

## Euro higher post-ECB update

Yesterday's global macro calendar was on the sparse side. However, the key event of the day did provide some directional impact on financial markets. The latest ECB 'account' from its December policy meeting contained a more hawkish tone/references than markets had been anticipating. The text noted that the "language pertaining to various dimensions" of its "monetary policy stance and forward guidance could be revisited early in the coming year". The ECB is currently stating that its QE programme will continue until at least September. It is also guiding that it expects to keep interest rates at their current very low levels well past the point that it concludes doing net asset purchases.

Following the ECB release, Eurozone yields rose, with the yield on 10 year German bunds up around 5bps to above 0.5%. Eurozone swap rates also moved higher, up 3-7bps along the curve. Meanwhile on equity markets, the hawkish interpretation of the 'account' saw some risk aversion on European bourses, with the Euro Stoxx 50 down 0.4% on the day. In contrast on Wall Street, the S&P 500 recorded another record high close.

On currency markets, the euro benefitted from the hawkish ECB headlines. This was reflected in EUR/USD regaining the \$1.20 level and EUR/GBP trading once again up near 89p. Elsewhere, GBP/USD has managed to move back into the \$1.35-1.36 band.

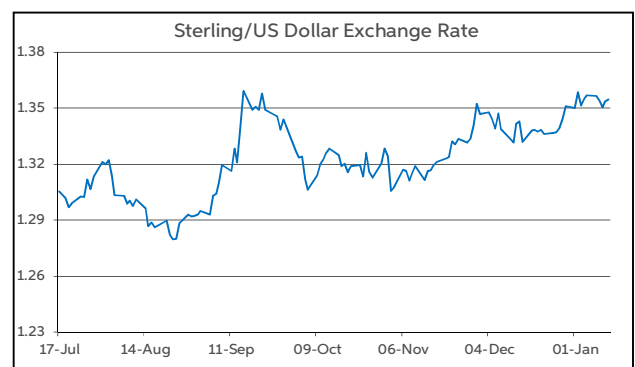
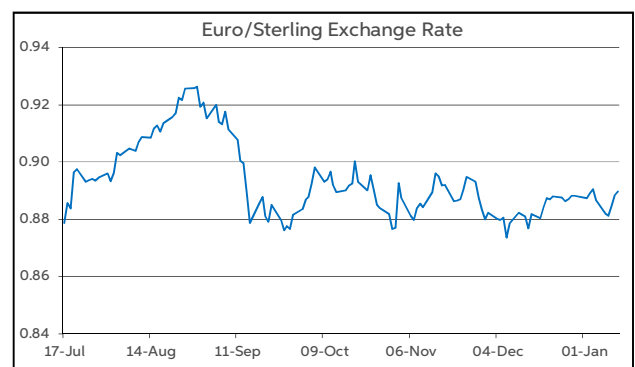
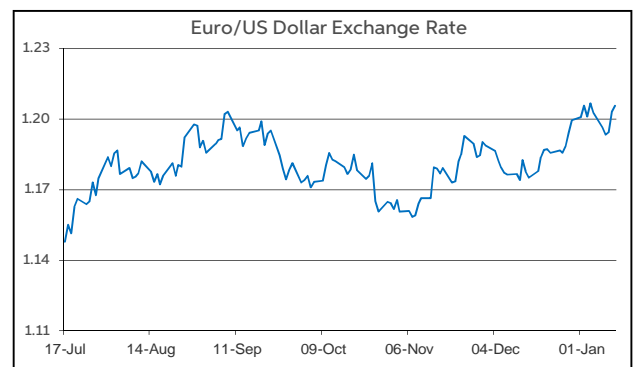
Ahead today, the week comes to a close with another relatively quiet macro schedule. The highlight being US retail sales for December. The release will be looked to for a guide as to how the all important consumer side of the economy performed at the end of 2017. A healthy monthly gain is being pencilled in by forecasters, which could provide some support to the dollar. Overall though, the main FX pairs may trade in relatively tight ranges today.

**John Fahey, Senior Economist, AIB**

Today's Opening Rates			
		% Change	
		Day *	End 2017
EUR/USD	1.2059	0.90	0.53
EUR/GBP	0.8899	0.53	0.18
GBP/USD	1.3548	0.37	0.27
GBP/EUR	1.1234	-0.53	-0.18
USD/JPY	111.32	-0.43	-1.20
EUR/JPY	134.25	0.47	-0.69

\* 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	1.56	1.72	2.16	2.17	2.38
EUR	0.00	-0.37	-0.33	-0.19	-0.12	0.39
GBP	0.50	0.50	0.52	0.78	0.86	1.14

Equity Indices				
	Latest Close	% Changes		
		on Day	End 2017 to Date	
Dow Jones	25574.73	+0.81	+3.46	
S&P 500	2767.56	+0.70	+3.51	
FTSE 100	7762.94	+0.19	+0.98	
DJ Stoxx 50	3595.24	-0.40	+2.61	
ISEQ	7041.04	-0.86	+0.04	
Nikkei	23653.82	-0.24	+3.90	

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

Friday 12 January 2018  
07:28 am



## Euro

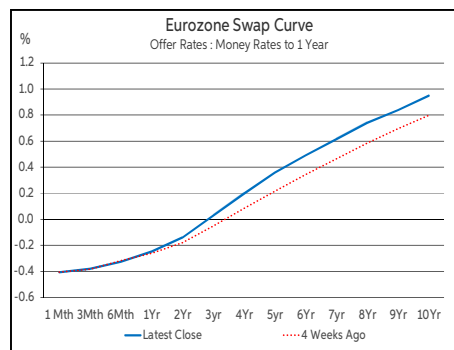
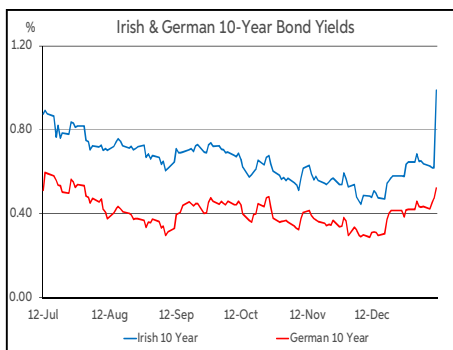
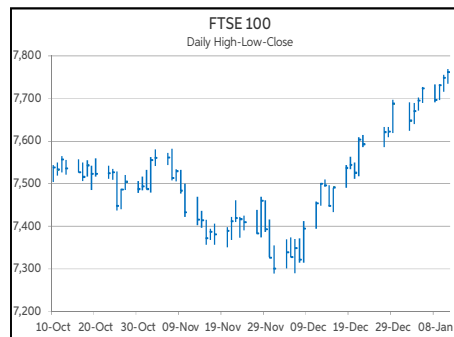
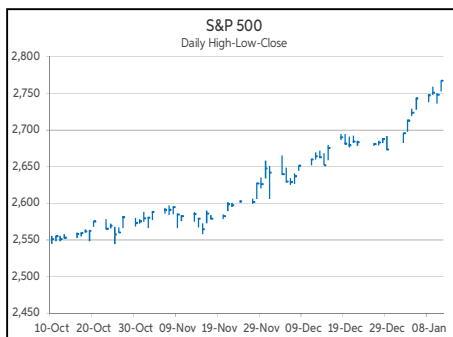
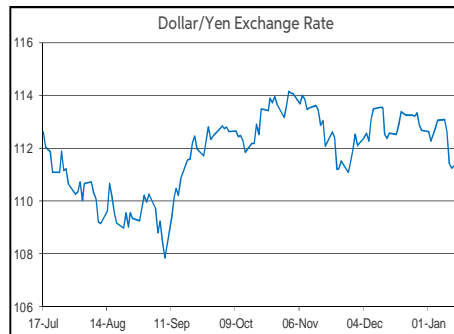
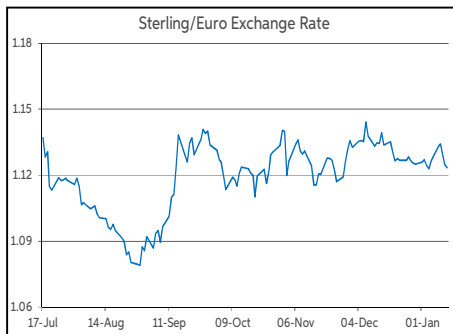
EUR/GBP	0.8899
EUR/USD	1.2059
EUR/JPY	134.25
EUR/SEK	9.7855
EUR/DKK	7.4471
EUR/NOK	9.651
EUR/CHF	1.1763
EUR/AUD	1.53
EUR/HKD	9.432
EUR/CAD	1.5118

## Sterling

GBP/EUR	1.1234
GBP/USD	1.3548
GBP/CAD	1.6988
GBP/NZD	1.8698
GBP/JPY	150.81
GBP/SEK	10.9944
GBP/DKK	8.365
GBP/NOK	10.843
GBP/CHF	1.3217
GBP/AUD	1.7186

## Dollar

USD/JPY	111.32
USD/CAD	1.2538
USD/CHF	0.9756
USD/CNY	6.4715
USD/BRL	3.2154
USD/RUB	56.5631
USD/INR	63.5575
AUD/USD	0.788
NZD/USD	0.7243



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 17
<b>10 Year Yield %</b>				
US	2.53	-2	+19	+13
Germany	0.52	+5	+21	+10
UK	1.31	+3	+14	+13
<b>5 Year Swap %</b>				
US	2.33	-5	+14	+9
Eurozone	0.36	+3	+15	+4
UK	1.14	+3	+10	+10
<b>2 Year Swap %</b>				
US	2.14	-3	+14	+6
Eurozone	-0.14	-1	+4	+0
UK	0.84	+1	+4	+4
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	47	+32	+28	+24
Belgium	20	-0	+1	+1
France	35	+0	+2	-1
Italy	152	-3	+5	-5
Spain	100	-6	-13	-12
Portugal	130	-6	-20	-18
Greece	320	+4	-57	-42

Commodities				
	Close	% Change		
		Day	4 Weeks	End 17
Brent Oil	69.26	+0.09	+9.40	+3.57
West Texas Oil	63.81	+0.33	+11.95	+5.54
CRB - All Commodity	195.16	+0.17	+5.94	+0.67
CRB - Food	343.32	-0.95	+1.40	+2.17
Gold \$	1322.5	+0.37	+5.55	+1.52

This publication is for information purposes and is not an invitation to deal. The information is believed to be reliable but is not guaranteed. Any expressions of opinions are subject to change without notice. This publication is not to be reproduced in whole or in part without prior permission. In the Republic of Ireland it is distributed by Allied Irish Banks, p.l.c. In the UK it is distributed by Allied Irish Banks, p.l.c. and Allied Irish Bank (GB). In Northern Ireland it is distributed by First Trust Bank. In the United States of America it is distributed by Allied Irish Banks, p.l.c. Allied Irish Banks, p.l.c. is regulated by the Central Bank of Ireland. Allied Irish Bank (GB) and First Trust Bank are trade marks used under licence by AIB Group (UK) p.l.c. (a wholly owned subsidiary of Allied Irish Banks, p.l.c.), incorporated in Northern Ireland. Registered Office 92 Ann Street, Belfast BT1 3HH. Registered Number NI018800. Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. In the United States of America, Allied Irish Banks, p.l.c., New York Branch, is a branch licensed by the New York State Department of Financial Services. Deposits and other investment products are not FDIC insured, they are not guaranteed by any bank and they may lose value. Please note that telephone calls may be recorded in line with market practice.