

## Sterling recovers ground over festive period

During the festive period, the action on currency markets has been reasonably muted. Although, sterling has regained some of the losses it experienced in the week following the UK general election. It had come under significant pressure as political newsflow suggested this year's EU-UK trade talks may prove difficult.

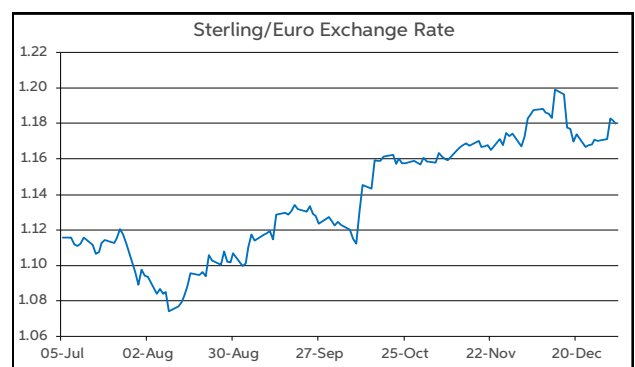
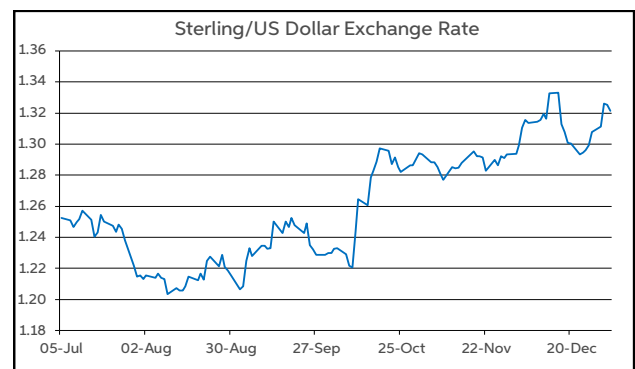
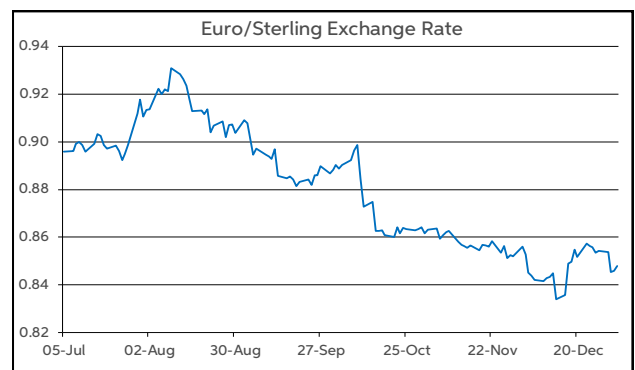
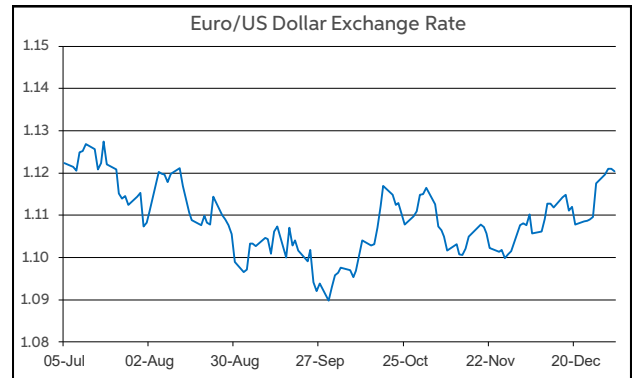
Meanwhile, the dollar has softened somewhat in the past week. This has been linked to better dollar liquidity conditions. There had been some concerns surrounding a possible funding squeeze in US money markets at end year.

Overall though, the main currency pairs remain within their recent trading ranges. The firmer sterling tone and softening of the dollar sees cable (GBP/USD) begin the year above the \$1.32 threshold. At the same time, EUR/GBP opens this morning back below the 85p level, while EUR/USD is at \$1.12.

Elsewhere on financial markets, the moves have been minor. Equities have generally traded sideways over the period, with the S&P 500 flat on the week. Meantime, UK and Eurozone 10-year bond yields have moved higher, while the US equivalent is little changed since Christmas Eve.

Turning to the day ahead, there is a relatively subdued look to the global macro data schedule. Indeed, the only releases of any note are the final readings of the manufacturing PMIs for December in the Eurozone, UK and the US. Given that the flash estimates were taken early in the month due to the impact of Christmas, it will be of some interest to see if any revisions are made. In terms of FX impact, though, barring any major surprises we would not expect much of a reaction in the main pairs. As a result, we could be in for a quiet trading session to begin the new year.

**Conor Beakey, Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2019
EUR/USD	1.1204	-0.04	-0.05
EUR/GBP	0.8476	0.33	0.26
GBP/USD	1.3217	-0.30	-0.32
GBP/EUR	1.1795	-0.33	-0.26
USD/JPY	108.78	0.13	0.16
EUR/JPY	121.9	-0.34	0.06

\* 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	1.625	1.76	1.91	2.00	1.68	1.70
EUR	0.00	-0.44	-0.38	-0.25	-0.29	-0.11
GBP	0.75	0.70	0.79	0.98	0.82	0.90

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

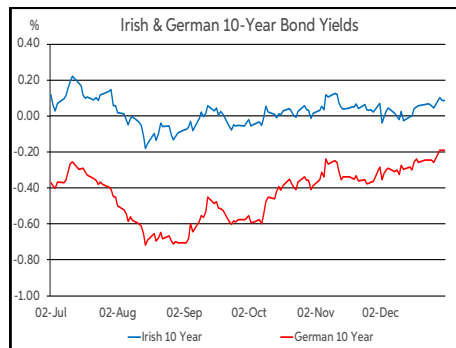
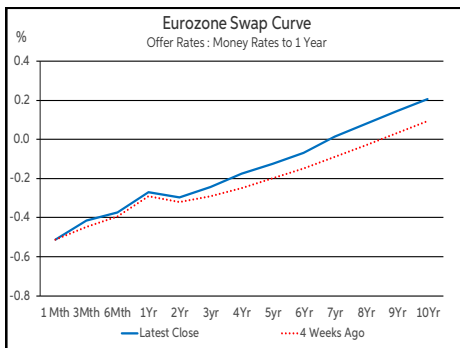
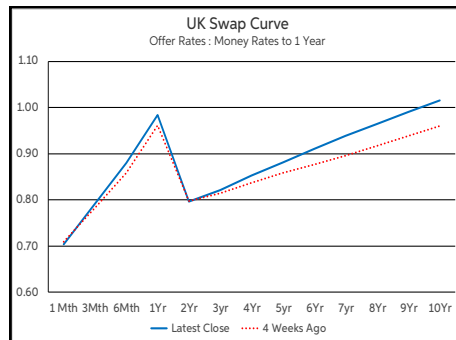
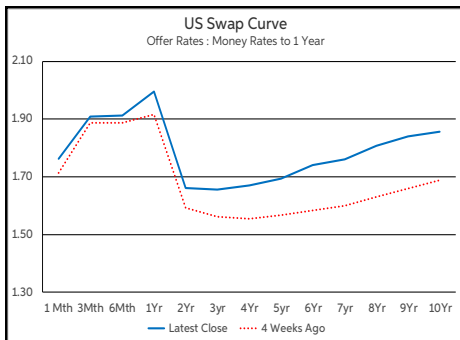
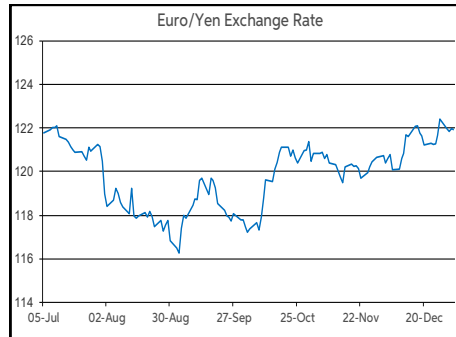
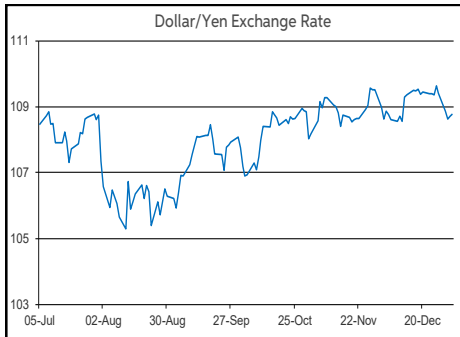
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIB 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

# Opening Levels

Thursday 02 January 2020  
07:39 am



Euro		Sterling		Dollar	
EUR/GBP	0.8476	GBP/EUR	1.1795	USD/JPY	108.78
EUR/USD	1.1204	GBP/USD	1.3217	USD/CAD	1.2984
EUR/JPY	121.9	GBP/CAD	1.7161	USD/CHF	0.9702
EUR/SEK	10.4673	GBP/NZD	1.9668	USD/CNY	6.9635
EUR/DKK	7.4701	GBP/JPY	143.77	USD/BRL	4.0196
EUR/NOK	9.8424	GBP/SEK	12.3439	USD/RUB	61.8828
EUR/CHF	1.0872	GBP/DKK	8.8104	USD/INR	71.343
EUR/AUD	1.6013	GBP/NOK	11.6089	AUD/USD	0.6998
EUR/HKD	8.7292	GBP/CHF	1.2822	NZD/USD	0.6719
EUR/CAD	1.4547	GBP/AUD	1.8884		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 19
<b>10 Year Yield %</b>				
US	1.92	+3	+14	+0
Germany	-0.19	+0	+13	+0
UK	0.82	-4	+8	+0
<b>5 Year Swap %</b>				
US	1.69	-2	+13	-2
Eurozone	-0.12	-1	+8	-1
UK	0.88	-1	+2	-1
<b>2 Year Swap %</b>				
US	1.66	-4	+7	-4
Eurozone	-0.30	-1	+2	-1
UK	0.80	-1	-0	-1
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	28	-2	-4	+0
Belgium	27	-0	-2	+0
France	31	+1	-0	+0
Italy	156	-2	-12	+0
Spain	64	+0	-10	+0
Portugal	61	-1	-8	+0
Greece	160	+2	-22	+0

Commodities				
	% Change			
	Close	Day	4 Weeks	End 19
Brent Oil	66	-3.57	+4.76	+0.00
West Texas Oil	61.14	-0.84	+4.58	+0.00
Gold \$	1517.7	-0.01	+2.92	-0.01

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