

## EUR/GBP below 88p

The action on currency markets yesterday saw sterling continue to trade higher. This coincided with reports quoting EU sources that they could be willing to accept an Article 50 extension. PM Theresa May also confirmed that the second vote on the Withdrawal Act will take place on the 29th of January. Markets appear to be taking comfort from the fact that Brexit may be delayed and therefore reduce the risk of a hard Brexit at the end of March.

Data-wise, the calendar was very sparse. Indeed, the only release of any note was the January reading of the Philly Fed index. It surprised significantly to the upside. However, as the index is only a regional indicator, there was no noticeable dollar reaction.

In level terms, the firmer tone to sterling sees EUR/GBP open this morning below the 88p mark, while cable (GBP/USD) is trading in the upper half of the \$1.29-1.30 range. Meantime, EUR/USD continues to change hands close to the \$1.14 threshold.

Today, the macro-data schedule remains barren in the Eurozone. Elsewhere, UK retail sales figures for December are due. The unwinding of November's 'Black Friday' boost is expected to result in sales falling sharply by 0.8% in the month. However, given the markets preoccupation with Brexit, the impact on sterling from the releases may be limited.

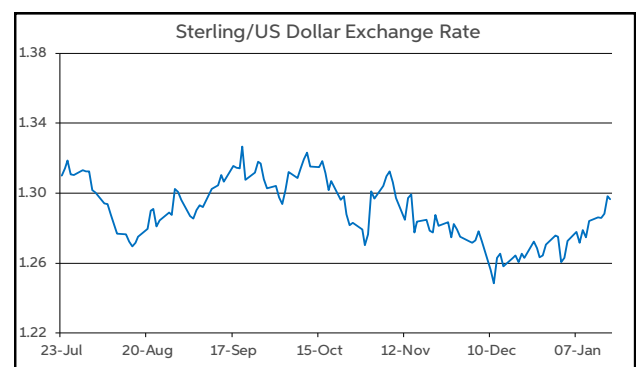
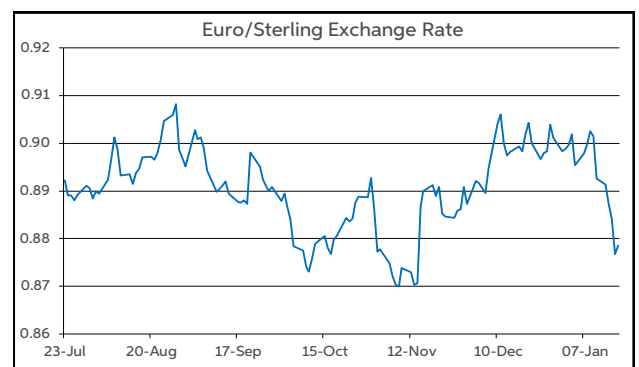
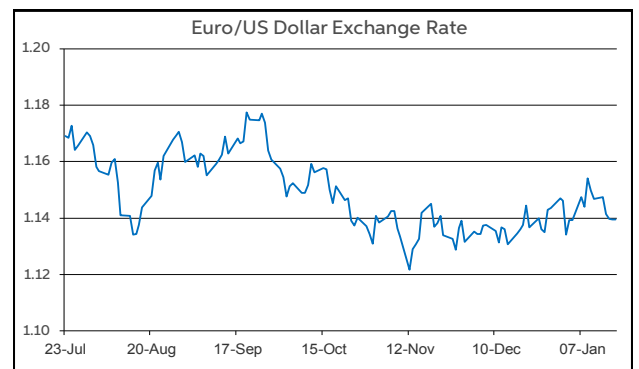
In the US, we get an update on the demand and supply sides of the economy. Industrial production figures for December are due. Output is forecast to have held relatively constant. The flash January reading of the Michigan consumer sentiment index will also feature. The index will offer an insight into how the partial shutdown and financial market volatility is impacting consumer confidence. Overall, we do not expect a major dollar reaction.

**Conor Beakey, Economist, AIB**

Today's Opening Rates			
		% Change	
		Day *	End 2018
EUR/USD	1.1395	0.08	-0.65
EUR/GBP	0.8786	-0.62	-2.20
GBP/USD	1.2966	0.71	1.64
GBP/EUR	1.1377	0.63	2.25
USD/JPY	109.4	0.42	-0.15
EUR/JPY	124.66	0.49	-0.84

\* 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	2.375	2.50	2.78	3.01	2.71	2.66
EUR	0.00	-0.37	-0.31	-0.12	-0.15	0.20
GBP	0.75	0.73	0.93	1.18	1.17	1.35

Equity Indices				
	Latest Close	% Changes		
		on Day	End 2018 to Date	
Dow Jones	24370.1	+0.67	+4.47	
S&P 500	2635.96	+0.76	+5.15	
FTSE 100	6834.92	-0.40	+1.59	
DJ Stoxx 50	3069.35	-0.26	+2.26	
ISEQ	5705.3	+0.11	+4.11	
Nikkei	20666.07	+1.29	+3.25	

All rates quoted are indicative market rates

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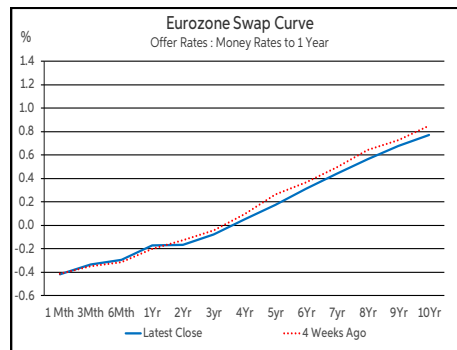
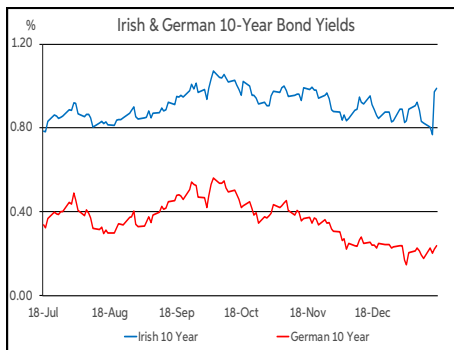
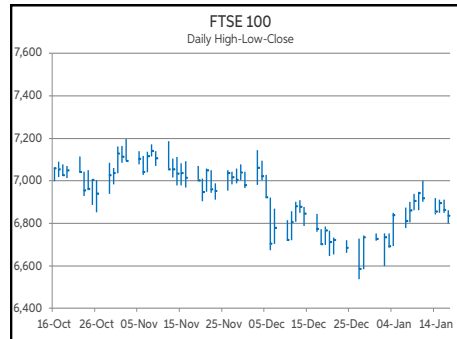
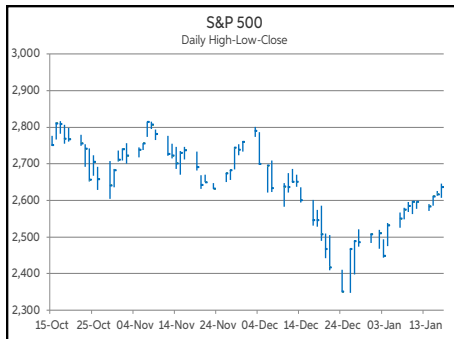
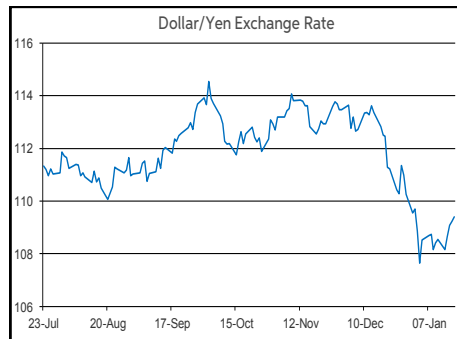
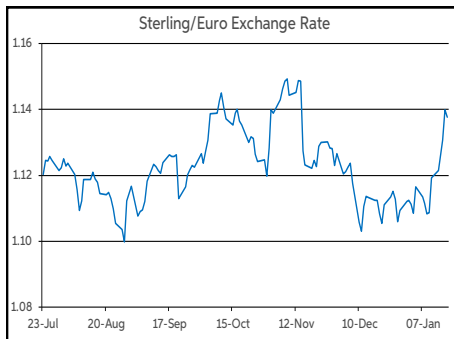
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite Lenny Hogan	Reuters Phone	AIB 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

# Opening Levels

Friday 18 January 2019  
07:23 am



Euro		Sterling		Dollar	
EUR/GBP	0.8787	GBP/EUR	1.1377	USD/JPY	109.39
EUR/USD	1.1396	GBP/USD	1.2966	USD/CAD	1.3264
EUR/JPY	124.66	GBP/CAD	1.7201	USD/CHF	0.9937
EUR/SEK	10.2686	GBP/NZD	1.9159	USD/CNY	6.7688
EUR/DKK	7.4651	GBP/JPY	141.84	USD/BRL	3.7502
EUR/NOK	9.7276	GBP/SEK	11.6794	USD/RUB	66.3475
EUR/CHF	1.1323	GBP/DKK	8.4933	USD/INR	71.11
EUR/AUD	1.5842	GBP/NOK	11.0653		
EUR/HKD	8.9399	GBP/CHF	1.2886	AUD/USD	0.7192
EUR/CAD	1.5118	GBP/AUD	1.8026	NZD/USD	0.6766



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 18
<b>10 Year Yield %</b>				
US	2.75	+2	-6	+7
Germany	0.24	+2	+1	+0
UK	1.33	+3	+7	+6
Ireland	0.99	+2	N/A	N/A
Belgium	0.69	+1	-5	-7
France	0.64	+1	-3	-6
Italy	2.76	+1	+4	+4
Spain	1.35	-2	-1	-6
Portugal	1.61	-2	-3	-9
Greece	4.18	-1	-7	-12
<b>5 Year Swap %</b>				
US	2.65	+1	-10	+8
Eurozone	0.17	-1	-9	-6
UK	1.34	-1	+2	+2
<b>2 Year Swap %</b>				
US	2.69	-1	-11	+5
Eurozone	-0.17	-1	-4	-3
UK	1.16	-2	+1	-0
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	75	-0	N/A	N/A
Belgium	45	-1	-6	-7
France	40	-1	-4	-7
Italy	252	-1	+3	+4
Spain	111	-3	-2	-7
Portugal	137	-4	-4	-10
Greece	394	-3	-8	-12

Commodities				
	Close	% Change		
		Day	4 Weeks	End 18
Brent Oil	61.18	-0.23	+12.57	+13.72
West Texas Oil	51.83	-0.48	+13.56	+14.80
CRB - All Commodity	179.76	+0.06	+4.11	+5.86
CRB - Food	332.33	+2.43	+1.97	+2.50
Gold \$	1292.4	-0.09	+2.53	+0.74

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