

## UK retail sales in focus

There was another subdued day of action on currency markets yesterday. The data highlight, US retail sales for December, had little dollar impact. This was to be expected as the headline figure printed in line with expectations (+0.3%). While the December reading was positive, revisions made to October/November data suggest that consumer spending may have moderated in the final quarter of the year.

In the Eurozone, the ECB's account of its December meeting provided no fresh policy sights. Similarly, a speech by President Lagarde yesterday evening was a non-event for the euro.

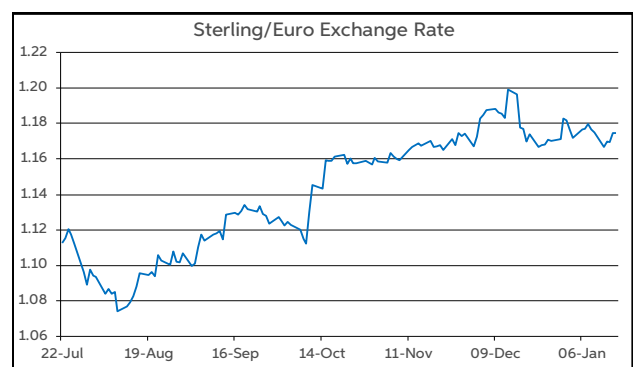
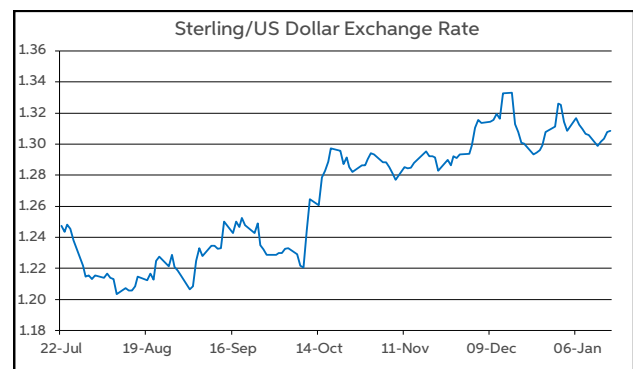
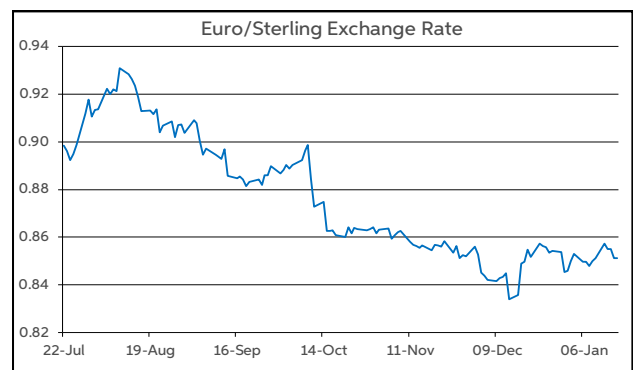
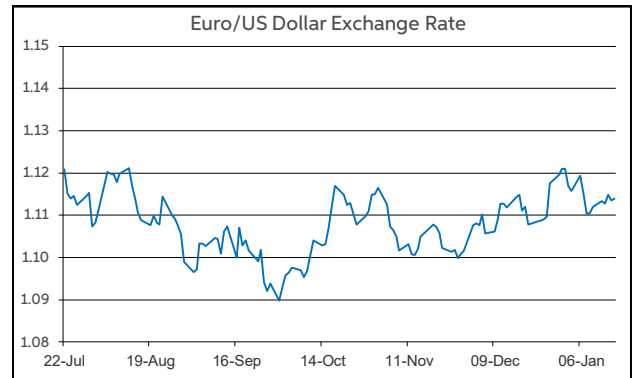
Of the limited action on currency markets to register, sterling is slightly firmer this morning. EUR/GBP has moved down towards the 85p level, while GBP/USD is in the upper half of \$1.30-1.31. Meantime, EUR/USD remains just below the \$1.115 mark.

Elsewhere, US equities performed well yesterday. Boosted by sector specific newsflow and good earnings results, the S&P 500 gained 0.8% on the day and hit a new record high.

Today, UK retail sales for December are the highlight. The Black Friday sales, as well as some abatement in Brexit uncertainty following the Tory election win, are expected to see expenditure register robust gains (f'cast +0.5%).

In terms of market impact, a strong report may help assuage some concerns that the UK economy has stagnated and aid sterling. However, if the data disappoint, the currency could move lower as it may add to the speculation that the BoE will cut rates at end January. Meanwhile, the Eurozone and US macro schedules are unlikely to be a source of direction for the euro or the dollar.

**Conor Beakey, Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2019
EUR/USD	1.1138	-0.10	-0.64
EUR/GBP	0.8513	-0.36	0.70
GBP/USD	1.3082	0.26	-1.33
GBP/EUR	1.1741	0.36	-0.69
USD/JPY	110.2	0.25	1.46
EUR/JPY	122.75	0.15	0.76

\* v Previous Day's European Open

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Opening Interest Rates						
Base Rate	Short Term			Long Term		
	1-Mth	3-Mth	12-Mth	2-Yr	5-Yr	
USD	1.625	1.66	1.83	1.93	1.64	1.61
EUR	0.00	-0.46	-0.39	-0.25	-0.30	-0.15
GBP	0.75	0.66	0.72	0.82	0.65	0.71

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

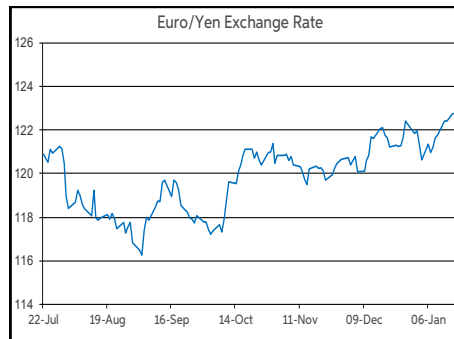
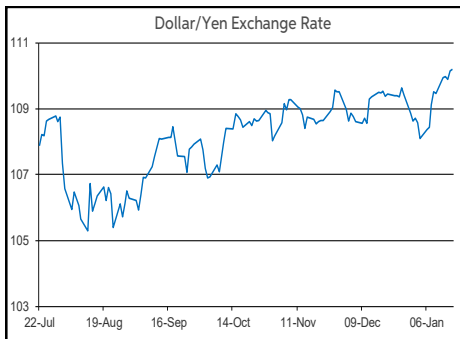
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIB 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

# Opening Levels

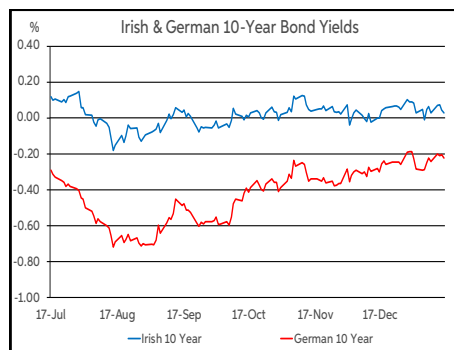
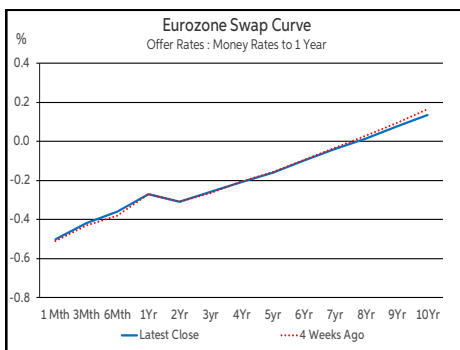
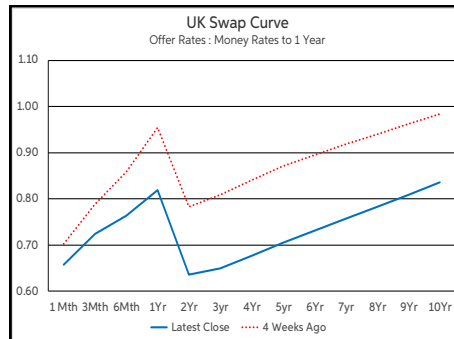
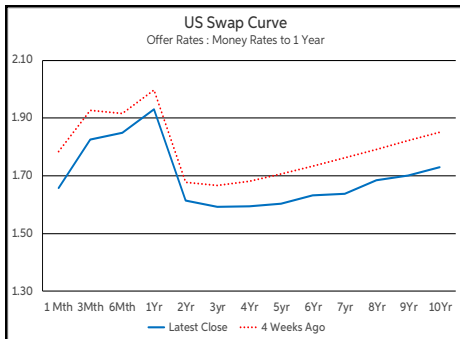
Friday 17 January 2020  
07:17 am



Euro		Sterling		Dollar	
EUR/GBP	0.8513	GBP/EUR	1.1745	USD/JPY	110.21
EUR/USD	1.1139	GBP/USD	1.3084	USD/CAD	1.3037
EUR/JPY	122.75	GBP/CAD	1.7054	USD/CHF	0.9647
EUR/SEK	10.572	GBP/NZD	1.9685	USD/CNY	6.8591
EUR/DKK	7.4726	GBP/JPY	144.2	USD/BRL	4.1847
EUR/NOK	9.8992	GBP/SEK	12.4177	USD/RUB	61.5618
EUR/CHF	1.0748	GBP/DKK	8.776	USD/INR	71.025
EUR/AUD	1.6132	GBP/NOK	11.6248	AUD/USD	0.6903
EUR/HKD	8.6537	GBP/CHF	1.2622	NZD/USD	0.6644
EUR/CAD	1.4526	GBP/AUD	1.8948		



	Close	Change bps		
		Day	4 Weeks	End 19
<b>10 Year Yield %</b>				
US	1.81	+2	-11	-11
Germany	-0.22	-2	+2	-3
UK	0.64	-1	-16	-18
<b>5 Year Swap %</b>				
US	1.60	-1	-10	-11
Eurozone	-0.16	-1	-0	-4
UK	0.70	-1	-17	-19
<b>2 Year Swap %</b>				
US	1.61	-1	-6	-8
Eurozone	-0.31	-2	-0	-2
UK	0.64	-1	-15	-17
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	25	+0	-4	-3
Belgium	24	+2	-3	-3
France	26	+1	-4	-5
Italy	165	+6	+5	+9
Spain	68	+4	+2	+4
Portugal	62	+4	-2	+1
Greece	161	+3	+3	+1



	% Change			
	Close	Day	4 Weeks	End 19
Brent Oil	64.62	+0.97	-2.89	-2.09
West Texas Oil	58.52	+1.14	-4.54	-4.29
Gold \$	1553.0	-0.22	+4.99	+2.32

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