

## Euro not helped by ECB comments

US equity markets continued to show their on-going optimism yesterday. This was evidenced by the fact that the S&P 500 closed up by 0.9% on the day, closing at a new all-time high above 2,800. Likewise, the Dow Jones rose by 1.3%, moving above the 26,000 mark for the first time.

In terms of yesterday's data/events schedule, the Bank of Canada delivered on expectations, raising interest rates by 25bps to 1.25%. As with other central banks which have moved to tighten policy in recent months, the BoC was keen to emphasise that future policy tightening would be very gradual. As a result, the Canadian dollar saw no upward support from the policy announcement.

On currency markets, the dollar managed to adopt a modestly firmer tone. This is despite disappointing underlying US industrial production figures for December (manufacturing flat). Meantime, some comments from ECB policy makers that euro strength was "not helpful" and that policy could remain very loose "for a long time" acted as a drag on the euro. Elsewhere, sterling has seen some modest upward support over the last 24 hours.

In level terms, the softer euro and firmer sterling sees EUR/GBP open this morning in the lower half of the 88-89p band. The EUR/USD pair has edged back below the \$1.22 mark. Meantime, cable (GBP/USD) hit a new post-Brexit referendum high of \$1.3847, remaining up near this level as trading gets underway this morning.

There is a very sparse calendar in the day ahead. Indeed, US housing starts (December) and the Philly Fed index (January) are the main releases of note. Therefore, we could see FX markets adopt a more subdued tone.

### Dara Turnbull, Economist, AIB

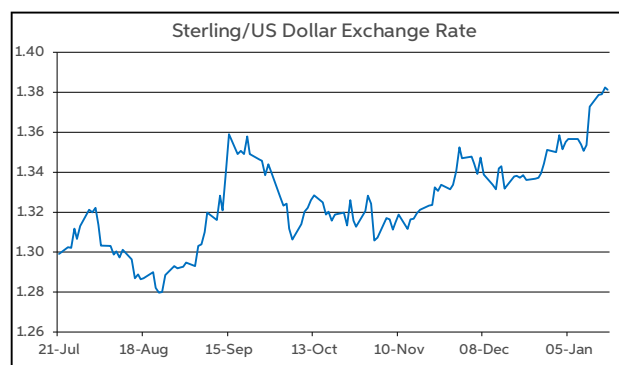
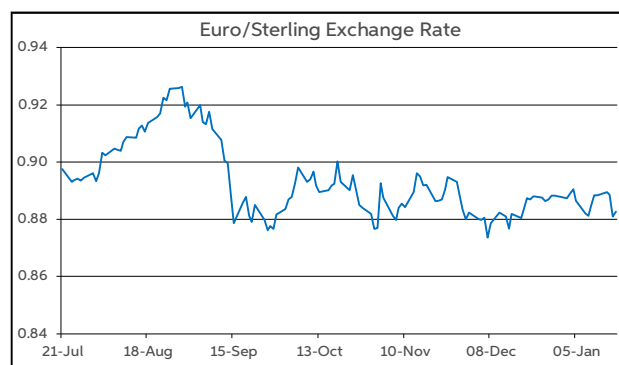
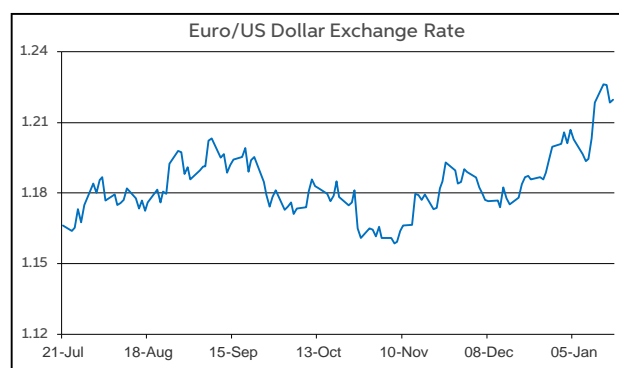
Opening Interest Rates						
	Base Rate	Short Term			Long Term	
		1-Mth	3-Mth	12-Mth	2-Yr	5-Yr
USD	1.375	1.56	1.74	2.21	2.27	2.46
EUR	0.00	-0.37	-0.33	-0.19	-0.13	0.39
GBP	0.50	0.50	0.52	0.77	0.86	1.15

Equity Indices				
	Latest Close	% Changes		
		on Day	End 2017 to Date	
Dow Jones	26115.65	+1.25	+5.65	
S&P 500	2802.56	+0.94	+4.82	
FTSE 100	7725.43	-0.39	+0.49	
DJ Stoxx 50	3612.78	-0.25	+3.11	
ISEQ	7051.74	-0.22	+0.19	
Nikkei	23763.37	-0.44	+4.39	

Today's Opening Rates			
		% Change	
		Day *	End 2017
EUR/USD	1.2191	-0.42	1.63
EUR/GBP	0.8824	-0.71	-0.66
GBP/USD	1.3811	0.28	2.21
GBP/EUR	1.1327	0.71	0.67
USD/JPY	111.26	0.37	-1.25
EUR/JPY	135.64	-0.06	0.34

\* 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 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

Thursday 18 January 2018  
07:29 am



## Euro

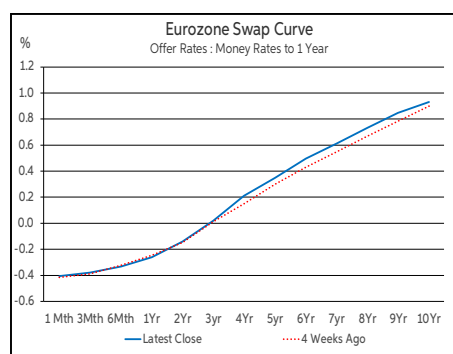
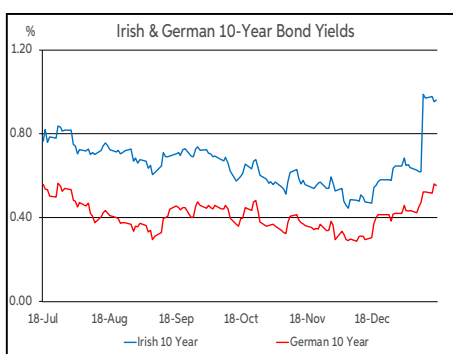
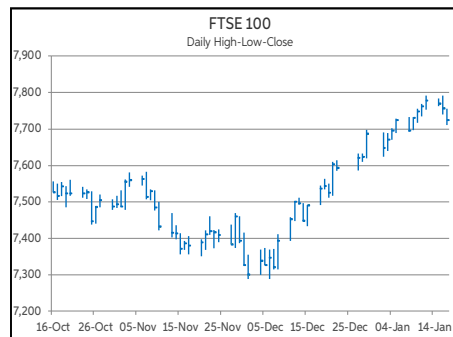
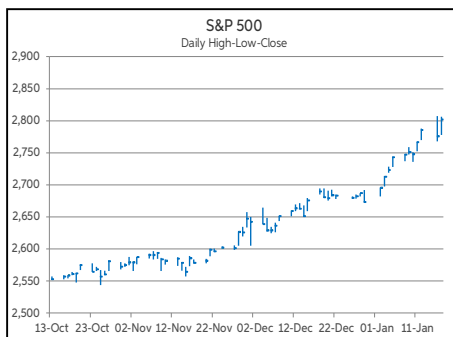
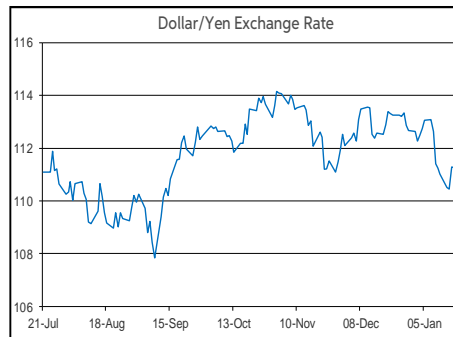
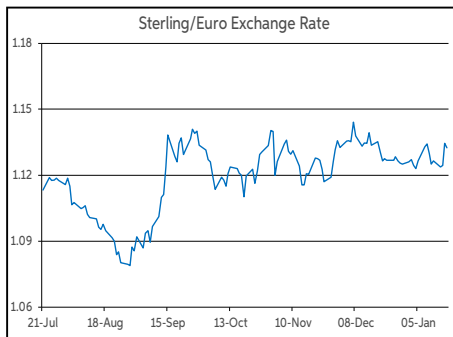
EUR/GBP	0.8824
EUR/USD	1.2191
EUR/JPY	135.64
EUR/SEK	9.8103
EUR/DKK	7.4456
EUR/NOK	9.6048
EUR/CHF	1.1764
EUR/AUD	1.5301
EUR/HKD	9.5327
EUR/CAD	1.518

## Sterling

GBP/EUR	1.1327
GBP/USD	1.3811
GBP/CAD	1.7192
GBP/NZD	1.8965
GBP/JPY	153.66
GBP/SEK	11.1105
GBP/DKK	8.4342
GBP/NOK	10.8824
GBP/CHF	1.3328
GBP/AUD	1.733

## Dollar

USD/JPY	111.26
USD/CAD	1.2452
USD/CHF	0.9649
USD/CNY	6.4336
USD/BRL	3.2237
USD/RUB	56.77
USD/INR	63.85
AUD/USD	0.7966
NZD/USD	0.728



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 17
<b>10 Year Yield %</b>				
US	2.58	+5	+9	+18
Germany	0.55	-1	+15	+14
UK	1.30	+0	+5	+12
Ireland	0.96	+1	N/A	N/A
Belgium	0.69	-1	+10	+7
France	0.81	-2	+8	+3
Italy	1.99	+3	+6	-0
Spain	1.48	-0	+2	-6
Portugal	1.77	+1	+1	-12
Greece	3.68	-2	-32	-36
<b>5 Year Swap %</b>				
US	2.41	+2	+14	+17
Eurozone	0.35	-4	+5	+3
UK	1.13	-2	+6	+10
<b>2 Year Swap %</b>				
US	2.21	-0	+13	+12
Eurozone	-0.14	-3	+1	+0
UK	0.85	-0	+4	+5
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	41	+1	N/A	N/A
Belgium	13	-0	-6	-6
France	25	-2	-8	-11
Italy	144	+4	-10	-14
Spain	93	+1	-13	-19
Portugal	122	+2	-14	-26
Greece	313	-2	-47	-50

Commodities				
	Close	% Change		
		Day	4 Weeks	End 17
Brent Oil	69.38	+0.33	+7.47	+3.75
West Texas Oil	63.92	+0.16	+10.04	+5.72
CRB - All Commodity	196.40	+0.67	+4.98	+1.31
CRB - Food	339.06	-0.42	+0.30	+0.90
Gold \$	1327.8	-0.81	+4.91	+1.93

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.