

## EUR/GBP back up at 84p

Once again, the action on currency markets centred on sterling yesterday. Early in the day, flash PMIs for December, which pointed to a further moderation in UK growth, acted as a headwind. The currency lost more ground following reports that PM Johnson will look to enshrine in law that the UK cannot extend the transition period beyond 2020. Although, it should be noted that this law can always be amended.

Meanwhile, the preliminary December PMIs from the Eurozone and the US were broadly unchanged on the month. As the surveys were in-line with forecasts, there was negligible impact on the respective currencies.

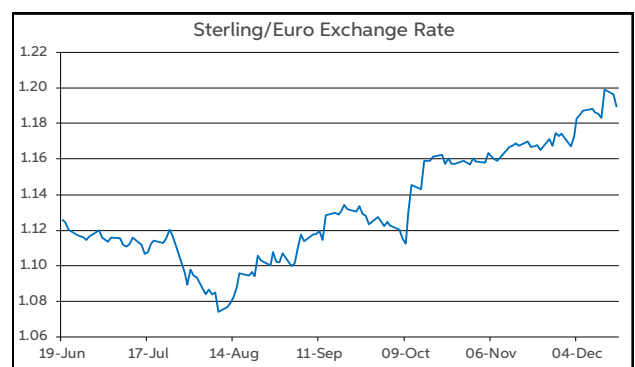
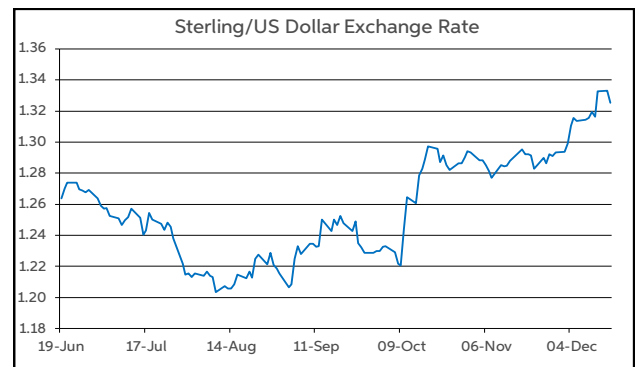
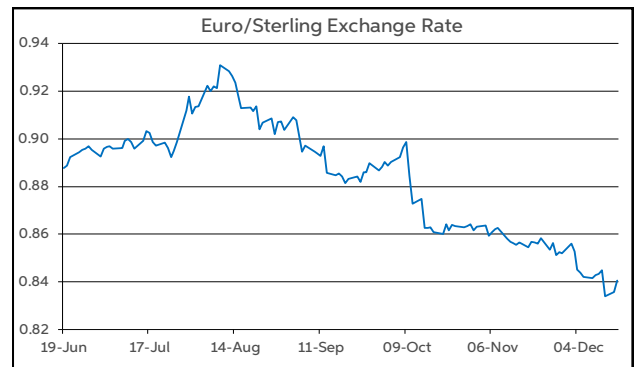
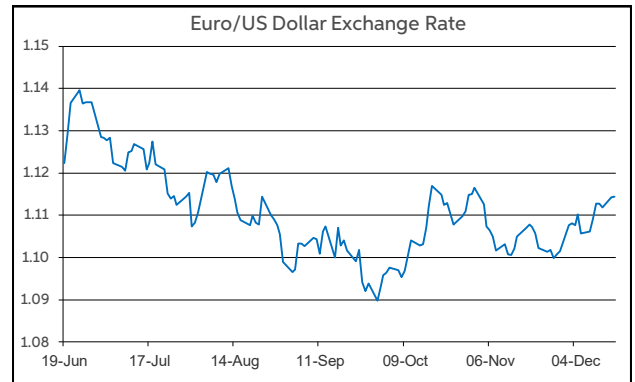
In level terms, the downward pressure on sterling is reflected in EUR/GBP opening back up at the 84p threshold, where it was prior to the UK election. At the same time, GBP/USD is trading down near to the midpoint of the \$1.32-1.33 band. Meanwhile, EUR/USD continues to change hands within the \$1.11-1.12 range.

Elsewhere, the conclusion of the US-China trade deal continued to support risk sentiment yesterday. The S&P rose by 0.7% on the day and closed at a fresh record high for the third straight session.

Today, UK labour market figures for the 3 months to October are the highlight. The data are expected to remain weak. The forecast is for a 10k fall in employment, which may see the jobless rate edge up to 3.9%. Underlying wage inflation is projected to have slowed to 3.4%. Overall, the data may prove unhelpful for sterling.

In the US, industrial production figures for November are due. However, dollar reaction may prove to be limited. Meanwhile, there is little out to influence the euro.

**Conor Beakey, Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2018
EUR/USD	1.1145	0.11	-2.83
EUR/GBP	0.8406	1.08	-6.43
GBP/USD	1.3256	-0.98	3.91
GBP/EUR	1.1892	-1.07	6.88
USD/JPY	109.55	0.16	-0.01
EUR/JPY	122.08	0.25	-2.89

\* v Previous Day's European Open

See Next Page for More Rates

Opening Interest Rates						
Base Rate	Short Term			Long Term		
	1-Mth	3-Mth	12-Mth	2-Yr	5-Yr	
USD	1.625	1.74	1.90	1.96	1.68	1.68
EUR	0.00	-0.47	-0.40	-0.26	-0.30	-0.19
GBP	0.75	0.71	0.80	0.98	0.83	0.91

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

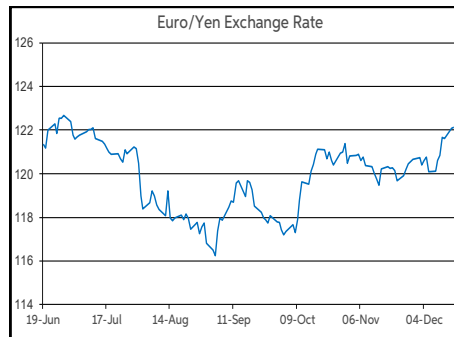
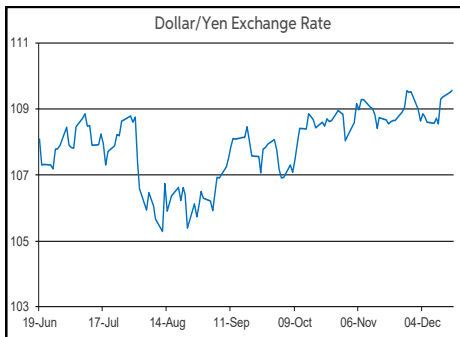
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIB 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

# Opening Levels

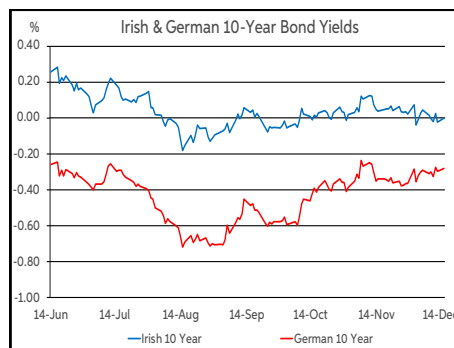
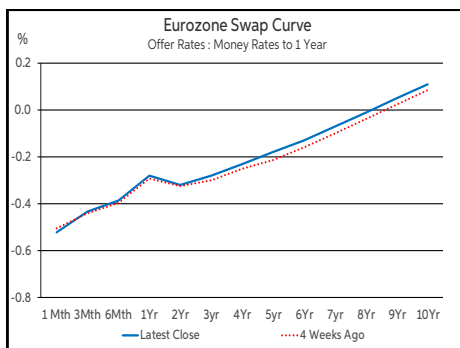
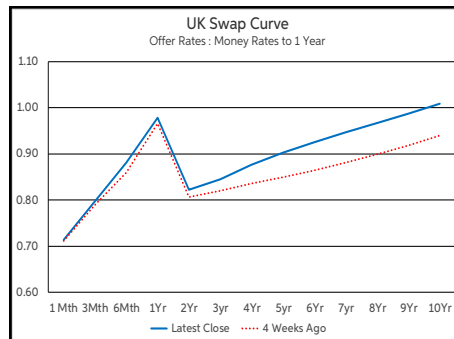
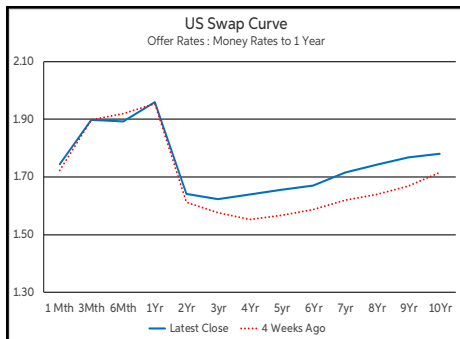
Tuesday 17 December 2019  
07:14 am



Euro		Sterling		Dollar	
EUR/GBP	0.8406	GBP/EUR	1.1892	USD/JPY	109.55
EUR/USD	1.1145	GBP/USD	1.3256	USD/CAD	1.3164
EUR/JPY	122.08	GBP/CAD	1.7451	USD/CHF	0.9828
EUR/SEK	10.4421	GBP/NZD	2.0099	USD/CNY	7.0015
EUR/DKK	7.4728	GBP/JPY	145.22	USD/BRL	4.0632
EUR/NOK	10.0612	GBP/SEK	12.4169	USD/RUB	62.5412
EUR/CHF	1.0953	GBP/DKK	8.8871	USD/INR	70.96
EUR/AUD	1.6244	GBP/NOK	11.9631	AUD/USD	0.686
EUR/HKD	8.6822	GBP/CHF	1.3026	NZD/USD	0.6592
EUR/CAD	1.467	GBP/AUD	1.9322		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 18
<b>10 Year Yield %</b>				
US	1.87	+5	+6	-81
Germany	-0.28	+1	+6	-52
UK	0.82	+3	+7	-45
Ireland	0.00	+2	-5	N/A
Belgium	-0.01	+2	+4	-77
France	0.02	+2	+5	-68
Italy	1.28	+4	+0	-143
Spain	0.41	+2	+1	-101
Portugal	0.37	+2	+3	-134
Greece	1.32	-1	-8	-298
<b>5 Year Swap %</b>				
US	1.66	+5	+9	-90
Eurozone	-0.18	+1	+3	-41
UK	0.90	+2	+5	-41
<b>2 Year Swap %</b>				
US	1.64	+2	+3	-100
Eurozone	-0.32	+0	+1	-18
UK	0.82	-0	+2	-34
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	28	+1	-11	N/A
Belgium	27	+1	-1	-25
France	30	+1	-1	-16
Italy	156	+2	-5	-92
Spain	69	+1	-5	-49
Portugal	65	+0	-2	-82
Greece	160	-2	-14	-246



Commodities				
	% Change			
	Close	Day	4 Weeks	End 18
Brent Oil	65.34	+0.18	+4.64	+21.45
West Texas Oil	60.21	+0.17	+5.97	+33.36
Gold \$	1476.5	+0.03	+0.38	+15.09

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.