

Sharp fall in equities

The main equity indices declined sharply yesterday, following on from falls in the US on Friday and Asia trading on Sunday night. The declines largely reflect the recent rise in bond yields as markets continue to adjust to the reality of the less accommodative outlook for global monetary policy.

The Euro Stoxx 50 fell by 1.3% yesterday, also not helped by some disappointing corporate updates. In the US, the S&P 500 was down by 4.1%, leaving it slightly negative year to date. The 'sell-off' continued into overnight Asia trading, with the Nikkei down 4.7%.

On the currency front, the action on equity markets provided some safe haven support for the yen. Meantime, the weaker tone to sterling carried over into the start of the week, with the currency edging lower. This partly reflected a weaker than expected UK services PMI for January (53 vs f'cast 54.3). Continued political uncertainty in the UK also remained a headwind to the currency.

Elsewhere, the dollar has seen some continued support over the last 24 hours. It was aided by a strong upside surprise from the US non-manufacturing ISM for January (59.9 vs f'cast 56.3), which rose to its highest level since 2005.

In level terms, the firmer yen sees USD/JPY trading down near ¥109 this morning, while EUR/JPY is at ¥135. The softer sterling and firmer dollar sees GBP/USD below \$1.40, having traded up near \$1.43 as recently as Friday. EUR/GBP has moved up to 88.7p. Meantime, EUR/USD has been unable to hold above \$1.24.

There is a quiet schedule of due in the coming day. Overall then, FX markets could continue to find some direction beyond the data/events schedule for direction (i.e. sell-off, UK political headlines).

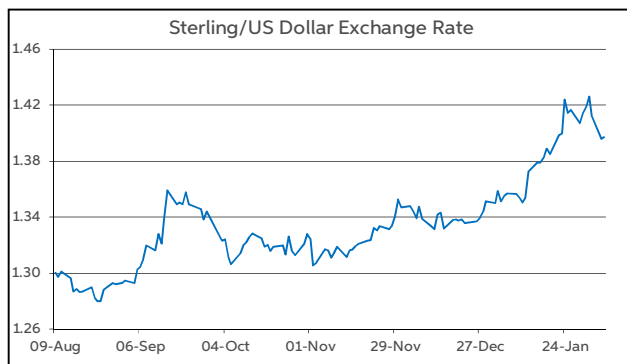
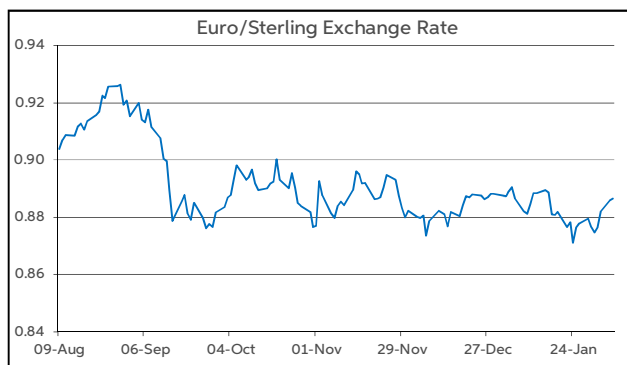
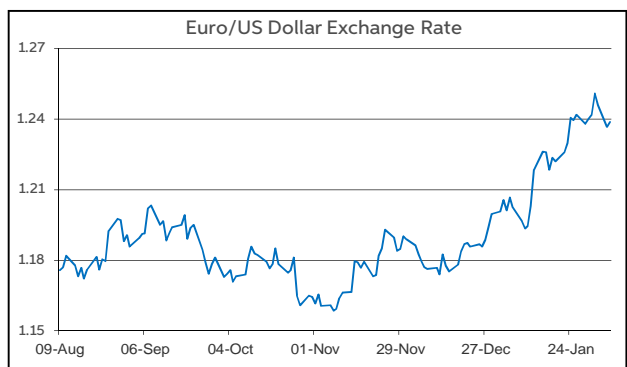
Dara Turnbull, Economist, AIB

Today's Opening Rates

		% Change	
		Day *	End 2017
EUR/USD	1.2387	-0.58	3.26
EUR/GBP	0.8866	0.51	-0.19
GBP/USD	1.3969	-1.08	3.38
GBP/EUR	1.1274	-0.51	0.19
USD/JPY	109.07	-0.80	-3.20
EUR/JPY	135.13	-1.36	-0.04

* v Previous Day's European Open

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	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	2.30	2.56
EUR	0.00	-0.37	-0.33	-0.19	-0.11	0.48
GBP	0.50	0.50	0.52	0.82	0.96	1.35

	Equity Indices		
	Latest Close	% Changes	
		on Day	End 2017 to Date
Dow Jones	24345.75	-4.60	-1.51
S&P 500	2648.94	-4.10	-0.92
FTSE 100	7334.98	-1.46	-4.59
DJ Stoxx 50	3478.77	-1.26	-0.72
ISEQ	6754.74	-1.90	-4.03
Nikkei	21610.24	-4.73	-5.07

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

Tuesday 06 February 2018
07:28 am



Euro

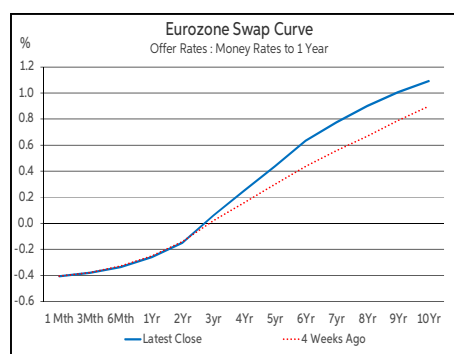
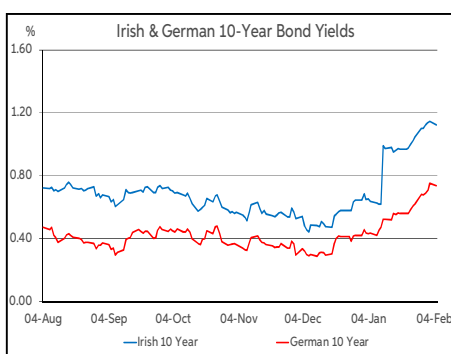
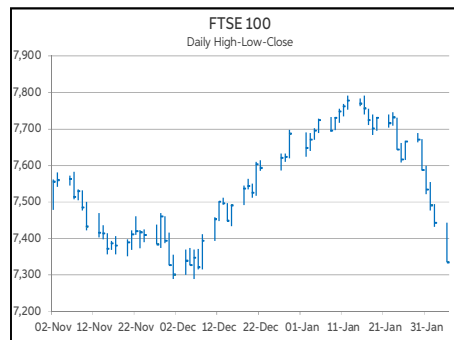
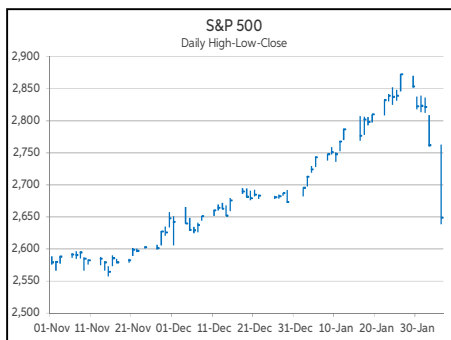
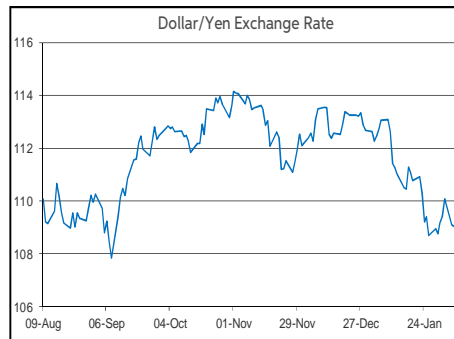
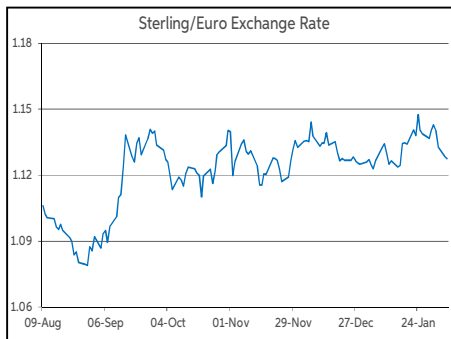
EUR/GBP	0.8866
EUR/USD	1.2387
EUR/JPY	135.13
EUR/SEK	9.8648
EUR/DKK	7.444
EUR/NOK	9.6998
EUR/CHF	1.1565
EUR/AUD	1.5767
EUR/HKD	9.6851
EUR/CAD	1.5525

Sterling

GBP/EUR	1.1274
GBP/USD	1.3969
GBP/CAD	1.7506
GBP/NZD	1.9176
GBP/JPY	152.36
GBP/SEK	11.1211
GBP/DKK	8.3928
GBP/NOK	10.9381
GBP/CHF	1.3043
GBP/AUD	1.778

Dollar

USD/JPY	109.07
USD/CAD	1.2531
USD/CHF	0.9335
USD/CNY	6.2839
USD/BRL	3.2624
USD/RUB	57.188
USD/INR	64.22
AUD/USD	0.7855
NZD/USD	0.7283



	Close	Change bps		
		Day	4 Weeks	End 17
10 Year Yield %				
US	2.71	-13	+23	+30
Germany	0.74	-2	+32	+32
UK	1.56	-1	+33	+38
Ireland	1.12	-2	N/A	N/A
Belgium	0.86	-2	+22	+25
France	0.99	-1	+24	+21
Italy	2.02	-1	+4	+2
Spain	1.44	-1	-2	-10
Portugal	2.03	+5	+18	+13
Greece	3.67	+8	-1	-37
5 Year Swap %				
US	2.51	-17	+18	+27
Eurozone	0.44	-6	+14	+12
UK	1.34	-4	+26	+30
2 Year Swap %				
US	2.25	-11	+10	+17
Eurozone	-0.15	-4	-1	-1
UK	0.94	-3	+12	+14
10 Year Government Bond Spreads to Benchmark bps				
Ireland	39	-1	N/A	N/A
Belgium	12	-1	-9	-7
France	25	+0	-8	-11
Italy	128	+0	-27	-29
Spain	71	+1	-34	-42
Portugal	129	+6	-14	-19
Greece	293	+9	-32	-69

	Close	% Change		
		Day	4 Weeks	End 17
Brent Oil	67.62	-1.40	-0.24	+1.12
West Texas Oil	64.18	-2.02	+3.97	+6.15
CRB - All Commodity	198.35	+0.49	+1.53	+2.31
CRB - Food	345.17	-1.72	+0.88	+2.72
Gold \$	1340.0	+0.52	+1.46	+2.87

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