

It's Payroll Friday

The action on the currency front yesterday was once again generally muted. However, we did see some activity in sterling. The currency came under modest downward pressure. This followed dovish remarks by BoE Governor Carney. He stated that if it appears as though the UK is facing an extended period of sub-trend growth, there may be a "relatively prompt response" from the central bank.

Data-wise, the schedule contained only second-tier releases yesterday. This meant it had no directional impact on the key forex pairs. The only noteworthy release - Eurozone unemployment rate for November - held, as expected, at 7.5%.

In level terms, the slightly softer sterling tone is reflected in EUR/GBP opening this morning up at the 85p level. At the same time, cable (GBP/USD) is trading below the \$1.31 mark. Meanwhile, EUR/USD is changing hands at the \$1.11 threshold. It started the week up at \$1.12.

Today, the macro data focus for markets will be centred on the US employment report for December. Payrolls are projected at 164k, down from 266k in November which was much higher than had been envisaged. However, a gain of 164k would still represent a solid print given the mature stage of the economic cycle in the US economy (i.e. now its longest expansion on record). Meanwhile, the unemployment rate is forecast to remain at its 50-year low of 3.5%.

Currency-wise, unless the payrolls figure surprises significantly, which cannot be ruled out given what happened in November, the impact on the dollar may be limited. Elsewhere, both the euro and sterling have very quiet data calendars today.

John Fahey, Senior Economist, AIB

| Today's Opening FX Rates | | | |
|--------------------------|--------|----------|----------|
| | | % Change | |
| | | Day * | End 2019 |
| EUR/USD | 1.1108 | -0.08 | -0.91 |
| EUR/GBP | 0.8496 | 0.26 | 0.50 |
| GBP/USD | 1.3072 | -0.34 | -1.41 |
| GBP/EUR | 1.1766 | -0.26 | -0.49 |
| USD/JPY | 109.56 | 0.85 | 0.87 |
| EUR/JPY | 121.72 | 0.19 | -0.09 |

* v Previous Day's European Open

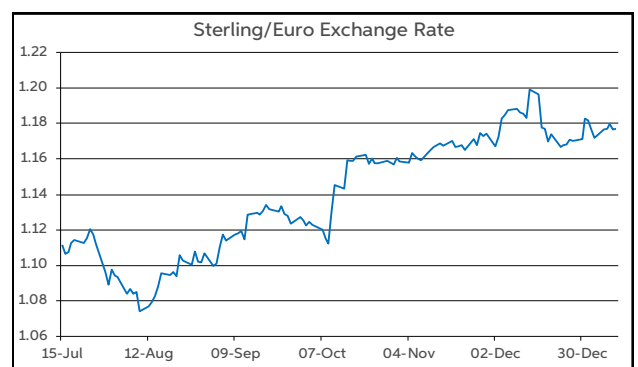
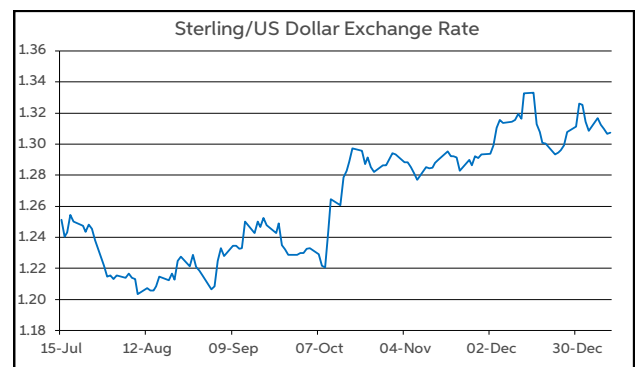
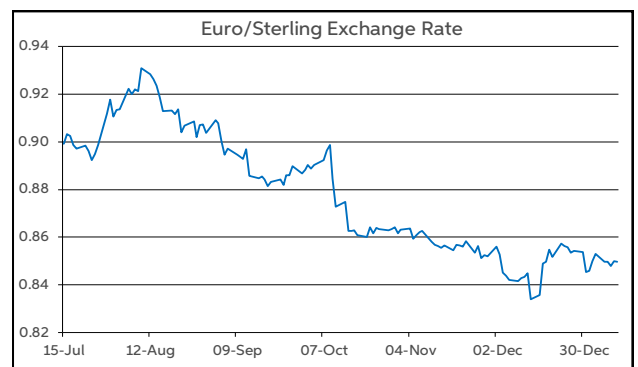
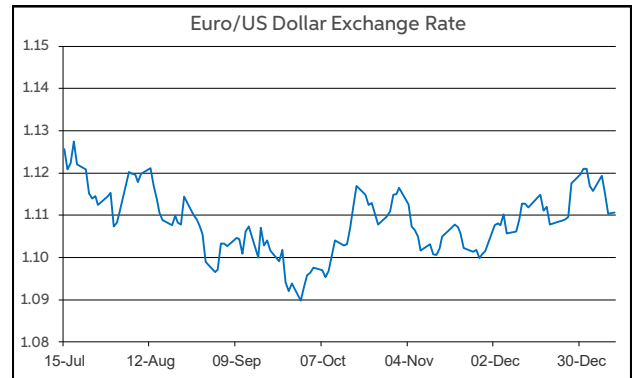
See Next Page for More Rates

| Opening Interest Rates | | | | | | |
|------------------------|-----------|------------|-------|--------|-----------|-------|
| | Base Rate | Short Term | | | Long Term | |
| | | 1-Mth | 3-Mth | 12-Mth | 2-Yr | 5-Yr |
| USD | 1.625 | 1.68 | 1.85 | 1.97 | 1.64 | 1.66 |
| EUR | 0.00 | -0.45 | -0.39 | -0.25 | -0.29 | -0.14 |
| GBP | 0.75 | 0.69 | 0.78 | 0.95 | 0.80 | 0.88 |

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

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

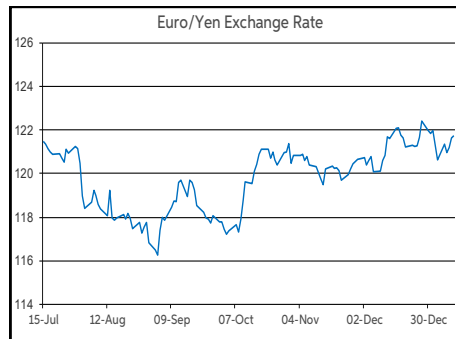
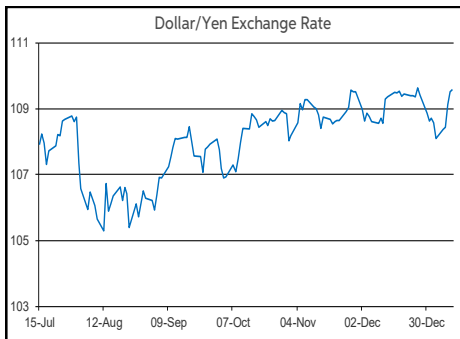


Opening Levels

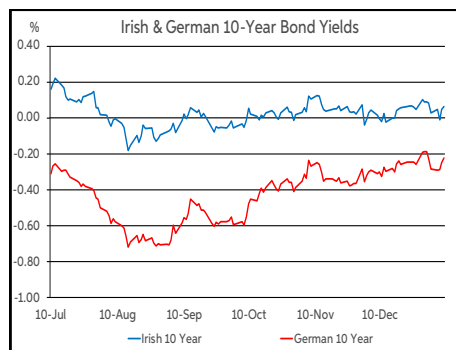
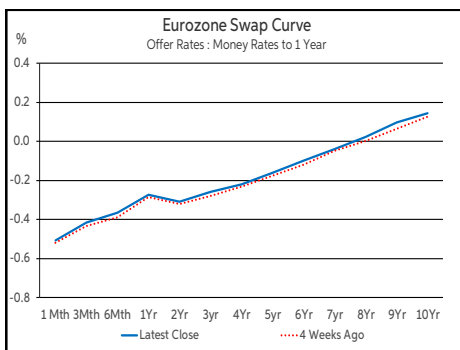
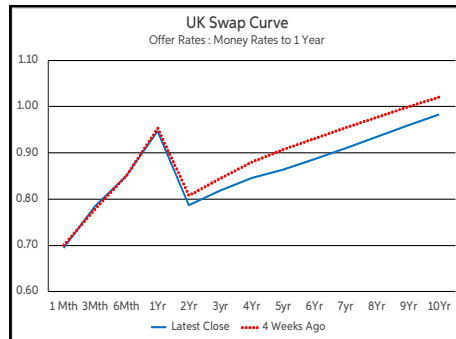
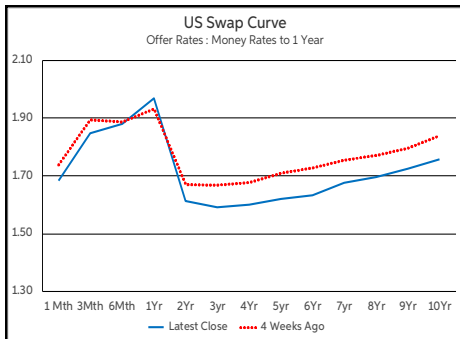
Friday 10 January 2020
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| Euro | | Sterling | | Dollar | |
|---------|---------|----------|---------|---------|---------|
| EUR/GBP | 0.8496 | GBP/EUR | 1.1766 | USD/JPY | 109.56 |
| EUR/USD | 1.1108 | GBP/USD | 1.3072 | USD/CAD | 1.3056 |
| EUR/JPY | 121.72 | GBP/CAD | 1.7069 | USD/CHF | 0.973 |
| EUR/SEK | 10.5445 | GBP/NZD | 1.9739 | USD/CNY | 6.9311 |
| EUR/DKK | 7.4729 | GBP/JPY | 143.22 | USD/BRL | 4.0935 |
| EUR/NOK | 9.8667 | GBP/SEK | 12.4029 | USD/RUB | 61.2156 |
| EUR/CHF | 1.081 | GBP/DKK | 8.7936 | USD/INR | 71.2 |
| EUR/AUD | 1.6155 | GBP/NOK | 11.6136 | AUD/USD | 0.6875 |
| EUR/HKD | 8.6272 | GBP/CHF | 1.2721 | NZD/USD | 0.662 |
| EUR/CAD | 1.4503 | GBP/AUD | 1.9012 | | |



| Debt Markets | | | | |
|---|-------|------------|---------|--------|
| | Close | Change bps | | |
| | | Day | 4 Weeks | End 19 |
| 10 Year Yield % | | | | |
| US | 1.85 | -2 | -4 | -6 |
| Germany | -0.22 | +2 | +5 | -4 |
| UK | 0.81 | -0 | -0 | -1 |
| 5 Year Swap % | | | | |
| US | 1.62 | -2 | -9 | -9 |
| Eurozone | -0.16 | +0 | +2 | -4 |
| UK | 0.86 | -3 | -4 | -3 |
| 2 Year Swap % | | | | |
| US | 1.61 | -2 | -6 | -9 |
| Eurozone | -0.31 | -1 | +1 | -2 |
| UK | 0.79 | -4 | -2 | -2 |
| 10 Year Government Bond Spreads to Benchmark bps | | | | |
| Ireland | 29 | -1 | -1 | +1 |
| Belgium | 26 | -1 | -3 | -1 |
| France | 28 | -1 | -3 | -3 |
| Italy | 160 | -5 | +0 | +3 |
| Spain | 67 | -0 | -5 | +2 |
| Portugal | 62 | +0 | -6 | +1 |
| Greece | 158 | -4 | +2 | -1 |



| Commodities | | | | |
|----------------|----------|-------|---------|--------|
| | % Change | | | |
| | Close | Day | 4 Weeks | End 19 |
| Brent Oil | 65.37 | -0.11 | +1.82 | -0.95 |
| West Texas Oil | 59.56 | -0.15 | +0.64 | -2.58 |
| Gold \$ | 1552.5 | -0.22 | +5.64 | +2.29 |

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