozone	0.40	+1	-0	+8
UK	1.43	+4	+2	+39
<b>2 Year Swap %</b>				
US	2.68	-3	+10	+60
Eurozone	-0.14	+0	+1	+0
UK	1.14	+1	+2	+34
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	38	-0	-5	N/A
Belgium	25	-0	-3	+6
France	22	-0	-1	-14
Italy	118	-1	-18	-40
Spain	68	-0	-8	-45
Portugal	105	-2	-16	-43
Greece	340	-1	-32	-22

Commodities				
	Close	% Change		
		Day	4 Weeks	End 17
Brent Oil	73.78	+0.41	+7.07	+10.33
West Texas Oil	68.3	-0.20	+6.30	+12.97
CRB - All Commodity	201.86	-0.55	+3.39	+4.12
CRB - Food	351.8	+1.62	+3.26	+4.69
Gold \$	1346.0	-0.27	+1.26	+3.33

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