

US Payrolls main data highlight this week

Looking back over January on currency markets, it has been a challenging start to the year for the euro. The currency has lost ground against the dollar, the yen and sterling. However, this has more to do with some upside for these other currencies rather than any outright euro weakness.

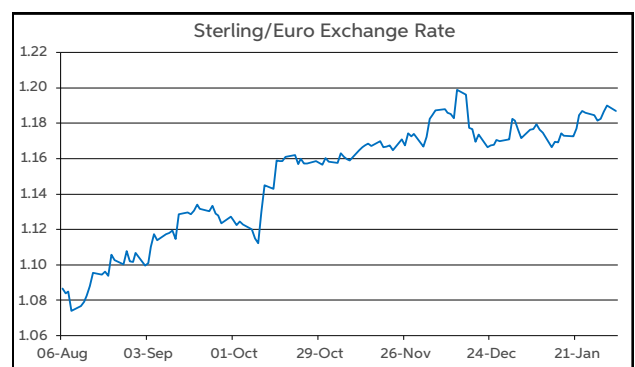
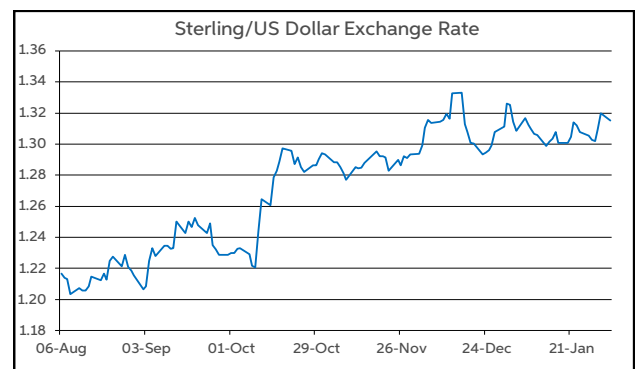
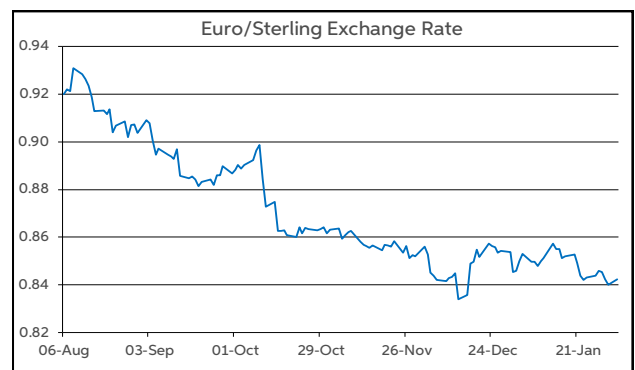
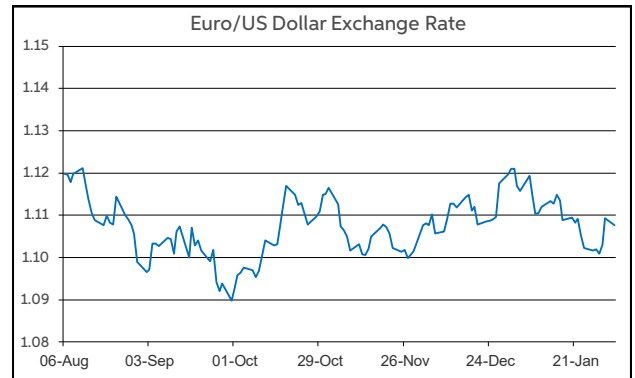
In this regard, both the dollar and yen have been supported by safe haven demand amid some risk aversion on markets. At the same time, sterling has benefitted from better than expected January survey data and reduced prospects of a near term rate cut from the BoE (market now expecting 25bps rate cut by Q4 rather than early summer).

All of the above is reflected in EUR/USD starting February below the \$1.11 mark (the key support level of \$1.10 remains in place having briefly tested this last week). Meantime, EUR/GBP opens pinned down near 84p. Elsewhere, despite some gains for sterling, GBP/USD is still below the \$1.32 level that it started the year at, changing hands this morning near the midpoint of \$1.31-1.32.

Turning to the week ahead, there is little out from a data perspective to impact the euro or sterling. Although, the latter could prove sensitive to Brexit newsflow as the focus now shifts to the upcoming EU-UK trade talks.

For the dollar, the highlight of a busy diary is the non-farm payrolls number for January. The forecast is for a solid increase of 165k. Meantime, the unemployment rate is expected to have held at its 50-year low of 3.5%. The manufacturing and non-manufacturing ISMs for January also feature this week. Overall though, unless the data (especially the payrolls number) surprises significantly versus expectations, impact on the dollar may be muted.

John Fahey, Senior Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2019
EUR/USD	1.1077	0.52	-1.19
EUR/GBP	0.8422	0.08	-0.38
GBP/USD	1.3149	0.40	-0.83
GBP/EUR	1.1867	-0.08	0.38
USD/JPY	108.57	-0.45	-0.04
EUR/JPY	120.27	0.06	-1.28

* 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	1.66	1.75	1.81	1.40	1.34
EUR	0.00	-0.45	-0.39	-0.28	-0.36	-0.29
GBP	0.75	0.71	0.76	0.88	0.69	0.69

All rates quoted are indicative market rates

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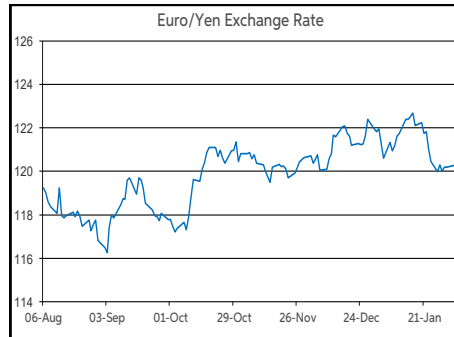
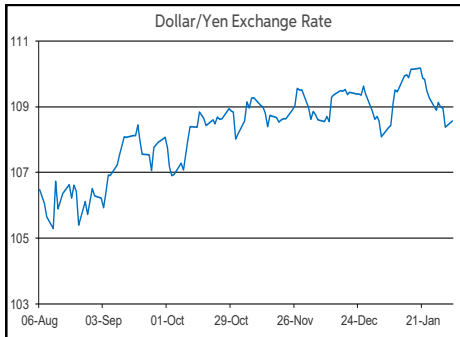
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Opening Levels

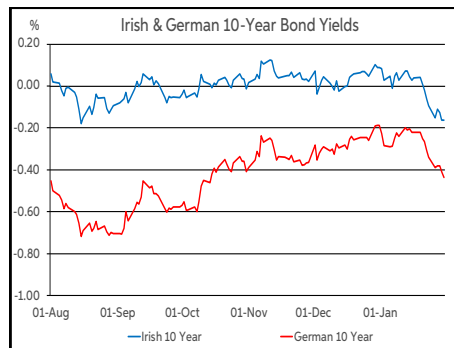
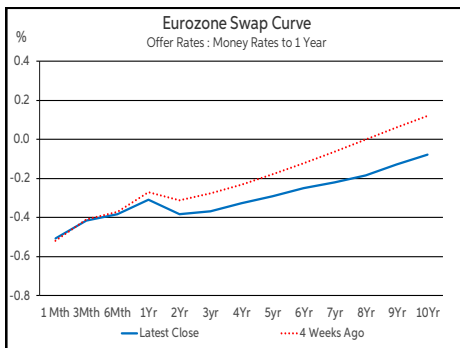
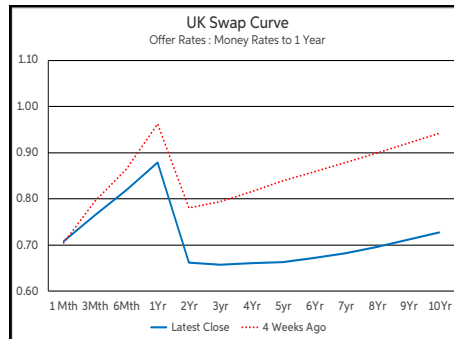
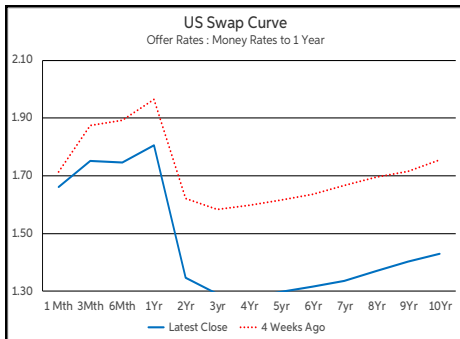
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Euro		Sterling		Dollar	
EUR/GBP	0.8422	GBP/EUR	1.1867	USD/JPY	108.57
EUR/USD	1.1077	GBP/USD	1.3149	USD/CAD	1.324
EUR/JPY	120.27	GBP/CAD	1.7412	USD/CHF	0.9644
EUR/SEK	10.657	GBP/NZD	2.0316	USD/CNY	7.0142
EUR/DKK	7.4726	GBP/JPY	142.76	USD/BRL	4.2826
EUR/NOK	10.1762	GBP/SEK	12.648	USD/RUB	63.8395
EUR/CHF	1.0685	GBP/DKK	8.8693	USD/INR	71.52
EUR/AUD	1.6524	GBP/NOK	12.077	AUD/USD	0.6703
EUR/HKD	8.6045	GBP/CHF	1.2684	NZD/USD	0.6469
EUR/CAD	1.4665	GBP/AUD	1.9616		



Debt Markets				
	Close	Day	4 Weeks	End 19
10 Year Yield %				
US	1.50	-9	-29	-41
Germany	-0.44	-3	-15	-25
UK	0.52	-2	-21	-30
5 Year Swap %				
US	1.30	-11	-32	-42
Eurozone	-0.29	-3	-11	-17
UK	0.66	-2	-18	-23
2 Year Swap %				
US	1.35	-12	-28	-35
Eurozone	-0.38	-3	-7	-9
UK	0.66	-2	-12	-15
10 Year Government Bond Spreads to Benchmark bps				
Ireland	27	+3	-4	-0
Belgium	24	-0	-4	-4
France	25	+0	-5	-6
Italy	135	+1	-26	-21
Spain	66	-1	+1	+2
Portugal	64	-1	+1	+3
Greece	155	+8	-10	-4



Commodities				
	Close	Day	4 Weeks	End 19
Brent Oil	58.16	-0.22	-15.22	-11.88
West Texas Oil	51.58	-1.17	-18.13	-15.64
Gold \$	1590.6	+1.02	+2.49	+4.80

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