

Muted FX trading

There was a more subdued tone evident on currency markets yesterday. Sterling, which had been under some downward pressure earlier in the week, stabilised. Meanwhile, the data schedule prompted no major reaction from the main pairs.

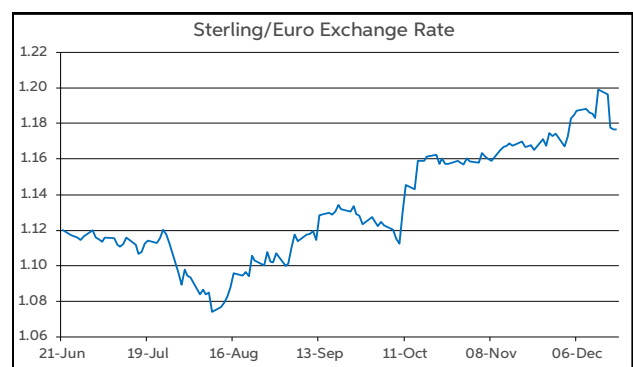
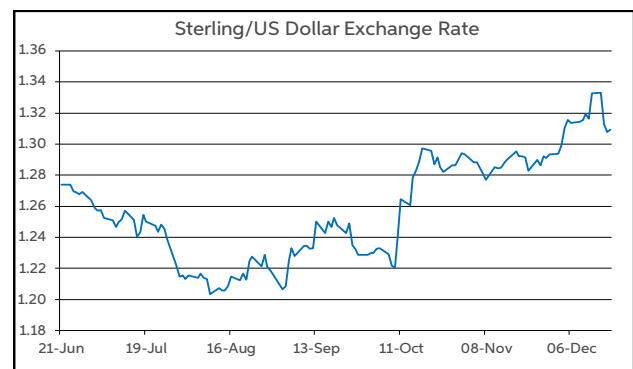
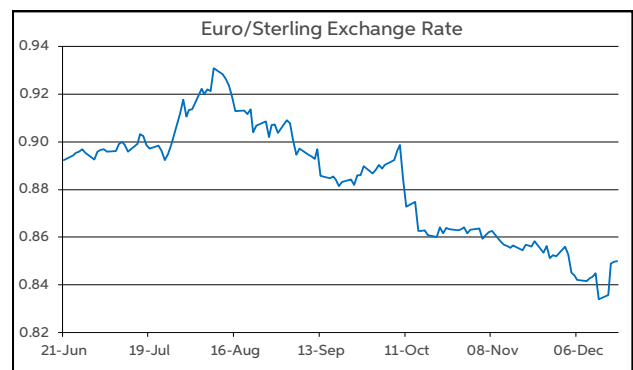
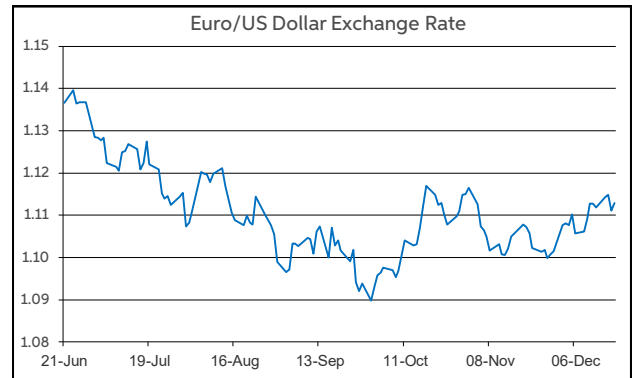
Yesterday's releases were concentrated on this side of the Atlantic. In the UK, headline CPI unexpectedly held at 1.5% (f'cast +1.4%) in November, while core measure remained at 1.7% as anticipated. There was also an upside surprise in the German Ifo for December, which moved higher for a fourth consecutive month.

In level terms, the lack of action on FX markets over the past 24 hours sees the main pairs start the day near to yesterday's opening levels. EUR/USD remains in the lower half of the \$1.11-1.12 range, while EUR/GBP is operating just below the 85p threshold. Elsewhere, cable (GBP/USD) is changing hands up close to the \$1.31 level.

Turning to the day ahead, the highlight is the conclusion of the BoE's December meeting. No changes to policy are expected, but it will be of interest to see if many members of the MPC vote for a cut to rates. In the face of a softer labour market data and subdued growth, two did in November. Better than expected jobs figures in the interim may dissuade additional dissenters. Overall, barring a major surprise, sterling impact should be limited.

Data-wise, the UK retail sales report for November is due this morning. The forecast is for a solid increase of 0.3% in sales, but the release may attract limited attention from an FX perspective. In the US, we get the December print of the Philly Fed index. However, given the regional nature of the data, dollar reaction could be muted. Meantime, there is little out to influence the euro.

Conor Beakey, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2018
EUR/USD	1.1129	-0.04	-2.96
EUR/GBP	0.8495	0.05	-5.44
GBP/USD	1.3097	-0.09	2.67
GBP/EUR	1.1767	-0.05	5.76
USD/JPY	109.56	0.10	0.00
EUR/JPY	121.93	0.05	-3.01

* 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	1.76	1.91	1.97	1.68	1.72
EUR	0.00	-0.47	-0.40	-0.26	-0.30	-0.15
GBP	0.75	0.70	0.79	0.96	0.77	0.85

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

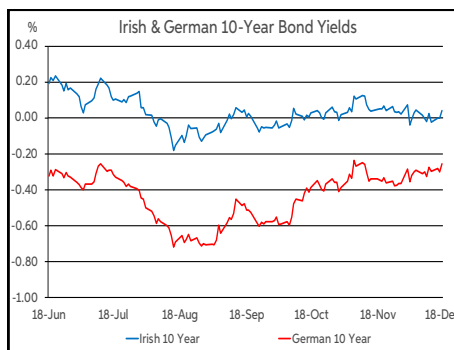
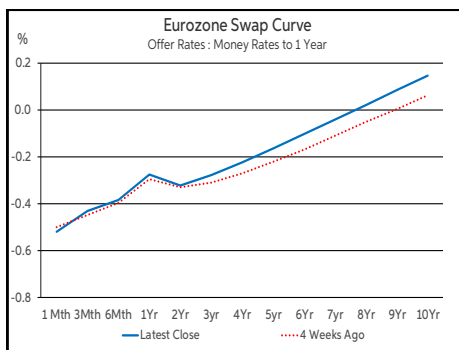
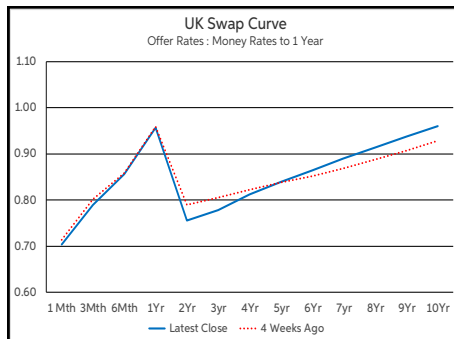
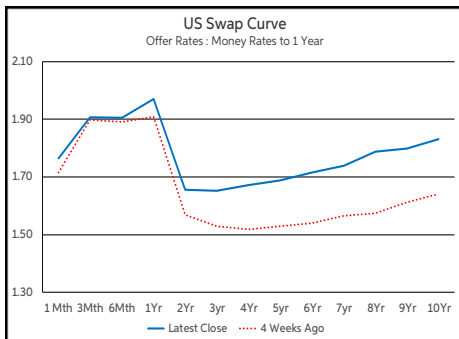
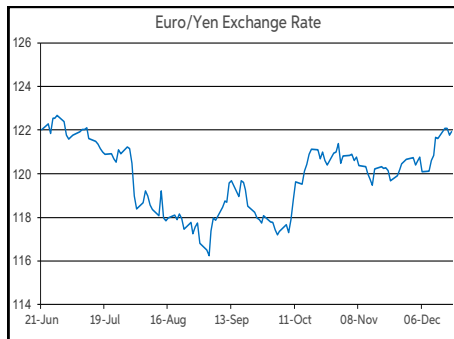
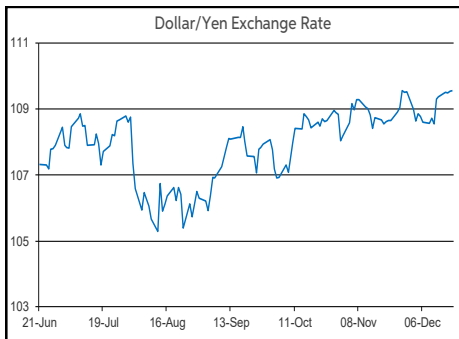
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIB 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Opening Levels

Thursday 19 December 2019
07:18 am



Euro		Sterling		Dollar	
EUR/GBP	0.8495	GBP/EUR	1.1767	USD/JPY	109.56
EUR/USD	1.1129	GBP/USD	1.3097	USD/CAD	1.3112
EUR/JPY	121.93	GBP/CAD	1.7175	USD/CHF	0.9798
EUR/SEK	10.4688	GBP/NZD	1.9861	USD/CNY	7.0029
EUR/DKK	7.4721	GBP/JPY	143.49	USD/BRL	4.0632
EUR/NOK	10.0112	GBP/SEK	12.3185	USD/RUB	62.5632
EUR/CHF	1.0908	GBP/DKK	8.7934	USD/INR	71.0247
EUR/AUD	1.617	GBP/NOK	11.7783	AUD/USD	0.6881
EUR/HKD	8.6696	GBP/CHF	1.2837	NZD/USD	0.6593
EUR/CAD	1.4592	GBP/AUD	1.9031		



	Close	Change bps		
		Day	4 Weeks	End 18
10 Year Yield %				
US	1.92	+5	+18	-76
Germany	-0.26	+5	+10	-49
UK	0.77	+1	+4	-50
Ireland	0.04	+4	-1	N/A
Belgium	0.02	+4	+8	-74
France	0.04	+4	+9	-66
Italy	1.33	+7	+5	-139
Spain	0.42	+4	+1	-100
Portugal	0.38	+3	+0	-133
Greece	1.23	-8	-12	-306
5 Year Swap %				
US	1.69	-1	+16	-87
Eurozone	-0.16	+2	+6	-39
UK	0.84	-1	+0	-48
2 Year Swap %				
US	1.66	-3	+9	-98
Eurozone	-0.32	-1	+1	-18
UK	0.76	-1	-3	-41
10 Year Government Bond Spreads to Benchmark bps				
Ireland	30	-0	-11	N/A
Belgium	27	-0	-2	-25
France	30	-0	-1	-17
Italy	158	+2	-5	-90
Spain	67	-1	-9	-51
Portugal	63	-2	-10	-84
Greece	149	-12	-22	-257

	% Change			
	Close	Day	4 Weeks	End 18
Brent Oil	66.17	+0.11	+6.04	+22.99
West Texas Oil	60.93	+0.08	+7.44	+34.95
Gold \$	1475.7	-0.07	+0.29	+15.03

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