

Uneventful 24 hours on FX front

There was a relatively muted tone to investor sentiment yesterday. Some upbeat corporate trading updates did provide some support to European equity markets. However, the mood was more cautious on Wall Street, coinciding with a fall in oil prices. The S&P 500 index closed last night with a modest fall on the day.

It was also an uneventful day on currency markets. A sparse data calendar meant there was little to provide direction. As a result, the action was confined to tight ranges, with the euro slightly lower. So as trading session gets underway this morning, the main pairs are broadly unchanged from 24 hours earlier.

Overall then, the dollar remains on the defensive, although it has edged up from its lows against both the euro and sterling. The dollar's current difficulties are reflected in EUR/USD opening above \$1.22 and GBP/USD above the midpoint of the \$1.37-1.38 band. Elsewhere, EUR/GBP continues to trade in a tight range in the upper half of 88-89p.

The most up to date FX positioning data show that net euro long positions are at record highs, while net long sterling positions are at their highest level since September 2014. At the same time, dollar short positions are at their highest level since October last year. This suggests that if President Draghi disappoints the building expectations for more hawkish rhetoric at next week's ECB meeting, then the euro could come under some downward pressure.

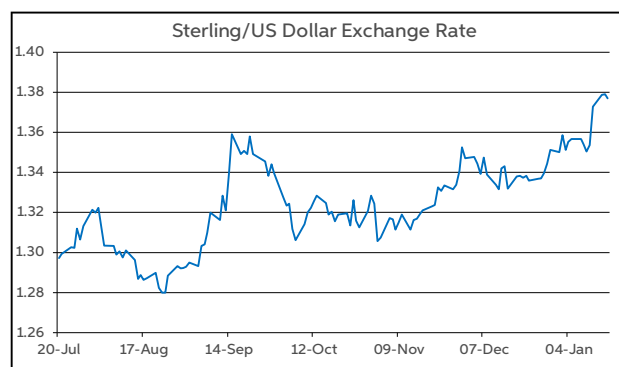
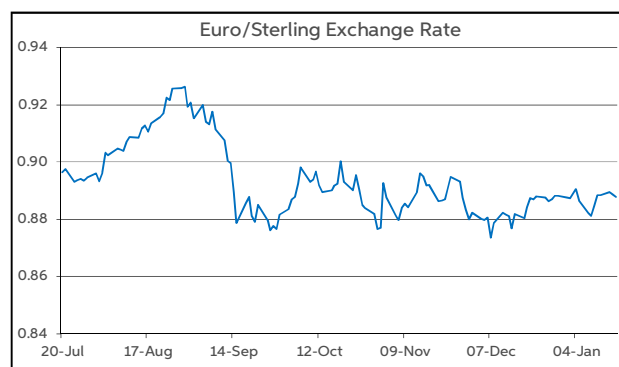
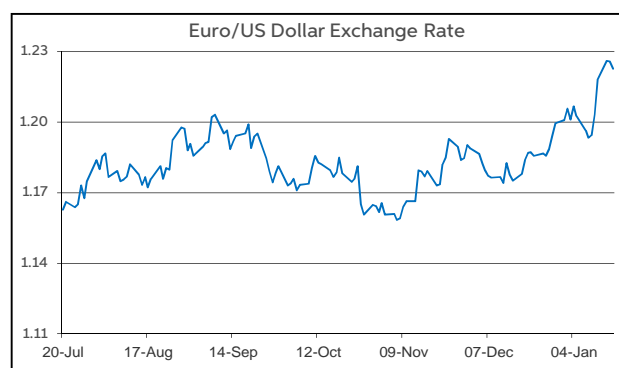
In terms of the immediate future, the focus today for markets will be on the Bank of Canada (3pm). A rate hike is anticipated (25bps to 1.25%) and in turn has the potential to support the Canadian dollar. It also serves to highlight a key theme for financial markets this year of global monetary policy moving towards a tightening bias.

John Fahey, Senior Economist, AIB

Today's Opening Rates			
		% Change	
		Day *	End 2017
EUR/USD	1.2227	-0.29	1.93
EUR/GBP	0.8876	-0.19	-0.08
GBP/USD	1.3772	-0.12	1.92
GBP/EUR	1.1262	0.19	0.08
USD/JPY	110.76	-0.07	-1.70
EUR/JPY	135.42	-0.37	0.18

* 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	1.73	2.20	2.22	2.41
EUR	0.00	-0.37	-0.33	-0.19	-0.12	0.38
GBP	0.50	0.50	0.52	0.77	0.85	1.14

Equity Indices				
	Latest Close	% Changes		
		on Day	End 2017 to Date	
Dow Jones	25792.86	-0.04	+4.34	
S&P 500	2776.42	-0.35	+3.85	
FTSE 100	7755.93	-0.17	+0.89	
DJ Stoxx 50	3622.01	+0.28	+3.37	
ISEQ	7066.95	-0.36	+0.41	
Nikkei	23868.34	-0.35	+4.85	

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

Wednesday 17 January 2018
07:30 am



Euro

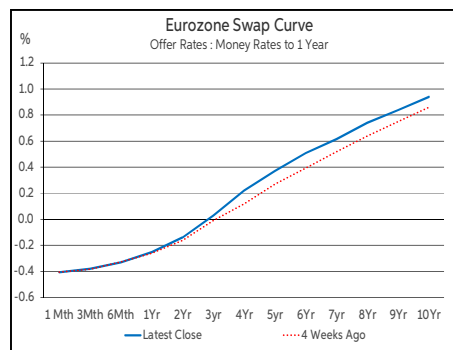
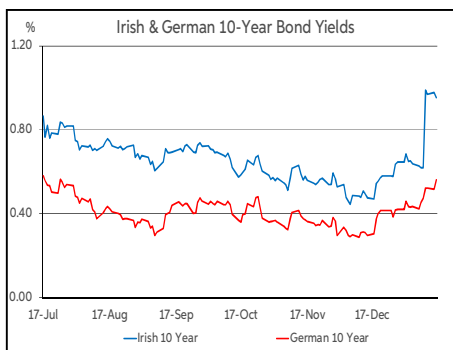
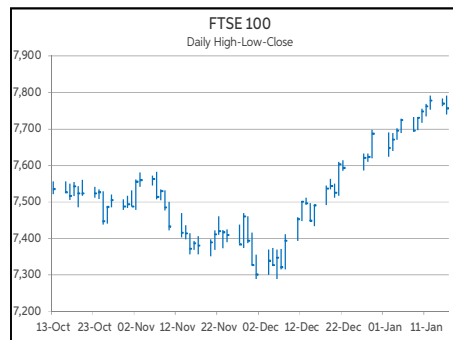
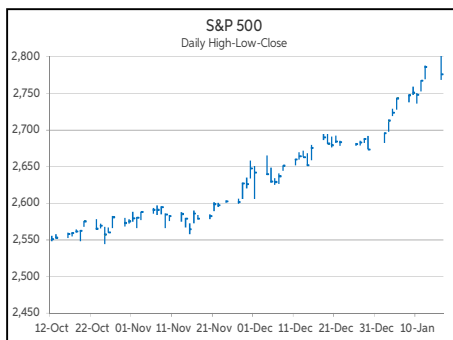
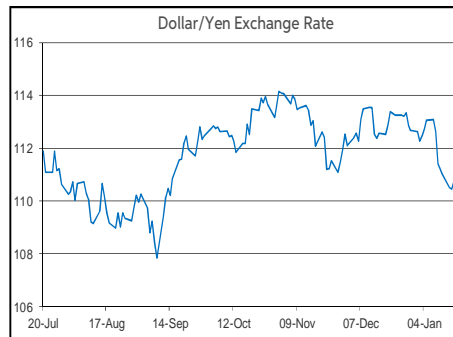
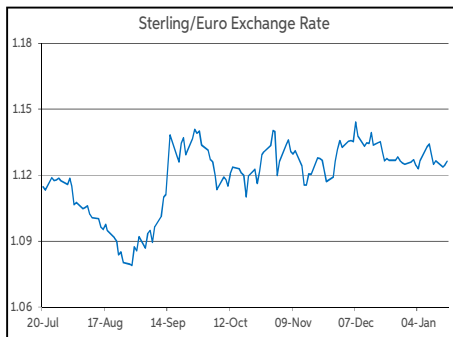
EUR/GBP	0.8876
EUR/USD	1.2227
EUR/JPY	135.42
EUR/SEK	9.843
EUR/DKK	7.4484
EUR/NOK	9.642
EUR/CHF	1.1774
EUR/AUD	1.5381
EUR/HKD	9.5604
EUR/CAD	1.5222

Sterling

GBP/EUR	1.1262
GBP/USD	1.3772
GBP/CAD	1.7146
GBP/NZD	1.9021
GBP/JPY	152.52
GBP/SEK	11.0833
GBP/DKK	8.3893
GBP/NOK	10.86
GBP/CHF	1.3263
GBP/AUD	1.7326

Dollar

USD/JPY	110.75
USD/CAD	1.2449
USD/CHF	0.9628
USD/CNY	6.437
USD/BRL	3.2242
USD/RUB	56.6266
USD/INR	63.865
AUD/USD	0.7948
NZD/USD	0.7237



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 17
10 Year Yield %				
US	2.54	-1	+8	+13
Germany	0.56	+4	+19	+14
UK	1.30	-2	+10	+12
Ireland	0.95	-3	N/A	N/A
Belgium	0.69	-2	+13	+8
France	0.83	-3	+16	+5
Italy	1.96	-3	+5	-3
Spain	1.49	-3	+2	-6
Portugal	1.76	-1	-1	-13
Greece	3.70	-11	-32	-34
5 Year Swap %				
US	2.37	-3	+10	+12
Eurozone	0.37	-3	+10	+5
UK	1.13	-3	+8	+10
2 Year Swap %				
US	2.18	-3	+13	+9
Eurozone	-0.14	-3	+2	+0
UK	0.84	-3	+5	+4
10 Year Government Bond Spreads to Benchmark bps				
Ireland	39	-7	N/A	N/A
Belgium	13	-7	-6	-6
France	27	-7	-3	-9
Italy	140	-7	-14	-17
Spain	93	-7	-17	-20
Portugal	120	-6	-20	-27
Greece	314	-16	-50	-48

Commodities				
	Close	% Change		
		Day	4 Weeks	End 17
Brent Oil	69.15	-1.58	+8.39	+3.41
West Texas Oil	63.82	-0.62	+11.01	+5.56
CRB - All Commodity	195.11	-0.48	+4.89	+0.64
CRB - Food	339.48	-1.61	+0.36	+1.02
Gold \$	1338.7	-0.15	+6.09	+2.77

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.