

## BoE the main event this week

The dollar experienced some volatility on currency markets last week. Although, moves were within recent ranges. A somewhat more upbeat view from the Fed with regard to US inflation and firmer than expected labour market data helped to provide some good news for the dollar.

The main dollar pairs come into this morning broadly unchanged versus seven days previous. The EUR/USD pair is trading in the lower half of the \$1.24-1.25 band. Some yen weakness and dollar gains have seen USD/JPY trade back up near ¥110.

Elsewhere, some domestic political uncertainty over the weekend has been unhelpful to sterling. Cable (GBP/USD) opens back at the \$1.41 mark, while EUR/GBP is trading above 88p.

In the week ahead, the main calendar event is the BoE meeting. While no policy changes are expected, the Inflation Report, minutes and press conference will all be looked to for updated guidance on the outlook for rates.

Both inflation and growth have been firmer than expected at the time of the November Inflation Report, meaning the BoE could adopt a somewhat more hawkish tone. Overall though, the MPC seems unlikely to deviate too much from the message that rate increases will be limited and gradual. Thus, while sterling may see some sensitive to BoE newsflow, overall reaction could be muted.

The data schedule is relatively light on both sides of the Atlantic. The UK services PMI (Jan), Eurozone retail sales (Dec) and the US non-manufacturing ISM (Jan) are the pick of the releases. Overall then, currency market moves over the next few days may be prompted by developments beyond the data/events calendar.

**Dara Turnbull, Economist, AIB**

### Today's Opening Rates

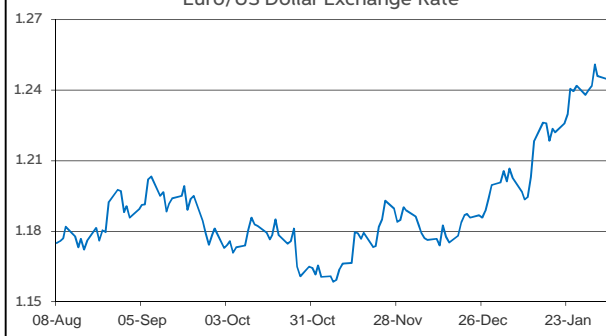
		% Change	
		Day *	End 2017
EUR/USD	1.2448	-0.37	3.77
EUR/GBP	0.8827	0.74	-0.63
GBP/USD	1.4099	-1.11	4.34
GBP/EUR	1.1325	-0.74	0.63
USD/JPY	109.93	0.26	-2.43
EUR/JPY	136.84	-0.12	1.23

\* v Previous Day's European Open

See Next Page for More Rates



Euro/US Dollar Exchange Rate



Euro/Sterling Exchange Rate



Sterling/US Dollar Exchange Rate



Opening Interest Rates						
	Base Rate	Short Term			Long Term	
		1-Mth	3-Mth	12-Mth	2-Yr	5-Yr
USD	1.375	1.58	1.79	2.29	2.38	2.68
EUR	0.00	-0.37	-0.33	-0.19	-0.11	0.51
GBP	0.50	0.50	0.53	0.82	0.97	1.38

Equity Indices				
	Latest Close	% Changes		
		on Day	End 2017 to Date	
Dow Jones	25520.96	-2.54	+3.24	
S&P 500	2762.13	-2.12	+3.31	
FTSE 100	7443.43	-0.63	-3.18	
DJ Stoxx 50	3523.28	-1.51	+0.55	
ISEQ	6885.23	-0.88	-2.17	
Nikkei	22682.08	-2.55	-0.36	

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

Monday 05 February 2018  
07:28 am



## Euro

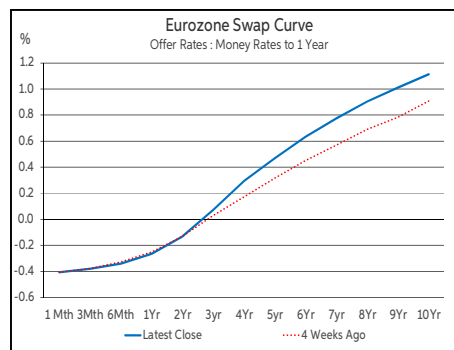
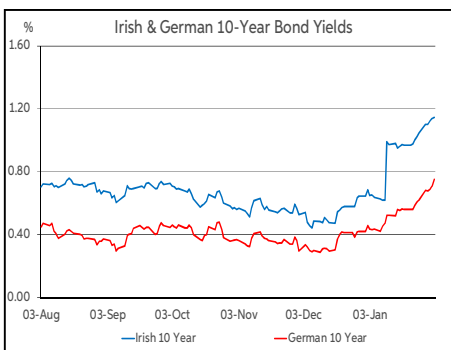
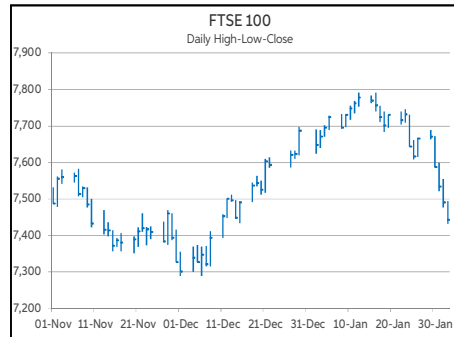
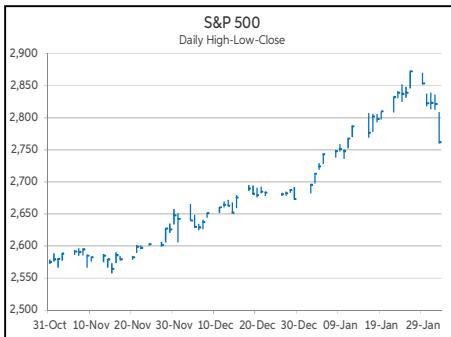
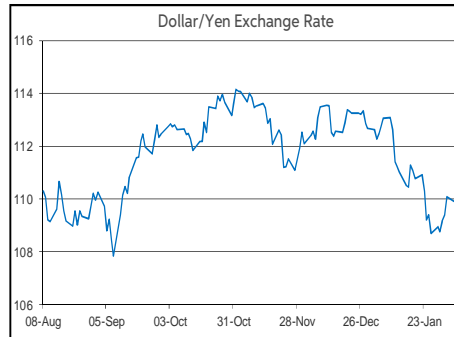
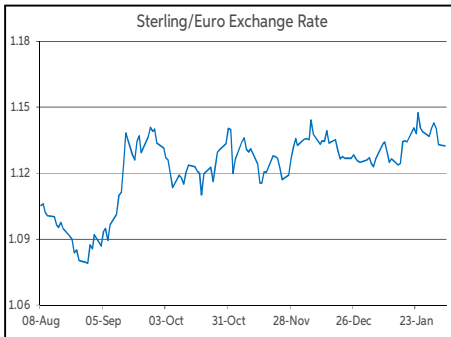
EUR/GBP	0.8827
EUR/USD	1.2448
EUR/JPY	136.84
EUR/SEK	9.8446
EUR/DKK	7.4424
EUR/NOK	9.6369
EUR/CHF	1.1586
EUR/AUD	1.57
EUR/HKD	9.7342
EUR/CAD	1.5454

## Sterling

GBP/EUR	1.1325
GBP/USD	1.4099
GBP/CAD	1.7504
GBP/NZD	1.9307
GBP/JPY	154.99
GBP/SEK	11.1442
GBP/DKK	8.4295
GBP/NOK	10.9143
GBP/CHF	1.3119
GBP/AUD	1.7781

## Dollar

USD/JPY	109.93
USD/CAD	1.2415
USD/CHF	0.9306
USD/CNY	6.2958
USD/BRL	3.218
USD/RUB	56.5677
USD/INR	64.06
AUD/USD	0.7928
NZD/USD	0.7299



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 17
<b>10 Year Yield %</b>				
US	2.84	+6	+36	+44
Germany	0.75	+5	+32	+33
UK	1.56	+4	+32	+38
Ireland	1.15	+1	N/A	N/A
Belgium	0.88	+4	+24	+27
France	1.00	+4	+21	+22
Italy	2.03	+8	+4	+4
Spain	1.45	+4	-5	-9
Portugal	1.98	+5	+7	+8
Greece	3.59	-6	-13	-45
<b>5 Year Swap %</b>				
US	2.66	+1	+35	+42
Eurozone	0.47	-2	+15	+15
UK	1.37	+3	+30	+34
<b>2 Year Swap %</b>				
US	2.34	-0	+21	+26
Eurozone	-0.13	-2	+0	+1
UK	0.95	-1	+14	+15
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	39	-4	N/A	N/A
Belgium	13	-1	-8	-6
France	25	-1	-11	-11
Italy	128	+4	-28	-29
Spain	70	-1	-37	-42
Portugal	122	+0	-24	-25
Greece	284	-11	-45	-78

Commodities				
	Close	% Change		
		Day	4 Weeks	End 17
Brent Oil	68.58	-1.54	+1.42	+2.56
West Texas Oil	65.5	-0.64	+6.52	+8.34
CRB - All Commodity	198.35	+0.49	+1.53	+2.31
CRB - Food	346.89	+0.66	+1.50	+3.23
Gold \$	1333.0	-1.23	+0.94	+2.33

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