

US Inflation data in focus today

There was a calmer tone to the action on financial markets yesterday. This follows the recent bout of volatility experienced on equity markets. Most of the main global equity indices were predominantly in a sideways pattern yesterday. At the close last night on Wall Street, the S&P 500 was modestly higher on the day.

On the currency front, the dollar has spent much of the last 24 hours under some mild downward pressure. The slightly softer tone to the dollar coincided with scepticism/uncertainty surrounding the White House's Budget proposals. Elsewhere, sterling, which had been on the back foot recently, managed to not suffer any further falls. Higher than expected UK inflation data for January offered some support to the currency. Meanwhile, a sparse Eurozone diary meant there was nothing to provide direction to the euro yesterday.

The aforementioned 'softer' dollar tone is reflected in EUR/USD edging higher into the upper half of the \$1.23-1.24 trading band. Likewise, GBP/USD has also moved slightly higher, with the pair changing hands once again up at \$1.39. Meanwhile, EUR/GBP has been confined to a very tight range, straddling the 89p mark. In overnight action, the yen has continued to strengthen, with USD/JPY down near ¥107, a level last seen back in November 2016.

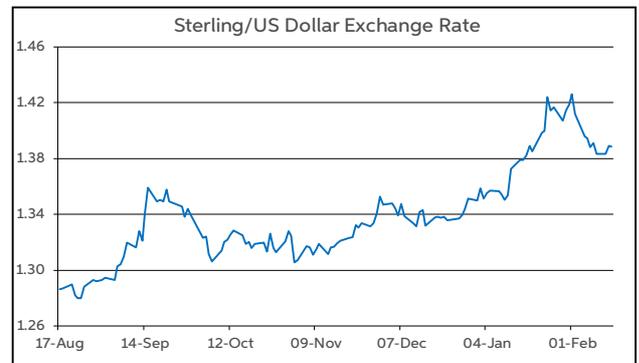
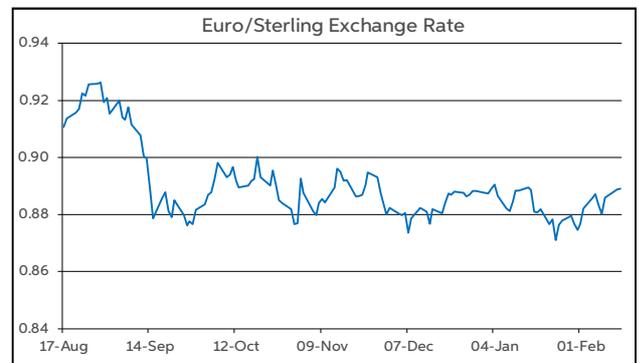
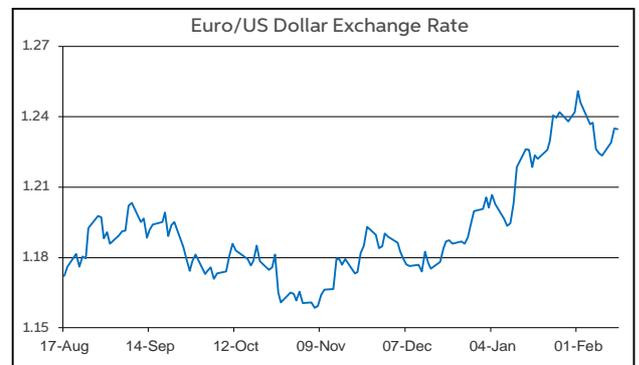
Ahead today, US CPI data for January will garner more attention than normal. This is in the context of the move higher in bond yields and sharp falls on equity indices as markets adjust to a less accommodative global monetary policy stance. The data provides some event risk not just for bond and equity markets, but also for the dollar. Meanwhile, sterling may experience some sensitivity to a Brexit speech from the UK Foreign Secretary given the absence so far of a coherent UK Government position on it.

John Fahey, Senior Economist, AIB

		% Change	
		Day *	End 2017
EUR/USD	1.2372	0.48	3.13
EUR/GBP	0.8899	0.15	0.18
GBP/USD	1.3901	0.37	2.88
GBP/EUR	1.1232	-0.15	-0.18
USD/JPY	107.22	-0.99	-4.84
EUR/JPY	132.66	-0.51	-1.86

* v Previous Day's European Open

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	Base Rate	Short Term			Long Term	
		1-Mth	3-Mth	12-Mth	2-Yr	5-Yr
USD	1.375	1.59	1.84	2.33	2.36	2.62
EUR	0.00	-0.37	-0.33	-0.19	-0.12	0.48
GBP	0.50	0.50	0.54	0.86	1.01	1.41

	Latest Close	% Changes	
		on Day	End 2017 to Date
Dow Jones	24640.45	+0.16	-0.32
S&P 500	2662.94	+0.26	-0.40
FTSE 100	7168.01	-0.13	-6.76
DJ Stoxx 50	3340.93	-0.81	-4.65
ISEQ	6700.01	+0.33	-4.81
Nikkei	21244.68	+0.00	-6.68

All rates quoted are indicative market rates

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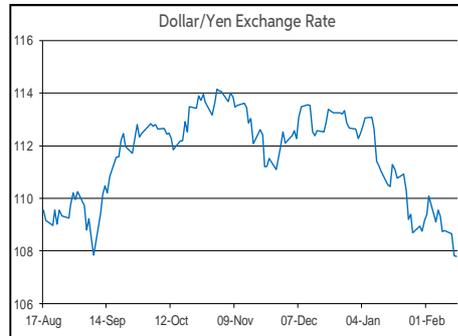
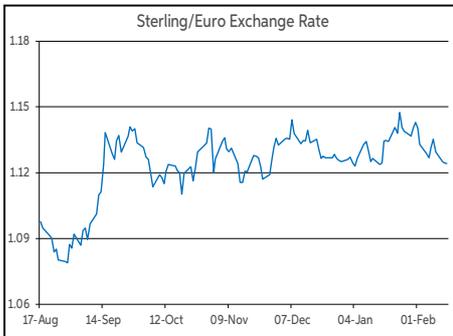
FX Spot	Karl Cooke Shane Gargan Adrian Flanagan Enda Homan	FX Options	Mark Tuite Lenny Hogan	Reuters Phone	AIB 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Opening Levels

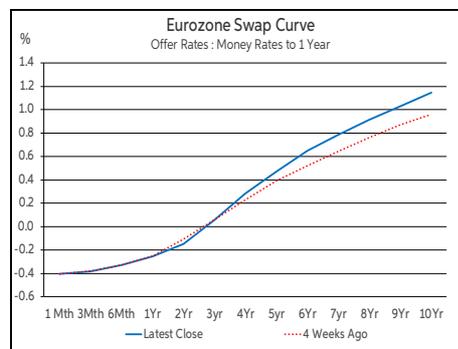
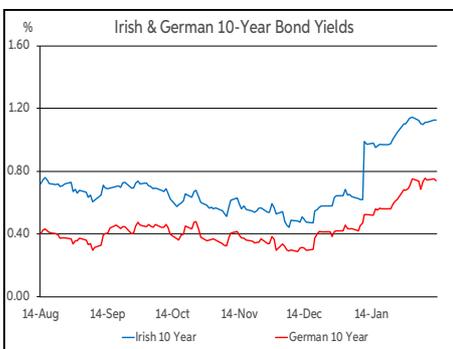
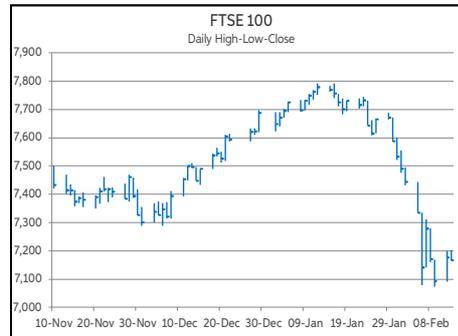
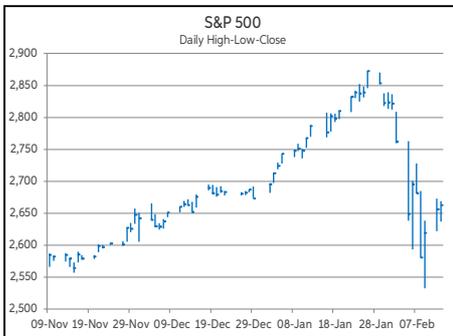
Wednesday 14 February 2018
07:30 am



Euro		Sterling		Dollar	
EUR/GBP	0.8899	GBP/EUR	1.1232	USD/JPY	107.22
EUR/USD	1.2372	GBP/USD	1.3901	USD/CAD	1.2574
EUR/JPY	132.66	GBP/CAD	1.7482	USD/CHF	0.9325
EUR/SEK	9.9156	GBP/NZD	1.9013	USD/CNY	6.3398
EUR/DKK	7.4496	GBP/JPY	149.05	USD/BRL	3.2947
EUR/NOK	9.7135	GBP/SEK	11.1393	USD/RUB	57.608
EUR/CHF	1.1539	GBP/DKK	8.3683	USD/INR	64.1525
EUR/AUD	1.5709	GBP/NOK	10.9142	AUD/USD	0.7875
EUR/HKD	9.6806	GBP/CHF	1.2965	NZD/USD	0.731
EUR/CAD	1.5559	GBP/AUD	1.7649		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 17
10 Year Yield %				
US	2.83	-3	+29	+43
Germany	0.74	-1	+18	+32
UK	1.61	+2	+31	+43
Ireland	1.13	-0	N/A	N/A
Belgium	1.01	+1	+32	+40
France	0.98	-0	+15	+20
Italy	2.08	+5	+12	+8
Spain	1.51	+5	+3	-3
Portugal	2.11	+5	+34	+21
Greece	4.32	+11	+61	+27
5 Year Swap %				
US	2.61	-4	+22	+37
Eurozone	0.47	-4	+8	+15
UK	1.40	-0	+24	+36
2 Year Swap %				
US	2.34	-1	+13	+26
Eurozone	-0.15	-4	-4	-1
UK	1.00	-0	+15	+20
10 Year Government Bond Spreads to Benchmark bps				
Ireland	39	+1	N/A	N/A
Belgium	27	+1	+14	+8
France	23	+0	-3	-12
Italy	133	+6	-7	-24
Spain	77	+5	-15	-35
Portugal	136	+6	+16	-11
Greece	357	+12	+43	-5



Commodities				
	Close	% Change		
		Day	4 Weeks	End 17
Brent Oil	62.72	+0.21	-9.30	-6.21
West Texas Oil	59.41	+0.35	-6.91	-1.74
CRB - All Commodity	198.35	+0.49	+1.53	+2.31
CRB - Food	343.37	+1.20	+1.15	+2.18
Gold \$	1329.6	+0.51	-0.68	+2.07

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