

Dollar remains out of favour

Investor sentiment was holding a muted tone yesterday. A lack of any major data releases or events combined with the fact that US markets were closed (Martin Luther King Day) contributed to the lacklustre action. This was evident on equity markets with the major European bourses in sideways mode. Indeed, at the close yesterday evening, the Euro Stoxx 50 was unchanged on the day.

Meanwhile on currency markets, the dollar remained on the defensive yesterday, with its softer tone from last week carrying over to the start of this week. It continued to struggle against a host of other currencies, with the dollar index down at its lowest level since late 2014.

It has been a tough start to 2018 for the dollar. The currency is now down around 2% on the exchanges. There appears to be no one specific driver behind this weakness, rather a combination of factors. These include, the rally in commodity prices, improving data outside the US, doubts about the extent of Fed tightening, while at the same time both the ECB and BoJ have scaled back on QE.

In level terms, the weaker dollar tone is evident in EUR/USD consolidating its position above the \$1.22 mark, opening this morning around the midpoint of the \$1.22-1.23 band. GBP/USD is up near \$1.38 and USD/JPY remains below ¥111. Elsewhere, the EUR/GBP pair has been mostly changing hands over the last 24 hours in a tight range close to the 89p mark.

Today, UK CPI data for December is the main release of note. However, the focus of attention is likely to remain on the dollar's performance as US markets return from their long weekend. The currency appears very much out of favour with markets at present.

John Fahey, Senior Economist, AIB

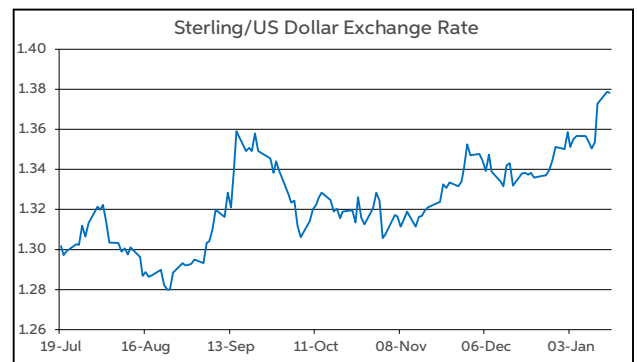
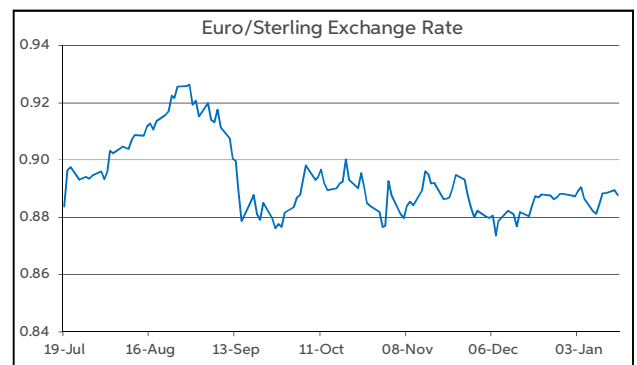
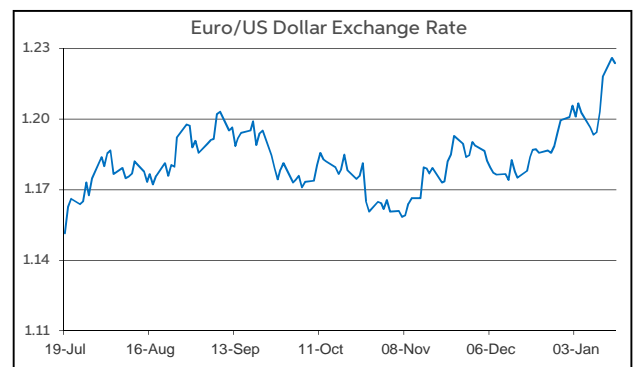
Opening Interest Rates						
	Base Rate	Short Term			Long Term	
		1-Mth	3-Mth	12-Mth	2-Yr	5-Yr
USD	1.375	1.56	1.73	2.19	2.20	2.40
EUR	0.00	-0.37	-0.33	-0.19	-0.11	0.39
GBP	0.50	0.50	0.52	0.78	0.87	1.16

Equity Indices				
	Latest Close	% Changes		
		on Day	End 2017 to Date	
Dow Jones	25803.19	+0.00	+4.39	
S&P 500	2786.24	+0.00	+4.21	
FTSE 100	7769.14	-0.12	+1.06	
DJ Stoxx 50	3611.81	-0.02	+3.08	
ISEQ	7092.67	+0.26	+0.77	
Nikkei	23951.81	+1.00	+5.21	

Today's Opening Rates			
		% Change	
		Day *	End 2017
EUR/USD	1.2239	0.15	2.03
EUR/GBP	0.8879	-0.11	-0.05
GBP/USD	1.3782	0.27	2.00
GBP/EUR	1.1259	0.11	0.05
USD/JPY	110.77	0.07	-1.69
EUR/JPY	135.58	0.21	0.30

* 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

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Opening Levels

Tuesday 16 January 2018
07:27 am



Euro

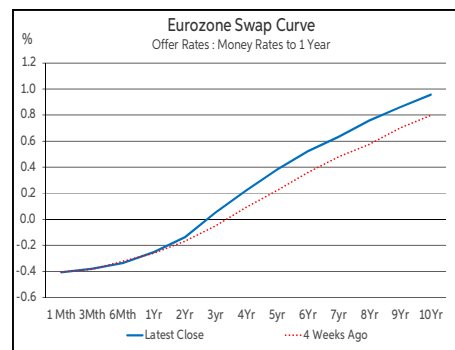
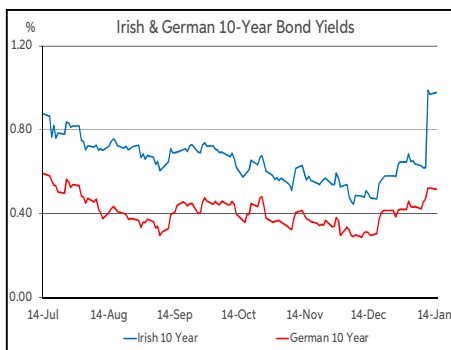
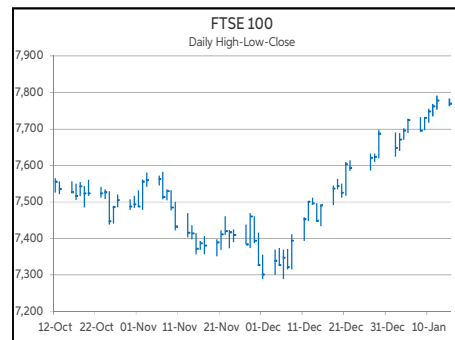
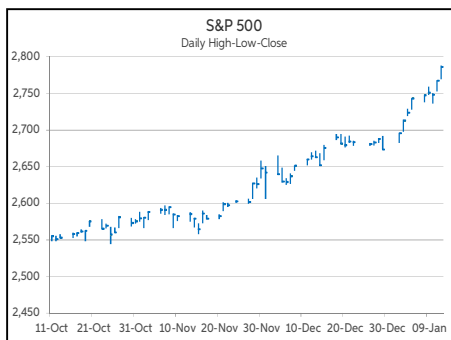
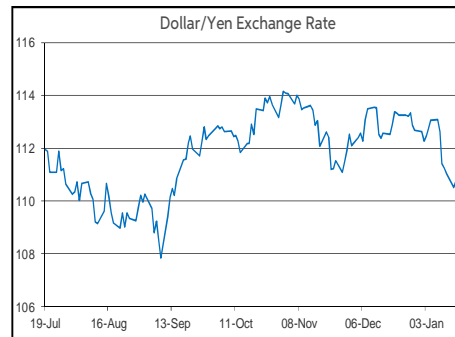
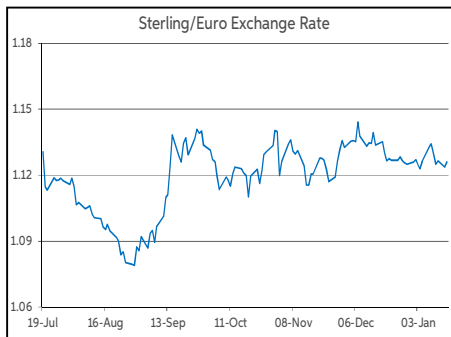
EUR/GBP	0.8879
EUR/USD	1.2238
EUR/JPY	135.58
EUR/SEK	9.8239
EUR/DKK	7.4484
EUR/NOK	9.6573
EUR/CHF	1.1795
EUR/AUD	1.5378
EUR/HKD	9.5753
EUR/CAD	1.5217

Sterling

GBP/EUR	1.1259
GBP/USD	1.3783
GBP/CAD	1.7137
GBP/NZD	1.8934
GBP/JPY	152.67
GBP/SEK	11.0602
GBP/DKK	8.3873
GBP/NOK	10.8758
GBP/CHF	1.3282
GBP/AUD	1.7314

Dollar

USD/JPY	110.77
USD/CAD	1.2433
USD/CHF	0.9636
USD/CNY	6.433
USD/BRL	3.2162
USD/RUB	56.42
USD/INR	63.85
AUD/USD	0.7958
NZD/USD	0.7278



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 17
10 Year Yield %				
US	2.55	+1	+16	+14
Germany	0.52	-0	+22	+10
UK	1.32	-2	+17	+14
Ireland	0.98	+1	N/A	N/A
Belgium	0.72	+1	+24	+11
France	0.86	+0	+24	+8
Italy	1.99	+3	+20	-0
Spain	1.51	+3	+9	-3
Portugal	1.78	-2	+2	-12
Greece	3.82	-0	-5	-23
5 Year Swap %				
US	2.36	-1	+16	+12
Eurozone	0.38	-1	+16	+6
UK	1.15	-1	+13	+12
2 Year Swap %				
US	2.18	-2	+14	+9
Eurozone	-0.14	-3	+3	+0
UK	0.86	-1	+8	+6
10 Year Government Bond Spreads to Benchmark bps				
Ireland	46	+1	N/A	N/A
Belgium	20	+1	+2	+1
France	34	+0	+3	-2
Italy	147	+4	-2	-10
Spain	99	+4	-12	-13
Portugal	126	-1	-20	-22
Greece	330	+0	-26	-32

Commodities				
	Close	% Change		
		Day	4 Weeks	End 17
Brent Oil	70.26	+0.56	+10.80	+5.07
West Texas Oil	64.22	+0.64	+12.33	+6.22
CRB - All Commodity	196.06	+0.46	+5.74	+1.13
CRB - Food	341.09	+0.00	+0.98	+1.50
Gold \$	1340.7	+0.16	+6.23	+2.92

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