

Fed on course for March hike

After starting the week under some pressure, investor sentiment remained 'cautious' yesterday. Although, the Euro Stoxx 50 and the S&P 500 finished the day broadly flat, after suffering losses earlier in the week.

In terms of yesterday's main calendar event, the Fed meeting concluded as expected, with no changes to policy. The statement was also little changed. Although, it was more upbeat on the prospects for inflation, saying that it is "expected to move up this year".

Overall, last night's meeting did nothing to alter the market view that the Fed will hike rates again at its next meeting in March. Therefore, while the dollar did see some modest support, overall market reaction was muted.

In level terms, the EUR/USD pair opens this morning just below the \$1.24 mark, while cable (GBP/USD) is changing hands around \$1.417. Some yen softness also means that USD/JPY has regained a footing above ¥109. Elsewhere, the EUR/GBP pair has edged down into the lower half of the 87-88p band.

Turning to the day ahead, the UK manufacturing PMI for January is due. It looks set to edge higher, pointing to a healthy pace of growth in the sector. In the US, the manufacturing ISM for January is forecast to have moved lower in the month, while remaining close to a 13-year high.

Overall though, FX market reaction to the data may be limited and, as such, we could see the main pairs confined to recent ranges today.

Dara Turnbull, Economist, AIB

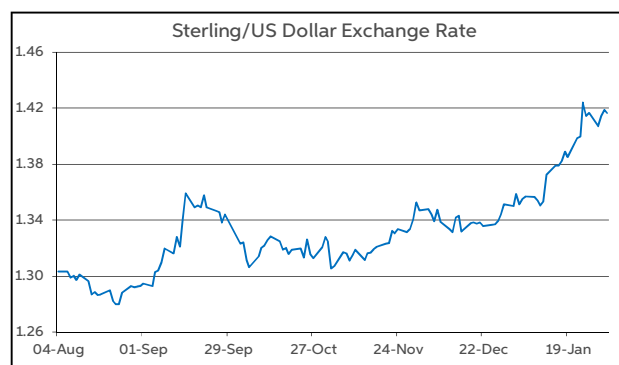
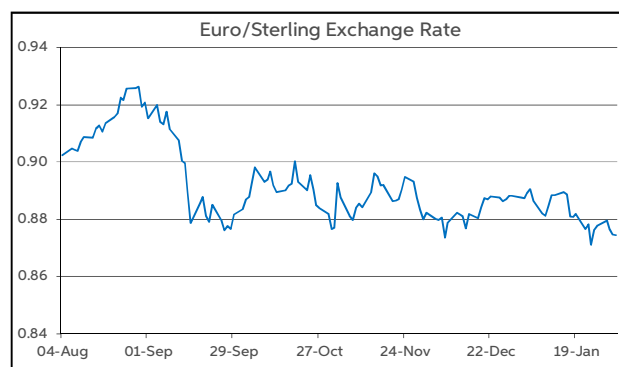
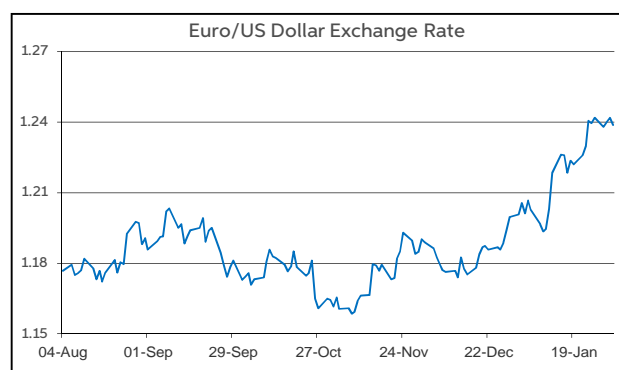
Opening Interest Rates						
	Base Rate	Short Term			Long Term	
		1-Mth	3-Mth	12-Mth	2-Yr	5-Yr
USD	1.375	1.58	1.78	2.27	2.37	2.60
EUR	0.00	-0.37	-0.33	-0.19	-0.11	0.48
GBP	0.50	0.49	0.52	0.80	0.96	1.33

Equity Indices				
	Latest Close	% Changes		
		on Day	End 2017 to Date	
Dow Jones	26149.39	+0.28	+5.79	
S&P 500	2823.81	+0.05	+5.62	
FTSE 100	7533.55	-0.72	-2.01	
DJ Stoxx 50	3609.29	+0.07	+3.01	
ISEQ	6961.64	-0.31	-1.09	
Nikkei	23486.11	+1.68	+3.17	

Today's Opening Rates			
		% Change	
		Day *	End 2017
EUR/USD	1.239	-0.36	3.28
EUR/GBP	0.8743	-0.23	-1.58
GBP/USD	1.4169	-0.14	4.86
GBP/EUR	1.1433	0.23	1.60
USD/JPY	109.58	0.82	-2.74
EUR/JPY	135.79	0.46	0.45

* 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 01 February 2018
07:29 am



Euro

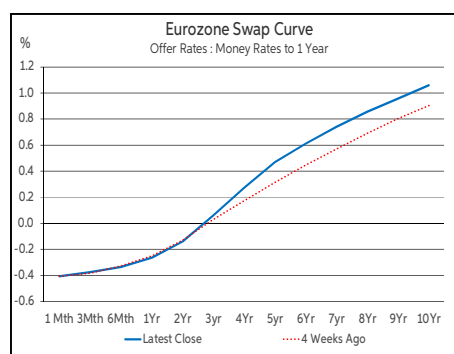
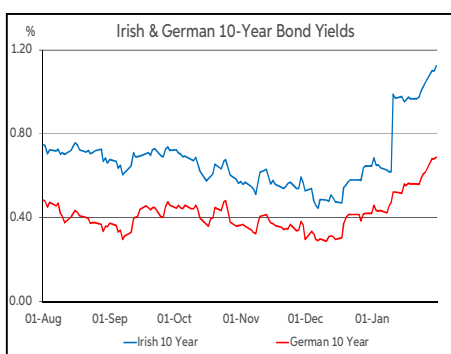
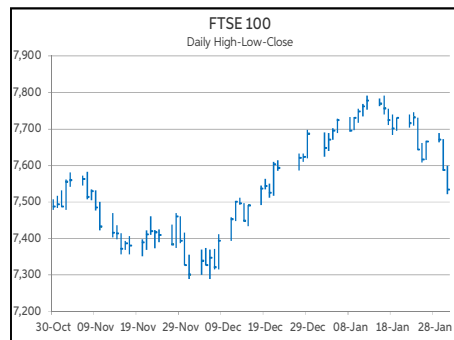
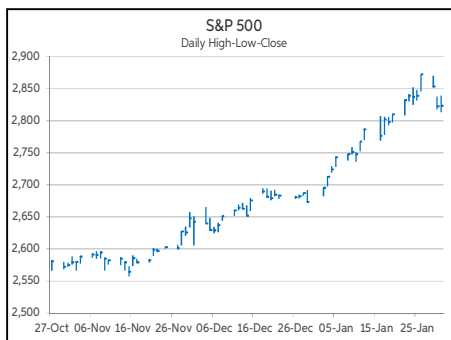
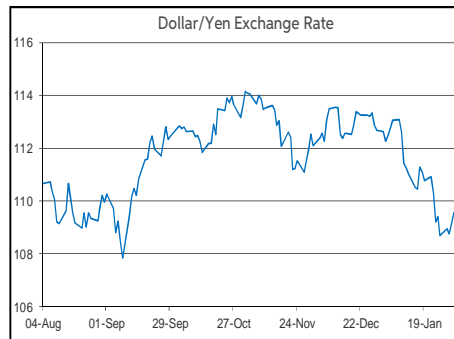
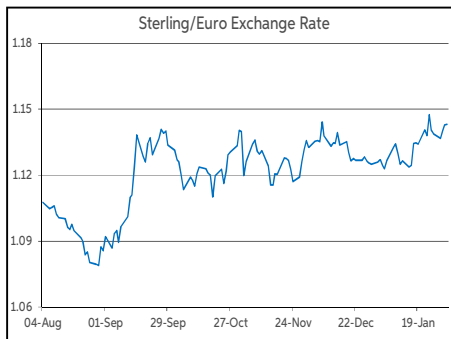
EUR/GBP	0.8745
EUR/USD	1.2389
EUR/JPY	135.79
EUR/SEK	9.7855
EUR/DKK	7.4417
EUR/NOK	9.5658
EUR/CHF	1.1565
EUR/AUD	1.5458
EUR/HKD	9.6892
EUR/CAD	1.527

Sterling

GBP/EUR	1.1432
GBP/USD	1.4168
GBP/CAD	1.7463
GBP/NZD	1.928
GBP/JPY	155.26
GBP/SEK	11.1881
GBP/DKK	8.5086
GBP/NOK	10.9388
GBP/CHF	1.3224
GBP/AUD	1.7677

Dollar

USD/JPY	109.58
USD/CAD	1.2324
USD/CHF	0.9333
USD/CNY	6.304
USD/BRL	3.1858
USD/RUB	56.3333
USD/INR	63.83
AUD/USD	0.8015
NZD/USD	0.7346



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 17
10 Year Yield %				
US	2.71	-1	+27	+31
Germany	0.69	+1	+25	+27
UK	1.49	+4	+28	+31
Ireland	1.12	+2	N/A	N/A
Belgium	0.83	+1	+18	+22
France	0.96	-0	+17	+19
Italy	2.02	-0	-4	+2
Spain	1.41	+2	-16	-13
Portugal	1.95	+2	-2	+6
Greece	3.67	+4	-27	-37
5 Year Swap %				
US	2.57	+0	+30	+33
Eurozone	0.47	-1	+15	+15
UK	1.33	+4	+29	+29
2 Year Swap %				
US	2.30	-1	+19	+21
Eurozone	-0.14	-3	-1	+0
UK	0.95	+2	+16	+15
10 Year Government Bond Spreads to Benchmark bps				
Ireland	44	+1	N/A	N/A
Belgium	14	+0	-7	-5
France	27	-1	-8	-8
Italy	133	-1	-29	-25
Spain	72	+1	-42	-40
Portugal	126	+1	-27	-21
Greece	298	+3	-52	-64

Commodities				
	Close	% Change		
		Day	4 Weeks	End 17
Brent Oil	69.05	+0.04	+1.78	+3.26
West Texas Oil	64.82	+0.28	+5.21	+7.21
CRB - All Commodity	197.38	-0.38	+1.04	+1.81
CRB - Food	346.07	+7.36	+2.04	+2.98
Gold \$	1345.5	+0.49	+2.48	+3.29

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