

Volatile markets

The performance of equity markets were very much front and centre of attention yesterday. This followed the previous day's sharp falls on Wall Street, which registered its largest one day drop (falling by over 4%) since 2012. European equity indices fell as investors on this side of the Atlantic took their cue from the previous overnight sell-off on US/Asia markets. As a result, the Euro Stoxx 50 fell by 2.4% and the FTSE 100 was down 2.6% on the day.

Meanwhile on Wall Street, the action was volatile. The VIX index, regarded as Wall Streets 'fear gauge' rose up to near 40 after starting the month below 14. US Markets initially opened lower, recovered briefly, then seesawed between positive and negative territory before managing to regain some lost ground and break the run of three consecutive down days. At the close last night, the S&P 500 was up 1.7% on the day.

On currency markets, the sell-off in equities and volatile trading conditions has coincided with a firmer tone to the dollar over recent days. It was on course to make further gains yesterday. However, the recovery in risk appetite during the US session reversed these gains. As a result, both EUR/USD and GBP/USD open this morning broadly unchanged from yesterday's open. In level terms, EUR/USD is near \$1.24 and GBP/USD is just below the \$1.40 level. Meantime, EUR/GBP has seen very muted action over the last 24 hours. The pair has been mostly confined to a very narrow 88.5-89p range.

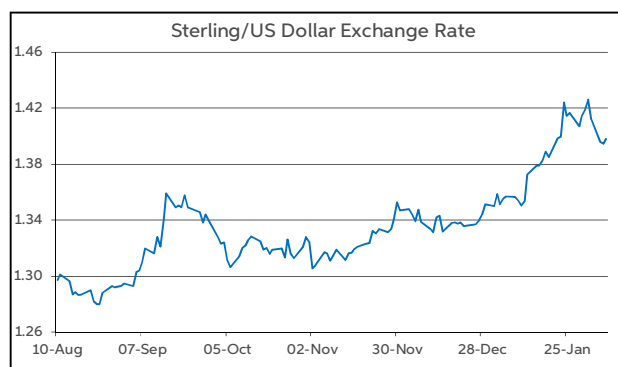
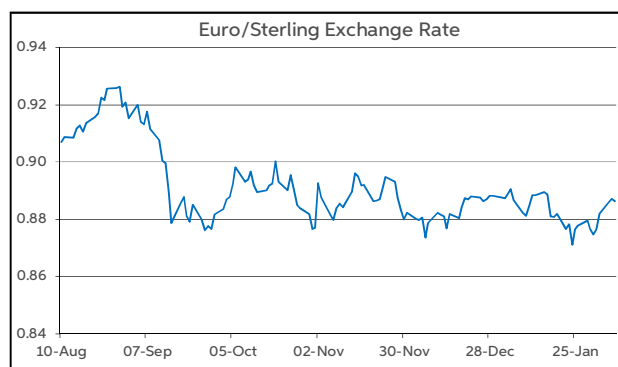
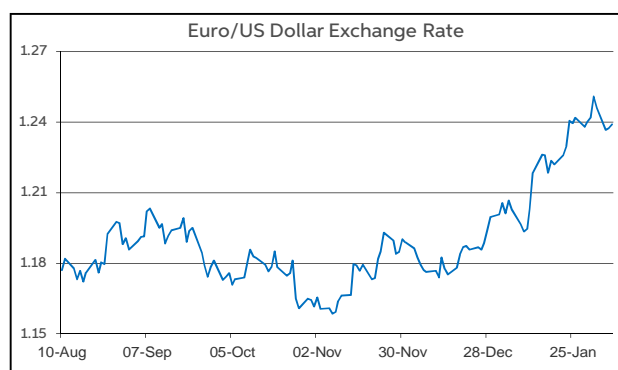
Ahead today, the global macro data calendar remains sparse. On the central bank speaking circuit, there is a raft of Fed members. However, market participants may continue to be preoccupied with what is happening on equity markets. From a currency perspective, the main pairs may range trade near current levels.

John Fahey, Senior Economist, AIB

Today's Opening Rates			
		% Change	
		Day *	End 2017
EUR/USD	1.2392	0.14	3.30
EUR/GBP	0.8864	0.05	-0.21
GBP/USD	1.3979	0.11	3.46
GBP/EUR	1.1279	-0.05	0.21
USD/JPY	109.11	0.21	-3.16
EUR/JPY	135.21	0.35	0.02

* 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	2.28	2.33	2.59
EUR	0.00	-0.37	-0.33	-0.19	-0.13	0.46
GBP	0.50	0.49	0.52	0.81	0.94	1.32

Equity Indices				
	Latest Close	% Changes		
		on Day	End 2017 to Date	
Dow Jones	24912.77	+2.33	+0.78	
S&P 500	2695.14	+1.74	+0.81	
FTSE 100	7141.4	-2.64	-7.11	
DJ Stoxx 50	3394.92	-2.41	-3.11	
ISEQ	6658.71	-1.42	-5.39	
Nikkei	21645.37	+0.16	-4.92	

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

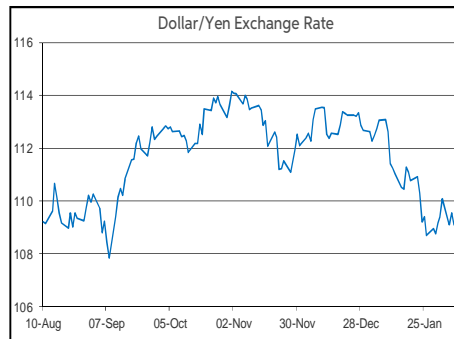
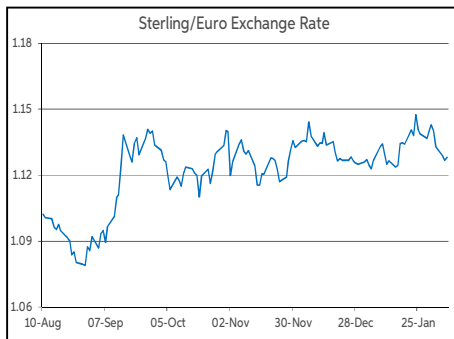
FX Spot	Karl Cooke Shane Gargan Adrian Flanagan Enda Homan	FX Options	Mark Tuite Lenny Hogan	Reuters Phone	AIB 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Opening Levels

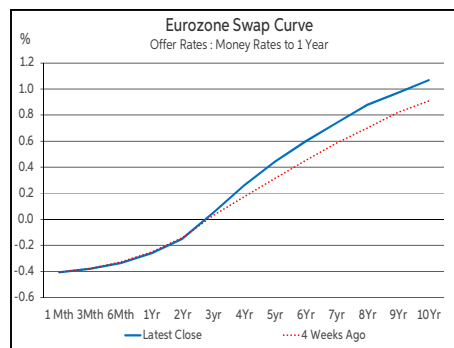
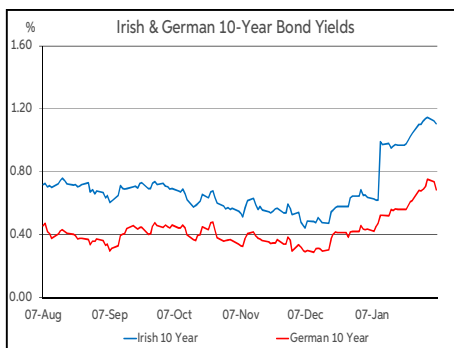
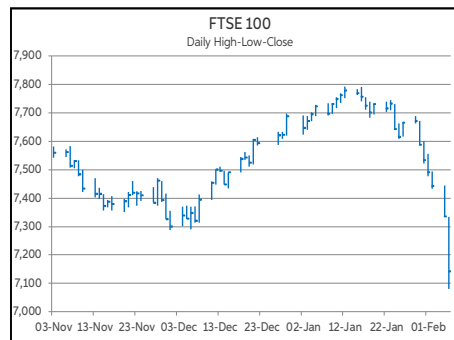
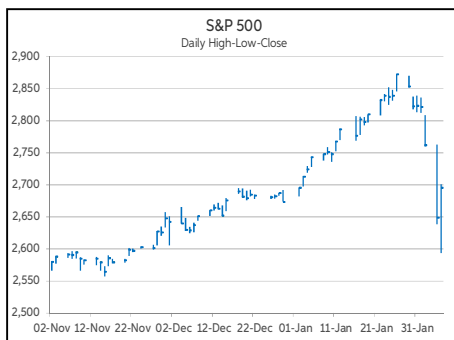
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Euro		Sterling		Dollar	
EUR/GBP	0.8864	GBP/EUR	1.1279	USD/JPY	109.11
EUR/USD	1.2392	GBP/USD	1.3979	USD/CAD	1.2507
EUR/JPY	135.21	GBP/CAD	1.7482	USD/CHF	0.9346
EUR/SEK	9.8465	GBP/NZD	1.9098	USD/CNY	6.2575
EUR/DKK	7.4425	GBP/JPY	152.52	USD/BRL	3.2347
EUR/NOK	9.6743	GBP/SEK	11.1075	USD/RUB	56.919
EUR/CHF	1.1582	GBP/DKK	8.3953	USD/INR	64.1275
EUR/AUD	1.5726	GBP/NOK	10.9145	AUD/USD	0.7879
EUR/HKD	9.6878	GBP/CHF	1.3066	NZD/USD	0.7316
EUR/CAD	1.5497	GBP/AUD	1.7739		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 17
10 Year Yield %				
US	2.80	+10	+25	+40
Germany	0.69	-5	+23	+27
UK	1.51	-4	+24	+33
Ireland	1.11	-2	N/A	N/A
Belgium	0.84	-3	+16	+22
France	0.95	-3	+16	+18
Italy	1.98	-3	-4	-1
Spain	1.42	-3	-8	-13
Portugal	2.04	+2	+21	+15
Greece	3.66	-1	+7	-38
5 Year Swap %				
US	2.60	+7	+25	+36
Eurozone	0.44	-2	+13	+13
UK	1.30	-5	+20	+26
2 Year Swap %				
US	2.31	+4	+15	+23
Eurozone	-0.15	-3	-1	-1
UK	0.92	-3	+10	+12
10 Year Government Bond Spreads to Benchmark bps				
Ireland	42	+4	N/A	N/A
Belgium	15	+3	-7	-4
France	27	+2	-7	-9
Italy	130	+2	-27	-28
Spain	73	+2	-31	-39
Portugal	136	+7	-2	-12
Greece	298	+5	-17	-65



Commodities				
	Close	% Change		
		Day	4 Weeks	End 17
Brent Oil	66.86	-1.12	-2.85	-0.01
West Texas Oil	63.48	-1.09	+0.89	+5.00
CRB - All Commodity	198.35	+0.49	+1.53	+2.31
CRB - Food	346.7	+1.53	+1.08	+3.17
Gold \$	1325.1	-1.11	+0.94	+1.72

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