

Dollar continues to make gains

There was a somewhat less volatile tone on equity markets yesterday. The tentative recovery seen during US/Asia trading on Tuesday, carried over into yesterday's European session. This saw the Euro Stoxx 50 gain 1.8% on the day, while the FTSE 100 finished up 1.9%.

Elsewhere in the US, the S&P 500 edged back slightly on the day, while in overnight trading in Japan, the Nikkei gained over 1%. This suggests that the recent market volatility has subsided to some extent for now. Although, increased volatility is likely to become a more prominent feature of financial markets this year. This is against the backdrop of monetary policy becoming less accommodative.

In terms currency markets, the dollar continued to regain lost ground. This partly reflects news that progress had been made in agreeing the US budget. Although, the currency had been making gains prior to this.

As a result, EUR/USD opens this morning below the \$1.23 mark. Cable (GBP/USD) has spent some time below the \$1.39 level, though it opens this morning just above it. Meantime, EUR/GBP edged down into the lower half of the 88-89p band.

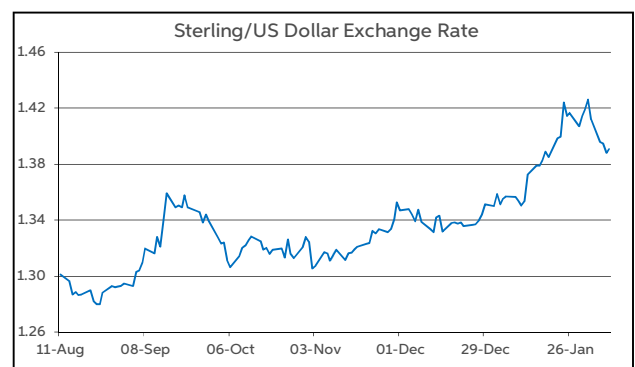
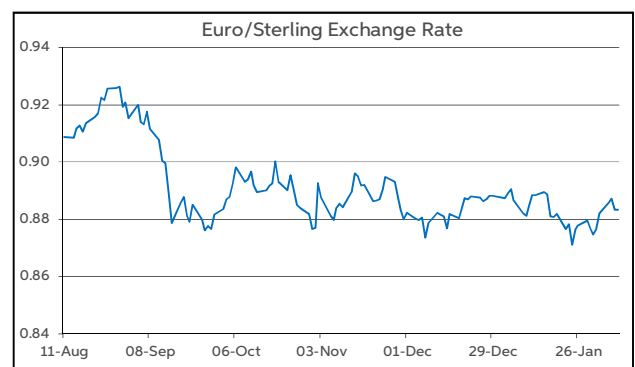
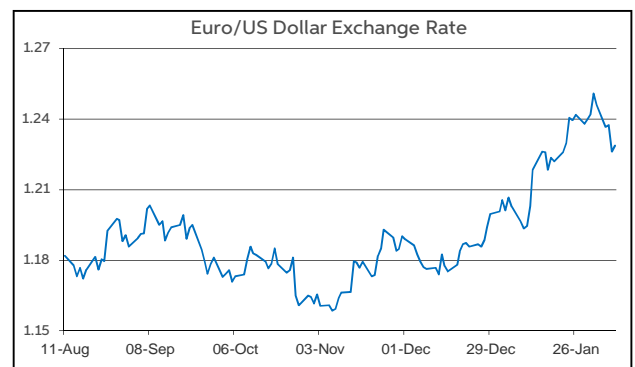
Today, the market focus will be on the BoE 'Super Thursday', with the Inflation Report, minutes and Governor Carney press conference due. GDP and inflation data since the last Inflation Report in November have surprised to the upside. Thus, we could see a slightly more upbeat tone. Overall, the BoE is unlikely to deviate too much from its recent message that rate hikes will be "limited and gradual". Assuming that this is the case, then sterling reaction to today's updates could be limited in nature.

Dara Turnbull, Economist, AIB

| Today's Opening Rates | | | |
|-----------------------|--------|----------|----------|
| | | % Change | |
| | | Day * | End 2017 |
| EUR/USD | 1.2286 | -0.83 | 2.42 |
| EUR/GBP | 0.8831 | -0.47 | -0.59 |
| GBP/USD | 1.3908 | -0.39 | 2.93 |
| GBP/EUR | 1.1317 | 0.48 | 0.59 |
| USD/JPY | 109.61 | 0.42 | -2.72 |
| EUR/JPY | 134.69 | -0.41 | -0.36 |

* 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 | 1.375 | 1.58 | 1.80 | 2.29 | 2.36 | 2.64 |
| EUR | 0.00 | -0.37 | -0.33 | -0.19 | -0.12 | 0.49 |
| GBP | 0.50 | 0.49 | 0.53 | 0.81 | 0.93 | 1.33 |

| Equity Indices | | | | |
|----------------|--------------|-----------|------------------|--|
| | Latest Close | % Changes | | |
| | | on Day | End 2017 to Date | |
| Dow Jones | 24893.35 | -0.08 | +0.70 | |
| S&P 500 | 2681.66 | -0.50 | +0.30 | |
| FTSE 100 | 7279.42 | +1.93 | -5.31 | |
| DJ Stoxx 50 | 3454.52 | +1.76 | -1.41 | |
| ISEQ | 6753.19 | +1.42 | -4.05 | |
| Nikkei | 21890.86 | +1.13 | -3.84 | |

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

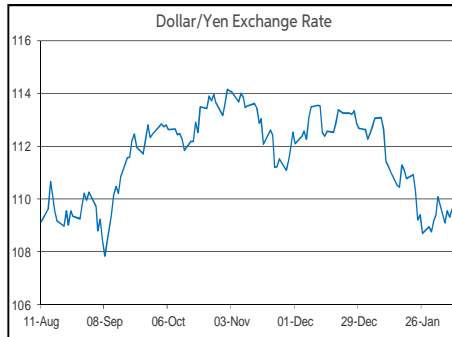
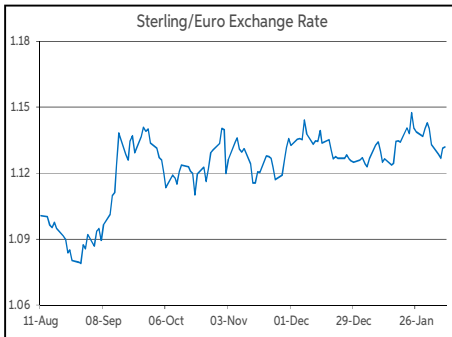
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|---------|---|----------------|---------------------------|------------------|------------------------|-----------------|-----------------------------------|
| FX Spot | Karl Cooke Shane Gargan Adrian Flanagan Enda Homan | FX Options | Mark Tuite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

Opening Levels

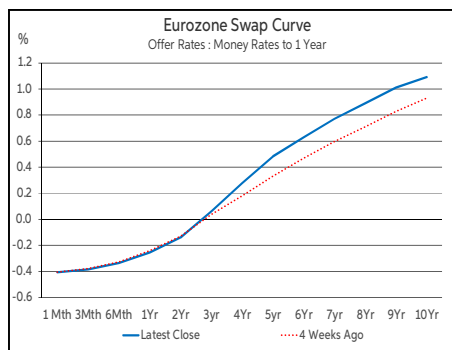
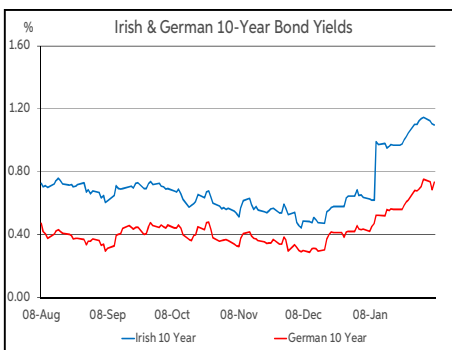
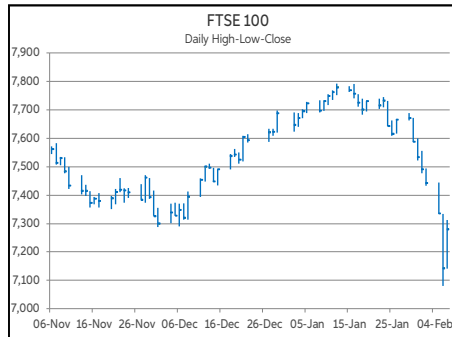
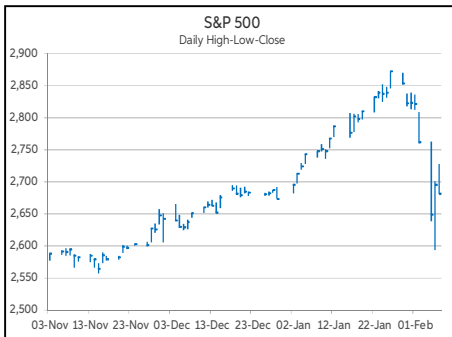
Thursday 08 February 2018
07:28 am



| Euro | | Sterling | | Dollar | |
|---------|--------|----------|---------|---------|--------|
| EUR/GBP | 0.8831 | GBP/EUR | 1.1317 | USD/JPY | 109.61 |
| EUR/USD | 1.2286 | GBP/USD | 1.3908 | USD/CAD | 1.2558 |
| EUR/JPY | 134.69 | GBP/CAD | 1.7469 | USD/CHF | 0.943 |
| EUR/SEK | 9.9035 | GBP/NZD | 1.9289 | USD/CNY | 6.324 |
| EUR/DKK | 7.4428 | GBP/JPY | 152.45 | USD/BRL | 3.2713 |
| EUR/NOK | 9.6949 | GBP/SEK | 11.2083 | USD/RUB | 57.57 |
| EUR/CHF | 1.1586 | GBP/DKK | 8.4254 | USD/INR | 64.185 |
| EUR/AUD | 1.5675 | GBP/NOK | 10.977 | AUD/USD | 0.7837 |
| EUR/HKD | 9.6048 | GBP/CHF | 1.3119 | NZD/USD | 0.721 |
| EUR/CAD | 1.5432 | GBP/AUD | 1.7741 | | |



| Debt Markets | | | | |
|---|-------|------------|---------|--------|
| | Close | Change bps | | |
| | | Day | 4 Weeks | End 17 |
| 10 Year Yield % | | | | |
| US | 2.83 | +3 | +28 | +43 |
| Germany | 0.73 | +5 | +26 | +31 |
| UK | 1.54 | +2 | +25 | +36 |
| Ireland | 1.10 | -1 | N/A | N/A |
| Belgium | 0.86 | +2 | +18 | +25 |
| France | 0.97 | +1 | +15 | +19 |
| Italy | 1.94 | -5 | -9 | -6 |
| Spain | 1.40 | -2 | -14 | -15 |
| Portugal | 1.99 | -5 | +16 | +10 |
| Greece | 3.59 | -7 | -4 | -45 |
| 5 Year Swap % | | | | |
| US | 2.61 | -1 | +24 | +37 |
| Eurozone | 0.48 | +1 | +15 | +17 |
| UK | 1.32 | +0 | +21 | +28 |
| 2 Year Swap % | | | | |
| US | 2.31 | -5 | +14 | +23 |
| Eurozone | -0.14 | -2 | -1 | +0 |
| UK | 0.93 | -0 | +9 | +12 |
| 10 Year Government Bond Spreads to Benchmark bps | | | | |
| Ireland | 36 | -6 | N/A | N/A |
| Belgium | 12 | -3 | -8 | -7 |
| France | 24 | -3 | -11 | -12 |
| Italy | 120 | -10 | -35 | -37 |
| Spain | 66 | -7 | -40 | -46 |
| Portugal | 126 | -10 | -10 | -22 |
| Greece | 286 | -12 | -30 | -76 |



| Commodities | | | | |
|---------------------|--------|----------|---------|--------|
| | Close | % Change | | |
| | | Day | 4 Weeks | End 17 |
| Brent Oil | 65.51 | -2.02 | -5.33 | -2.03 |
| West Texas Oil | 61.91 | -2.47 | -2.66 | +2.40 |
| CRB - All Commodity | 198.35 | +0.49 | +1.53 | +2.31 |
| CRB - Food | 345.88 | -0.82 | +0.47 | +2.93 |
| Gold \$ | 1318.9 | -0.47 | +0.10 | +1.25 |

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