

Sterling remains on the back foot

The action on currency markets over the last 24 hours has been confined to relatively tight ranges. For sterling, yesterday's batch of labour market data provided some positive news. The unemployment rate fell unexpectedly to 4.4% (from 4.5%) in June, employment growth for Q2 was stronger than forecast and average weekly earnings data also surprised to the upside. Sterling found some upward momentum in the immediate aftermath of the data, however, this proved to be short-lived.

In overnight news, the release of the Fed minutes from its July meeting indicated that there is differing views within the FOMC on the inflationary environment and when to start balance sheet 'normalisation' and no clear consensus on when to next hike rates. As a result, the dollar came under some downward pressure.

Overall though, as trading gets underway this morning, most of the main FX pairs are broadly unchanged versus yesterday's open. EUR/GBP is changing hands above 91p, while GBP/USD is below the \$1.29 level. Meantime, EUR/USD is trading in the upper half of the \$1.17-1.18 band.

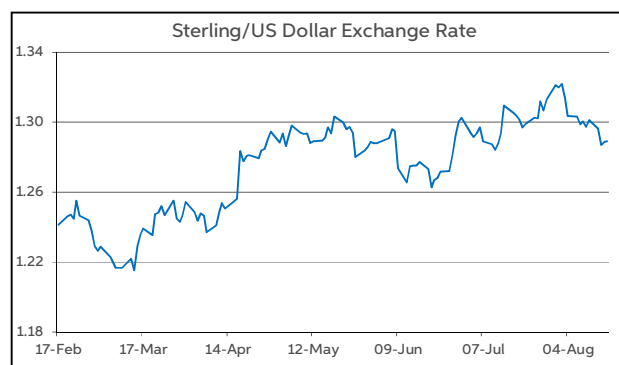
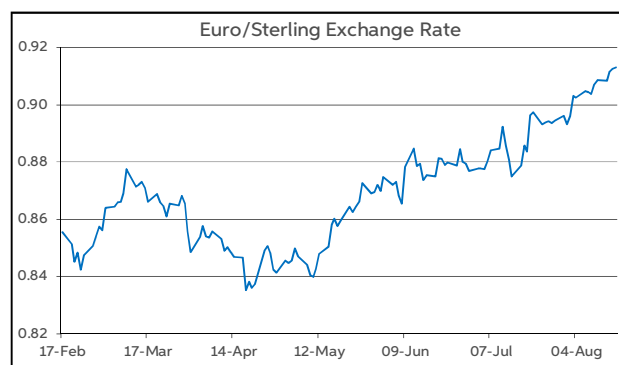
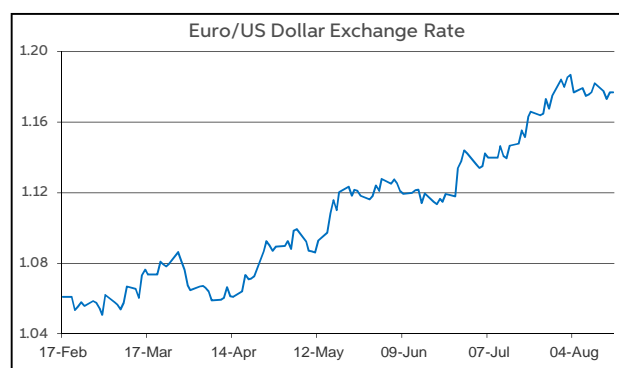
Looking ahead to today, the main release from the UK schedule is retail sales data for July. A modest 0.2% monthly growth rate is being pencilled in. However, given the lack of a sustained benefit from yesterday's consensus beating labour market updates, today's data may not be of much help to sterling. On the euro side, the ECB meeting 'account' provides some event risk. The text will be scrutinised for insight into the ECB's rationale for not rowing back further on its easing bias in July. Meantime, for the dollar, the diary is sparse in terms of top tier releases. The main data of note are industrial output (July) and the Philly Fed survey (Aug). Therefore, the dollar may not show much reaction to today's data.

John Fahey, Senior Economist, AIB

Today's Opening Rates			
		% Change	
		Day *	End 2016
EUR/USD	1.1772	0.26	11.98
EUR/GBP	0.9132	0.11	7.21
GBP/USD	1.2891	0.19	4.50
GBP/EUR	1.0949	-0.11	-6.72
USD/JPY	109.86	-0.72	-6.00
EUR/JPY	129.33	-0.47	5.03

* v Previous Day's European Open

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Opening Interest Rates						
Base Rate	Short Term			Long Term		
	1-Mth	3-Mth	12-Mth	2-Yr	5-Yr	
USD	1.125	1.23	1.32	1.74	1.61	1.87
EUR	0.00	-0.37	-0.33	-0.16	-0.15	0.22
GBP	0.25	0.25	0.28	0.60	0.56	0.82

Equity Indices				
	Latest Close	% Changes		
		on Day	End 2016 to Date	
Dow Jones	22024.87	+0.12	+11.45	
S&P 500	2468.11	+0.14	+10.24	
FTSE 100	7433.03	+0.67	+4.06	
DJ Stoxx 50	3484.57	+0.65	+5.90	
ISEQ	6853.23	+1.03	+5.16	
Nikkei	19702.63	-0.14	+3.08	

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 17 August 2017
07:28 am



Euro

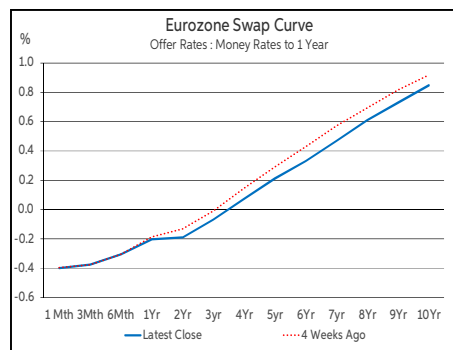
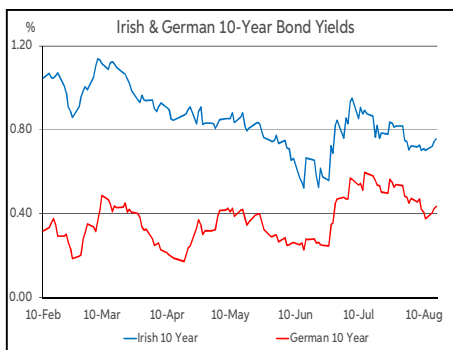
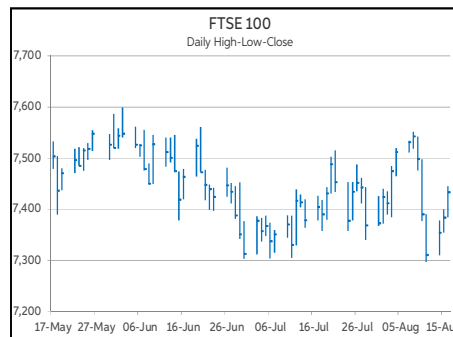
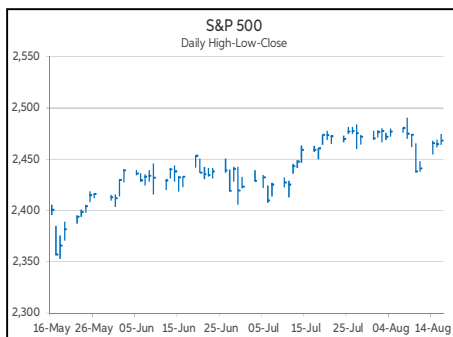
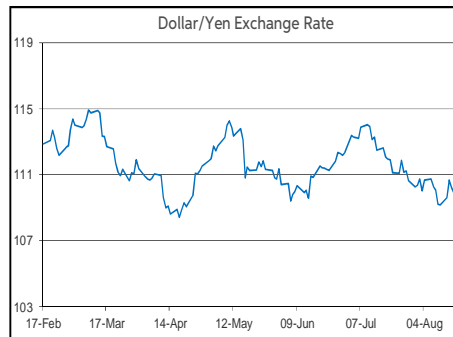
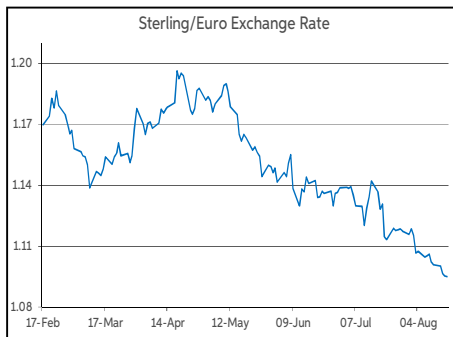
EUR/GBP	0.9132
EUR/USD	1.1772
EUR/JPY	129.33
EUR/SEK	9.5001
EUR/DKK	7.4377
EUR/NOK	9.3086
EUR/CHF	1.1364
EUR/AUD	1.4835
EUR/HKD	9.2059
EUR/CAD	1.4852

Sterling

GBP/EUR	1.0949
GBP/USD	1.2891
GBP/CAD	1.6265
GBP/NZD	1.7607
GBP/JPY	141.62
GBP/SEK	10.3994
GBP/DKK	8.1429
GBP/NOK	10.1925
GBP/CHF	1.2445
GBP/AUD	1.6245

Dollar

USD/JPY	109.86
USD/CAD	1.2617
USD/CHF	0.9652
USD/CNY	6.6717
USD/BRL	3.1528
USD/RUB	59.3825
USD/INR	64.165
AUD/USD	0.7931
NZD/USD	0.7318



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 16
10 Year Yield %				
US	2.22	-5	-5	-22
Germany	0.43	+1	-10	+24
UK	1.11	+3	-8	-13
Ireland	0.76	+2	-6	+1
Belgium	0.75	+1	-6	+24
France	0.73	+1	-6	+6
Italy	2.04	+3	-15	+23
Spain	1.44	-1	-11	+8
Portugal	2.77	-2	-26	-96
Greece	5.38	+2	+27	-149
5 Year Swap %				
US	1.83	-5	-6	-12
Eurozone	0.21	-2	-8	+14
UK	0.82	+1	-6	-6
2 Year Swap %				
US	1.57	-3	-1	+13
Eurozone	-0.19	-4	-6	-3
UK	0.55	-0	-5	-5
10 Year Government Bond Spreads to Benchmark bps				
Ireland	33	+1	+4	-22
Belgium	31	+0	+4	+0
France	30	-0	+4	-18
Italy	160	+2	-4	-0
Spain	101	-2	-0	-16
Portugal	234	-3	-15	-119
Greece	495	+1	+37	-173

Commodities				
	Close	% Change		
		Day	4 Weeks	End 16
Brent Oil	50.27	-1.04	+1.15	-11.53
West Texas Oil	46.8	-1.62	-0.64	-12.93
CRB - All Commodity	175.36	-0.54	-1.85	-8.91
CRB - Food	352.21	-0.07	-4.94	+3.97
Gold \$	1283.5	+0.83	+3.39	+11.39

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