

Dollar resumes downward trend

There was a subdued tone to financial markets yesterday. This partly reflected a lack of major data/events over the past 24 hours. The lacklustre action was evident on equity markets, with the main indices trading sideways on both sides of the Atlantic.

On currency markets, having seen some respite earlier in the week, the dollar resumed its downward trend yesterday. The currency was not helped by concerns a congressional impasse may result in a government 'shutdown'. Meantime, there was no further pressure on the euro, after less hawkish sounding ECB comments pushed it lower on Wednesday. Markets may be awaiting next week's Governing Council meeting.

In level terms, the weaker tone to the dollar saw the EUR/USD pair regain a footing above \$1.22. Cable (GBP/USD) opens this morning up near its post-Brexit vote high, just above \$1.39. USD/JPY also weakened, slipping back below ¥111. Meanwhile, the EUR/GBP pair was little changed on the day, with trading in a confined 88-88.4p range.

There is another light data calendar in store today. The highlight is UK retail sales figures for December. They saw a Black Friday inspired jump in November (+1.1%), with only a partial pullback (-0.6%) forecast for today's data. This suggests that the retail sector performed strongly in Q4. In the US, the preliminary Michigan measure of consumer sentiment for December (f'cast to remain at a strong level) is due. It will be assessed for an early read on the key consumer sector at the start of the year.

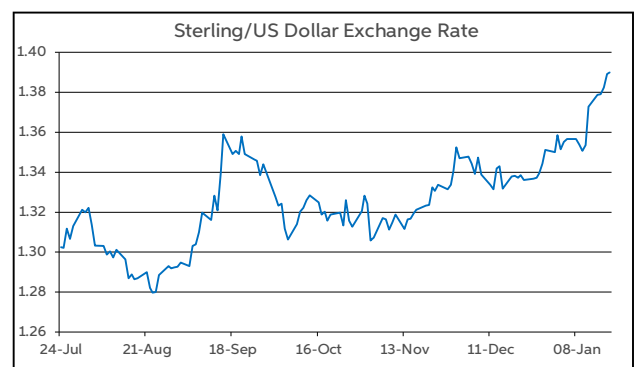
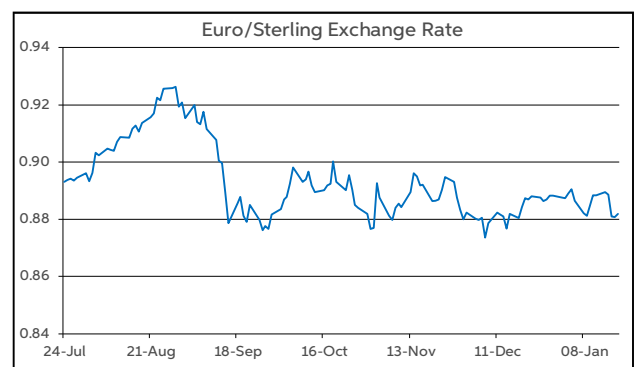
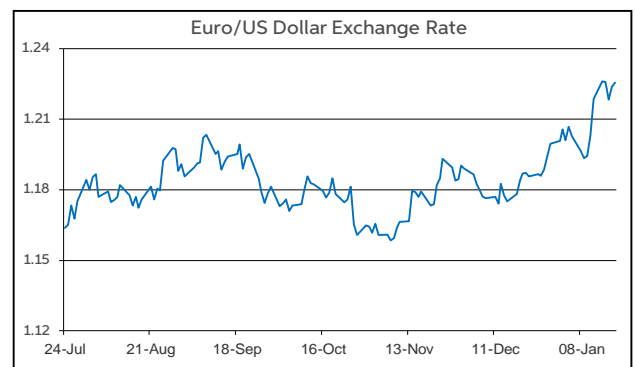
Overall though, unless we see some major surprises from the data, it may have minimal impact on FX markets. However, the dollar may remain sensitive to US political newsflow.

Dara Turnbull, Economist, AIB

Today's Opening Rates			
		% Change	
		Day *	End 2017
EUR/USD	1.2264	0.48	2.23
EUR/GBP	0.8817	-0.06	-0.74
GBP/USD	1.3905	0.54	2.91
GBP/EUR	1.1336	0.06	0.75
USD/JPY	110.76	-0.32	-1.70
EUR/JPY	135.84	0.15	0.49

* 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	1.74	2.23	2.24	2.49
EUR	0.00	-0.37	-0.33	-0.19	-0.13	0.39
GBP	0.50	0.50	0.52	0.78	0.87	1.17

Equity Indices				
	Latest Close	% Changes		
		on Day	End 2017 to Date	
Dow Jones	26017.81	-0.37	+5.25	
S&P 500	2798.03	-0.16	+4.65	
FTSE 100	7700.96	-0.32	+0.17	
DJ Stoxx 50	3620.91	+0.23	+3.34	
ISEQ	7073.37	+0.31	+0.50	
Nikkei	23808.06	+0.19	+4.58	

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

Friday 19 January 2018
07:29 am



Euro

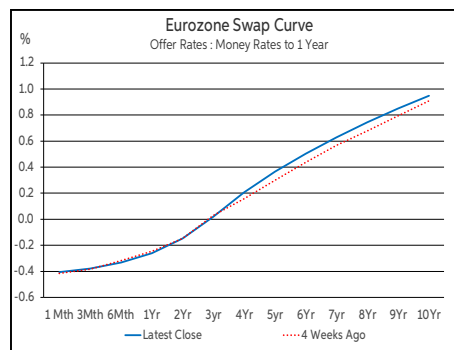
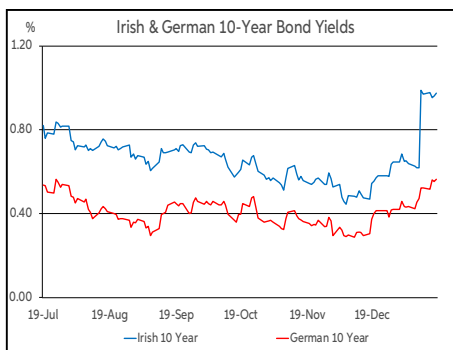
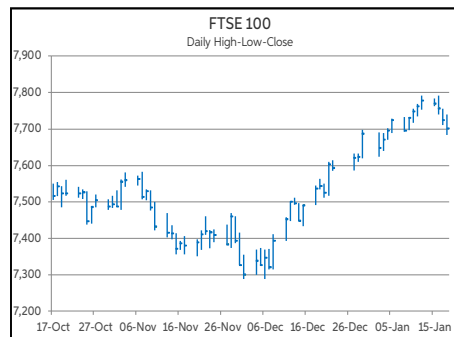
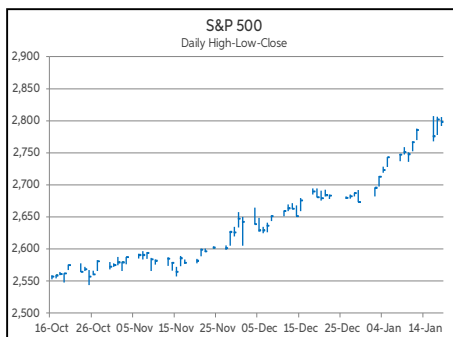
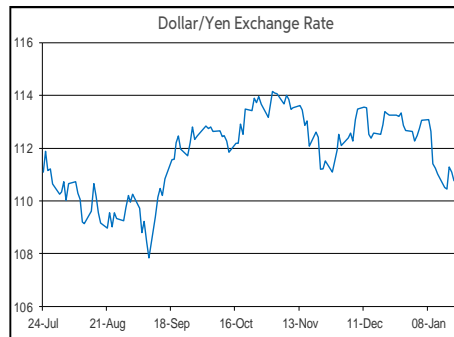
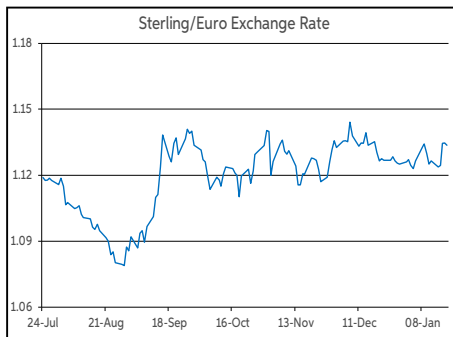
EUR/GBP	0.8817
EUR/USD	1.2264
EUR/JPY	135.84
EUR/SEK	9.8229
EUR/DKK	7.4461
EUR/NOK	9.618
EUR/CHF	1.1732
EUR/AUD	1.5308
EUR/HKD	9.5865
EUR/CAD	1.5238

Sterling

GBP/EUR	1.1336
GBP/USD	1.3905
GBP/CAD	1.7277
GBP/NZD	1.9062
GBP/JPY	154.01
GBP/SEK	11.1338
GBP/DKK	8.4424
GBP/NOK	10.9046
GBP/CHF	1.3302
GBP/AUD	1.7352

Dollar

USD/JPY	110.76
USD/CAD	1.2424
USD/CHF	0.9565
USD/CNY	6.3955
USD/BRL	3.2064
USD/RUB	56.6312
USD/INR	63.735
AUD/USD	0.8009
NZD/USD	0.7291



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 17
10 Year Yield %				
US	2.62	+4	+14	+22
Germany	0.56	+1	+15	+15
UK	1.33	+3	+7	+15
Ireland	0.97	+1	N/A	N/A
Belgium	0.70	+1	+11	+9
France	0.84	+4	+11	+7
Italy	1.97	-2	+8	-2
Spain	1.47	-1	+3	-7
Portugal	1.77	-0	+3	-12
Greece	3.75	+6	-25	-30
5 Year Swap %				
US	2.44	+1	+15	+20
Eurozone	0.37	-2	+6	+5
UK	1.15	+0	+7	+12
2 Year Swap %				
US	2.23	-1	+14	+15
Eurozone	-0.15	-4	+0	-1
UK	0.86	+0	+5	+6
10 Year Government Bond Spreads to Benchmark bps				
Ireland	41	+0	N/A	N/A
Belgium	13	+0	-4	-6
France	28	+3	-4	-8
Italy	141	-3	-7	-17
Spain	91	-2	-12	-21
Portugal	121	-1	-12	-27
Greece	318	+5	-39	-44

Commodities				
	Close	% Change		
		Day	4 Weeks	End 17
Brent Oil	69.31	-0.10	+6.80	+3.65
West Texas Oil	63.96	+0.06	+9.63	+5.79
CRB - All Commodity	196.34	-0.03	+4.59	+1.28
CRB - Food	336.73	-2.33	-0.21	+0.21
Gold \$	1327.3	-0.04	+4.77	+1.89

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