

Euro continues to test lows

The action on currency markets yesterday saw the euro remain on the back foot. Once again, weak macro data weighed on the currency. The German ZEW measure of economic sentiment dropped sharply in February. For the dollar, a strong reading of the Empire State index for the same month may have been beneficial.

In contrast, the release of the Q4 labour market bulletin in the UK had negligible impact on sterling. Employment growth printed better than expected (+180k vs f'cast 145k), while the jobless rate held at 3.8% as anticipated. Meanwhile, underlying wage inflation eased back to 3.2% (f'cast 3.3%).

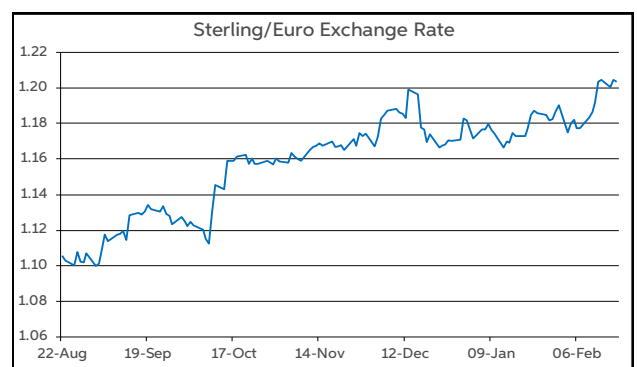
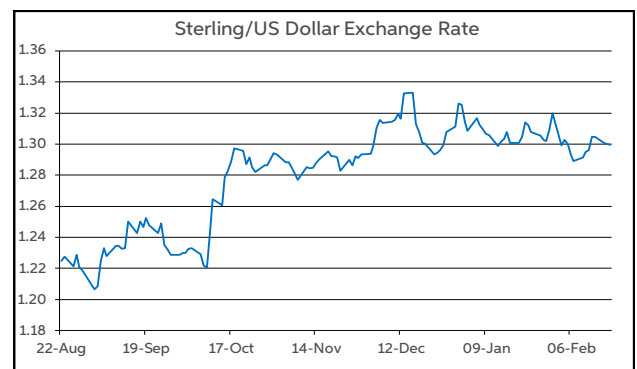
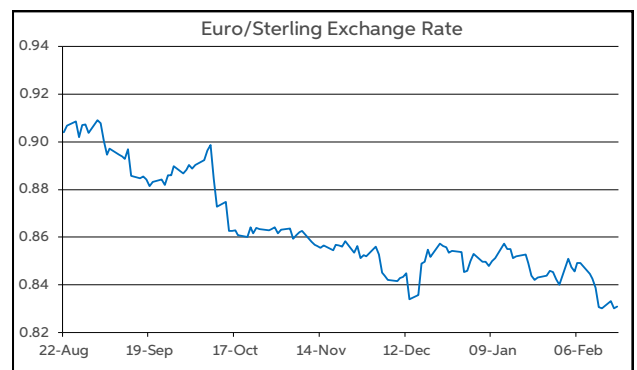
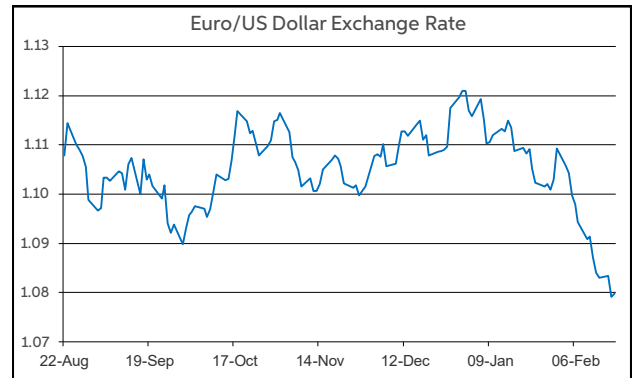
Sterling did, though, see some slight support following the confirmation that the UK government will unveil its budget on March 11. Market participants are of the opinion that the new Chancellor of the Exchequer will announce big spending plans.

In level terms, all of the above is reflected in EUR/GBP opening this morning down near 83p, having tested below this level. Similarly, EUR/USD has been straddling the key \$1.08 threshold, briefly moving below the support level. Elsewhere, GBP/USD is operating just below the \$1.30 mark.

Today, UK CPI for January is the highlight on this side of the Atlantic. Higher energy prices are expected to see headline inflation accelerate to 1.6% from 1.3%. However, we do not envisage there being much of an impact on sterling. Meantime, there is little out to be of influence to the euro.

In the US, the minutes from the Fed's January meeting (out after close in Europe) are unlikely to provide any fresh policy insights. As a result, their publication could be a non-event for the dollar.

Conor Beakey, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2019
EUR/USD	1.0798	-0.30	-3.68
EUR/GBP	0.8307	-0.32	-1.74
GBP/USD	1.2996	0.01	-1.98
GBP/EUR	1.2033	0.33	1.77
USD/JPY	110.07	0.30	1.34
EUR/JPY	118.86	0.00	-2.44

* v Previous Day's European Open
See Next Page for More Rates

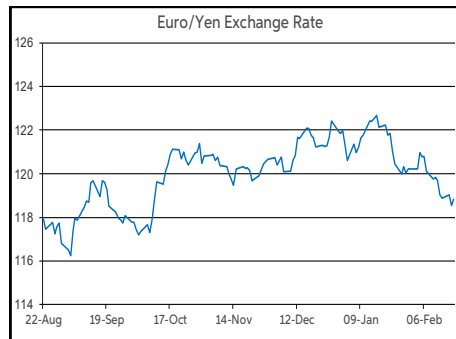
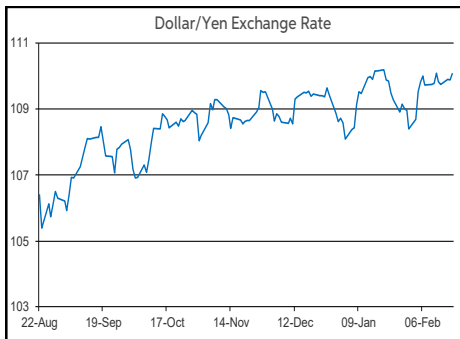
Opening Interest Rates						
	Base Rate	Short Term			Long Term	
		1-Mth	3-Mth	12-Mth	2-Yr	5-Yr
USD	1.625	1.65	1.69	1.77	1.42	1.37
EUR	0.00	-0.48	-0.41	-0.29	-0.37	-0.29
GBP	0.75	0.71	0.76	0.89	0.72	0.73

All rates quoted are indicative market rates

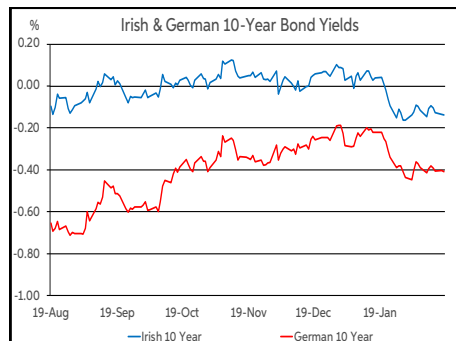
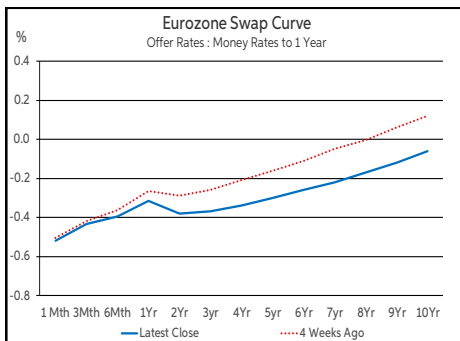
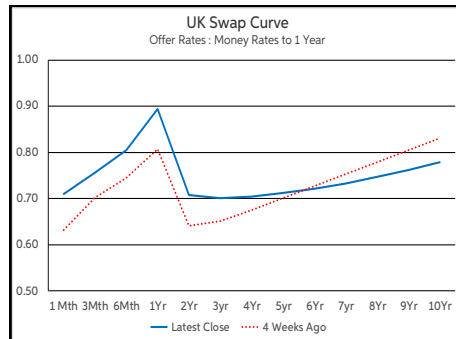
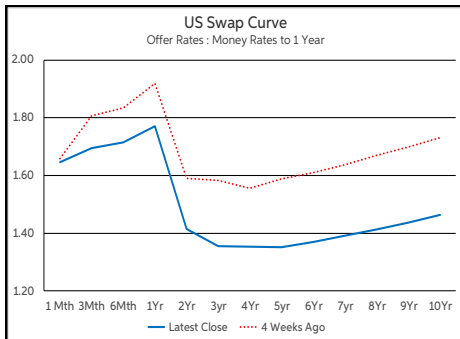
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FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Euro		Sterling		Dollar	
EUR/GBP	0.8307	GBP/EUR	1.2033	USD/JPY	110.07
EUR/USD	1.0798	GBP/USD	1.2996	USD/CAD	1.3237
EUR/JPY	118.86	GBP/CAD	1.7205	USD/CHF	0.9831
EUR/SEK	10.5534	GBP/NZD	2.0323	USD/CNY	6.9984
EUR/DKK	7.4695	GBP/JPY	143.05	USD/BRL	4.3563
EUR/NOK	10.0461	GBP/SEK	12.6997	USD/RUB	63.7392
EUR/CHF	1.0618	GBP/DKK	8.989	USD/INR	71.564
EUR/AUD	1.6125	GBP/NOK	12.0871	AUD/USD	0.6694
EUR/HKD	8.3896	GBP/CHF	1.2778	NZD/USD	0.6392
EUR/CAD	1.4296	GBP/AUD	1.9405		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 19
10 Year Yield %				
US	1.56	-3	-21	-36
Germany	-0.41	-0	-16	-22
UK	0.60	-3	-2	-21
5 Year Swap %				
US	1.35	-6	-24	-36
Eurozone	-0.30	-1	-14	-18
UK	0.71	-3	+1	-18
2 Year Swap %				
US	1.41	-4	-18	-28
Eurozone	-0.38	-1	-9	-9
UK	0.71	-2	+7	-10
10 Year Government Bond Spreads to Benchmark bps				
Ireland	27	+0	+1	-1
Belgium	30	+1	+6	+3
France	24	+0	-2	-7
Italy	133	+3	-29	-24
Spain	69	+1	+2	+5
Portugal	62	-1	-3	+1
Greece	135	+7	-27	-25



Commodities				
	% Change			
	Close	Day	4 Weeks	End 19
Brent Oil	57.75	+0.14	-10.59	-12.50
West Texas Oil	52.1	+0.13	-10.56	-14.79
Gold \$	1602.2	+1.31	+2.81	+5.56

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