

## Euro/Dollar above \$1.22

There was some volatility on currency markets last week. Concerns over US Treasuries and mixed US data were unhelpful for the dollar. A more hawkish tone from the latest ECB minutes (could 'revisit' forward guidance in coming months), followed by some further hawkish ECB comments, provided a boost to the euro. The currency was also supported by further strong Eurozone data, as well as progress in German government coalition talks. Meantime, the yen adopted a firmer tone, as the BoJ announced that it was trimming long dated bond purchases.

The dollar has moved even lower since Friday's European close. In level terms, the EUR/USD pair hit a three year high of \$1.224 and remains above \$1.22 this morning. Cable (GBP/USD) has moved up to the mid-point of the \$1.37-1.38 range, its highest level since the Brexit vote. Meantime, USD/JPY has slipped back to below the ¥111 level. Elsewhere, the EUR/GBP pair is little changed on the week, continuing to trade up close to the 89p mark.

There is a relatively light data/events schedule in the coming days. Of the data which are due, UK CPI inflation (hold at 3.1%) and retail sales for December will garner some interest. For the dollar, US industrial production for December (further healthy pick-up) is the main release. There are no major releases due in the Eurozone. In Canada, the BoC is expected to raise rates from 1% to 1.25%, which may benefit the Canadian dollar.

Overall though, currency watchers could continue to take direction this week from non-data related cues (e.g. monetary policy outlook, political developments, bond markets). Therefore, it will be interesting to see if the EUR/USD pair can hold up near its three year high in the coming days.

### Dara Turnbull, Economist, AIB

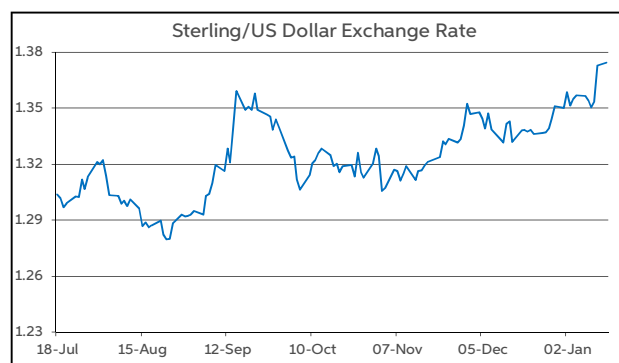
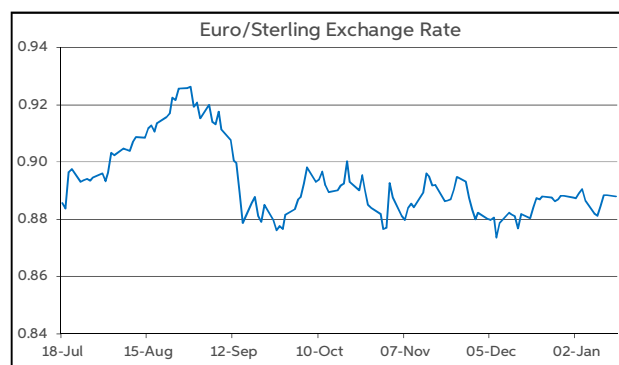
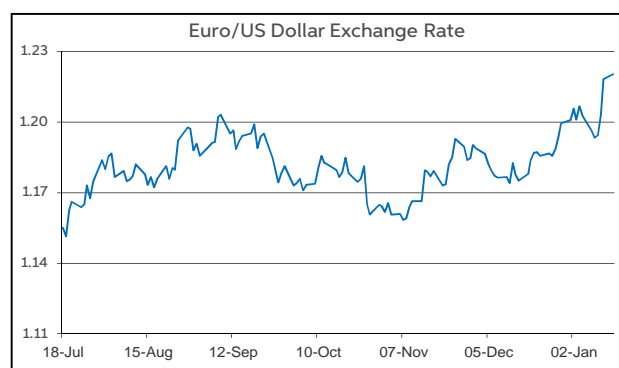
| Opening Interest Rates |           |            |       |        |           |      |
|------------------------|-----------|------------|-------|--------|-----------|------|
|                        | Base Rate | Short Term |       |        | Long Term |      |
|                        |           | 1-Mth      | 3-Mth | 12-Mth | 2-Yr      | 5-Yr |
| USD                    | 1.375     | 1.56       | 1.72  | 2.17   | 2.20      | 2.39 |
| EUR                    | 0.00      | -0.37      | -0.33 | -0.19  | -0.12     | 0.39 |
| GBP                    | 0.50      | 0.50       | 0.52  | 0.78   | 0.88      | 1.18 |

| Equity Indices |              |           |                  |  |
|----------------|--------------|-----------|------------------|--|
|                | Latest Close | % Changes |                  |  |
|                |              | on Day    | End 2017 to Date |  |
| Dow Jones      | 25803.19     | +0.89     | +4.39            |  |
| S&P 500        | 2786.24      | +0.67     | +4.21            |  |
| FTSE 100       | 7778.64      | +0.20     | +1.18            |  |
| DJ Stoxx 50    | 3612.61      | +0.48     | +3.10            |  |
| ISEQ           | 7074.44      | +0.47     | +0.51            |  |
| Nikkei         | 23714.88     | +0.26     | +4.17            |  |

| Today's Opening Rates |        |          |          |
|-----------------------|--------|----------|----------|
|                       |        | % Change |          |
|                       |        | Day *    | End 2017 |
| EUR/USD               | 1.2202 | 1.33     | 1.72     |
| EUR/GBP               | 0.8877 | -0.18    | -0.07    |
| GBP/USD               | 1.3743 | 1.48     | 1.71     |
| GBP/EUR               | 1.1259 | 0.18     | 0.07     |
| USD/JPY               | 110.85 | -0.35    | -1.62    |
| EUR/JPY               | 135.28 | 0.98     | 0.07     |

\* v Previous Day's European Open

See Next Page for More Rates ▶▶▶



All rates quoted are indicative market rates

See Next Page For More Rates & Charts

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

# Opening Levels

Monday 15 January 2018  
07:45 am



## Euro

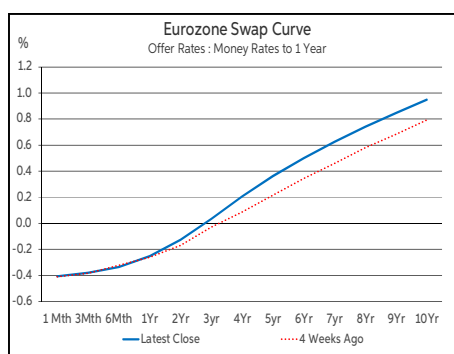
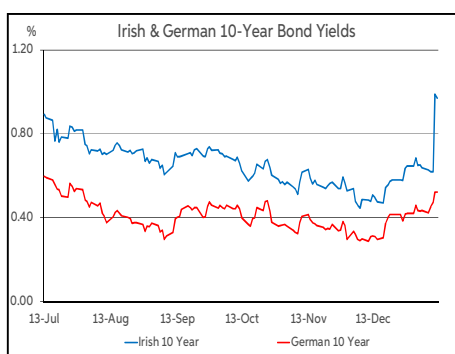
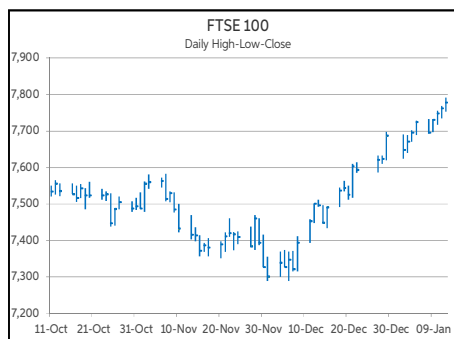
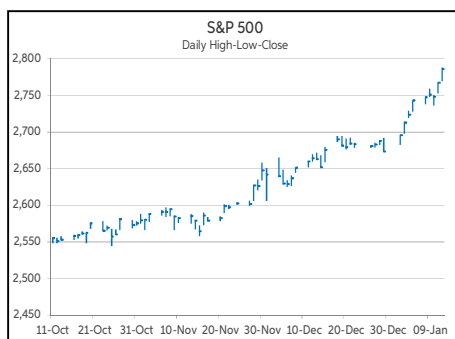
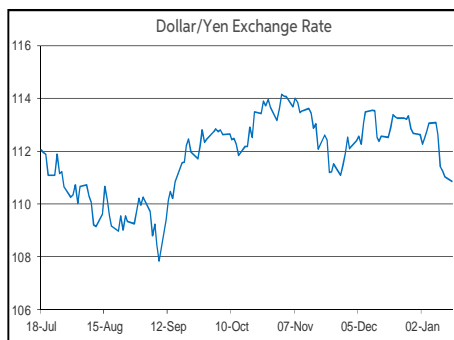
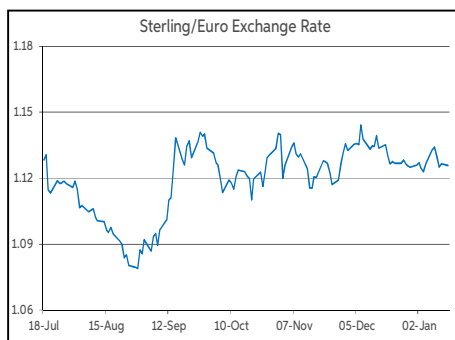
|         |        |
|---------|--------|
| EUR/GBP | 0.8877 |
| EUR/USD | 1.2202 |
| EUR/JPY | 135.28 |
| EUR/SEK | 9.8224 |
| EUR/DKK | 7.4495 |
| EUR/NOK | 9.6604 |
| EUR/CHF | 1.1803 |
| EUR/AUD | 1.5364 |
| EUR/HKD | 9.5465 |
| EUR/CAD | 1.5189 |

## Sterling

|         |         |
|---------|---------|
| GBP/EUR | 1.1259  |
| GBP/USD | 1.3743  |
| GBP/CAD | 1.7107  |
| GBP/NZD | 1.8907  |
| GBP/JPY | 152.34  |
| GBP/SEK | 11.0617 |
| GBP/DKK | 8.3879  |
| GBP/NOK | 10.8806 |
| GBP/CHF | 1.3293  |
| GBP/AUD | 1.7299  |

## Dollar

|         |         |
|---------|---------|
| USD/JPY | 110.85  |
| USD/CAD | 1.2446  |
| USD/CHF | 0.9672  |
| USD/CNY | 6.4414  |
| USD/BRL | 3.2053  |
| USD/RUB | 56.3175 |
| USD/INR | 63.465  |
| AUD/USD | 0.7942  |
| NZD/USD | 0.7266  |



| Debt Markets  |       |            |         |        |
|---|-------|------------|---------|--------|
|   | Close | Change bps |         |        |
|   |       | Day        | 4 Weeks | End 17 |
| <b>10 Year Yield %</b>                                  |       |            |         |        |
| US  | 2.55  | +1         | +20     | +14    |
| Germany   | 0.52  | +0         | +23     | +10    |
| UK  | 1.34  | +3         | +19     | +16    |
| Ireland   | 0.97  | -2         | N/A     | N/A    |
| Belgium   | 0.71  | -1         | +23     | +10    |
| France  | 0.86  | -1         | +24     | +8     |
| Italy   | 1.96  | -9         | +16     | -3     |
| Spain   | 1.48  | -4         | +4      | -6     |
| Portugal  | 1.79  | -3         | +0      | -10    |
| Greece  | 3.82  | +10        | -7      | -22    |
| <b>5 Year Swap %</b>                                    |       |            |         |        |
| US  | 2.37  | +0         | +17     | +13    |
| Eurozone  | 0.36  | -2         | +15     | +5     |
| UK  | 1.16  | +2         | +13     | +13    |
| <b>2 Year Swap %</b>                                    |       |            |         |        |
| US  | 2.18  | +1         | +15     | +10    |
| Eurozone  | -0.12 | -1         | +5      | +2     |
| UK  | 0.86  | +1         | +8      | +6     |
| <b>10 Year Government Bond Spreads to Benchmark bps</b> |       |            |         |        |
| Ireland   | 45    | -2         | N/A     | N/A    |
| Belgium   | 19    | -1         | +0      | -0     |
| France  | 34    | -1         | +1      | -2     |
| Italy   | 144   | -9         | -7      | -14    |
| Spain   | 96    | -4         | -19     | -16    |
| Portugal  | 127   | -3         | -22     | -20    |
| Greece  | 330   | +10        | -29     | -33    |

| Commodities         |        |          |         |        |
|---------------------|--------|----------|---------|--------|
|                     | Close  | % Change |         |        |
|                     |        | Day      | 4 Weeks | End 17 |
| Brent Oil           | 69.87  | +0.88    | +10.50  | +4.49  |
| West Texas Oil      | 64.22  | +0.64    | +12.10  | +6.22  |
| CRB - All Commodity | 196.06 | +0.46    | +6.25   | +1.13  |
| CRB - Food          | 343.32 | -0.95    | +1.53   | +2.17  |
| Gold \$             | 1338.5 | +1.21    | +6.62   | +2.75  |

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