

Dollar weaker, EUR/USD near \$1.25

Data-wise, in light of rising bond yields and the equity market correction last week, the main focus yesterday was on the US CPI data for January. Both core and headline inflation came in higher than expected (f'casts were for slightly slower pace), registering no change from their December reading, remaining at 2.1% and 1.8% respectively.

Meanwhile, the other key release yesterday was US retail sales data for January, which provided an early read on the all important consumer side of the economy performed at the start of the year. Overall, the spending data were disappointing with not only the January numbers suggesting a weaker than expected start to 2018 but downward revisions to the December figures indicating spending was not as strong in Q4 as previously estimated.

However, despite this macro newsflow and US treasury yields moving higher, with the 10 year yield up at a 4-year high above 2.9%, most of the main global equity managed to register gains on the day. At the closing bell on Wall Street last night, the S&P 500 was up over 1%.

Currency-wise, the dollar remains on the back foot, suffering further falls over the last 24 hours. In level terms, this is reflected in EUR/USD testing up at \$1.25, GBP/USD above the \$1.40 mark and USD/JPY down near ¥106. Elsewhere, EUR/GBP has been confined to a very tight range near 89p.

Ahead today, the main data releases are all US centred. However, none are anticipated to have much impact on the dollar. As a result, the main FX pairs may spend the day trading near their current levels, meaning the dollar could remain on the defensive.

John Fahey, Senior Economist, AIB

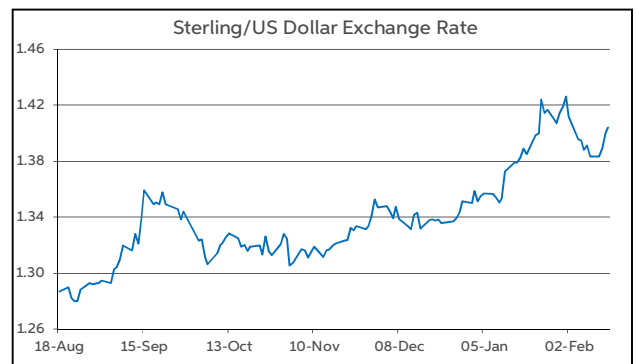
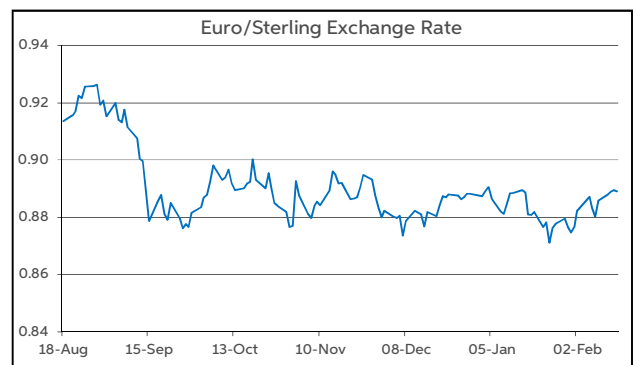
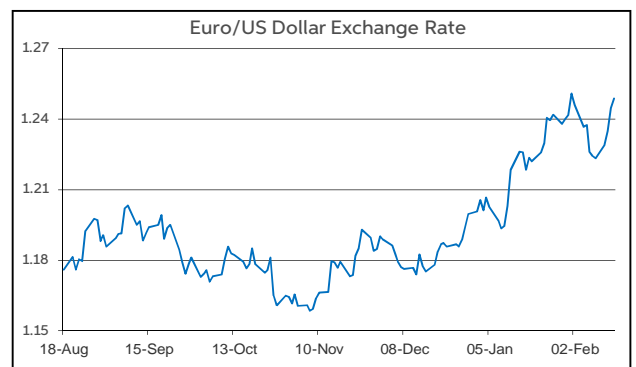
Opening Interest Rates						
	Base Rate	Short Term			Long Term	
		1-Mth	3-Mth	12-Mth	2-Yr	5-Yr
USD	1.375	1.59	1.85	2.34	2.48	2.75
EUR	0.00	-0.37	-0.33	-0.19	-0.11	0.52
GBP	0.50	0.49	0.54	0.86	1.03	1.45

Equity Indices				
	Latest Close	% Changes		
		on Day	End 2017 to Date	
Dow Jones	24893.49	+1.03	+0.70	
S&P 500	2698.63	+1.34	+0.94	
FTSE 100	7213.97	+0.64	-6.16	
DJ Stoxx 50	3369.83	+0.87	-3.83	
ISEQ	6722.75	+0.34	-4.48	
Nikkei	21464.98	+1.47	-5.71	

Today's Opening Rates			
		% Change	
		Day *	End 2017
EUR/USD	1.249	0.90	4.12
EUR/GBP	0.8892	-0.13	0.10
GBP/USD	1.4043	1.04	3.93
GBP/EUR	1.1242	0.13	-0.10
USD/JPY	106.28	-0.83	-5.67
EUR/JPY	132.75	0.06	-1.80

* 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

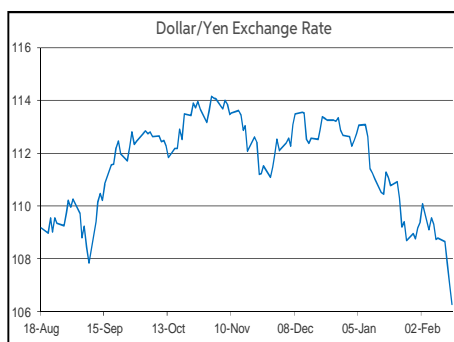
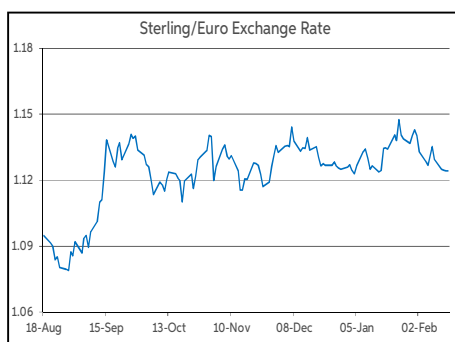
FX Spot	Karl Cooke Shane Gargan Adrian Flanagan Enda Homan	FX Options	Mark Tuite Lenny Hogan	Reuters Phone	AIB 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Opening Levels

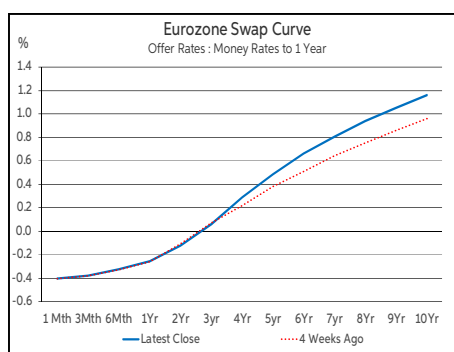
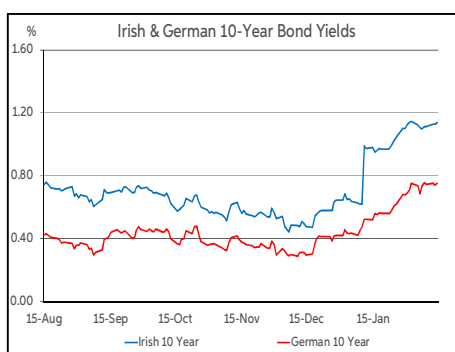
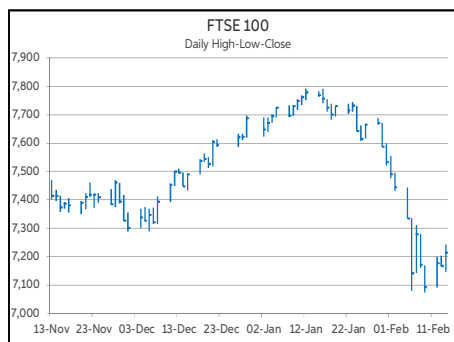
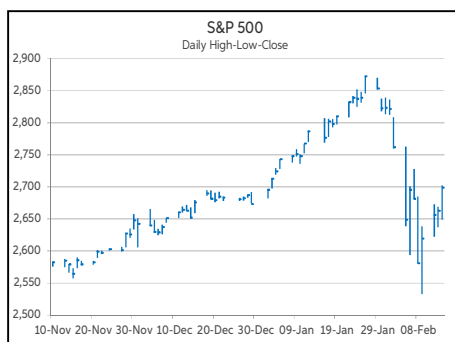
Thursday 15 February 2018
07:32 am



Euro		Sterling		Dollar	
EUR/GBP	0.8892	GBP/EUR	1.1242	USD/JPY	106.28
EUR/USD	1.249	GBP/USD	1.4043	USD/CAD	1.2469
EUR/JPY	132.75	GBP/CAD	1.7512	USD/CHF	0.9257
EUR/SEK	9.9036	GBP/NZD	1.8981	USD/CNY	6.3438
EUR/DKK	7.4489	GBP/JPY	149.25	USD/BRL	3.2172
EUR/NOK	9.6947	GBP/SEK	11.1355	USD/RUB	56.5146
EUR/CHF	1.1562	GBP/DKK	8.3737	USD/INR	63.88
EUR/AUD	1.569	GBP/NOK	10.9014	AUD/USD	0.7957
EUR/HKD	9.7713	GBP/CHF	1.3	NZD/USD	0.7396
EUR/CAD	1.5575	GBP/AUD	1.7641		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 17
10 Year Yield %				
US	2.91	+8	+33	+51
Germany	0.75	+1	+20	+33
UK	1.63	+2	+33	+45
Ireland	1.14	+1	N/A	N/A
Belgium	1.01	-0	+33	+40
France	0.99	+1	+18	+21
Italy	2.05	-2	+6	+6
Spain	1.50	-1	+2	-4
Portugal	2.05	-6	+28	+16
Greece	4.39	+8	+71	+35
5 Year Swap %				
US	2.69	+6	+27	+45
Eurozone	0.49	-0	+11	+17
UK	1.42	+1	+27	+38
2 Year Swap %				
US	2.41	+5	+18	+33
Eurozone	-0.12	-0	-1	+2
UK	1.01	+0	+15	+21
10 Year Government Bond Spreads to Benchmark bps				
Ireland	39	+0	N/A	N/A
Belgium	26	-1	+13	+7
France	24	+0	-1	-12
Italy	130	-3	-13	-27
Spain	75	-2	-18	-37
Portugal	130	-6	+8	-17
Greece	364	+7	+51	+2



Commodities				
	Close	% Change		
		Day	4 Weeks	End 17
Brent Oil	64.36	+2.61	-7.24	-3.75
West Texas Oil	60.7	+2.31	-5.04	+0.40
CRB - All Commodity	198.35	+0.49	+1.53	+2.31
CRB - Food	344.31	+1.49	+1.55	+2.46
Gold \$	1350.8	+1.59	+1.73	+3.70

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