

Focus on UK PMIs this week

The action on currency markets last week remained confined to tight ranges. Elsewhere, Wall Street registered fresh highs, with the S&P 500 up around 2% on the week. One of the other more noteworthy developments was the increased speculation of a rate cut from the BoE. This was on the back of dovish BoE remarks and weaker than expected inflation data. The market is now pricing in a two thirds chance of a rate cut at the end of this month.

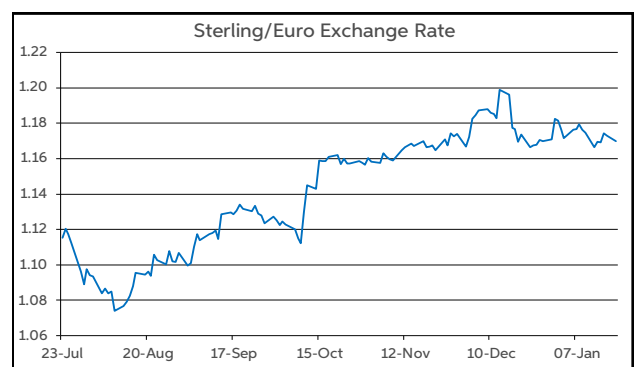
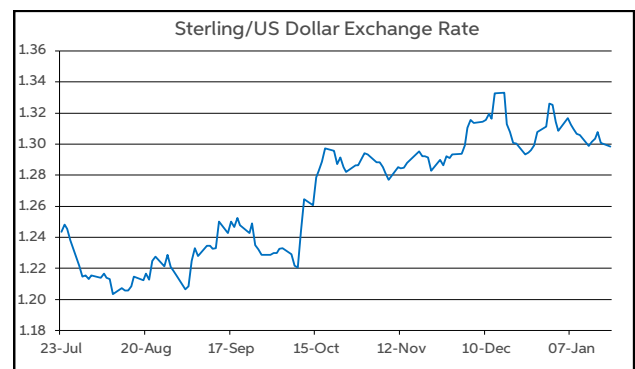
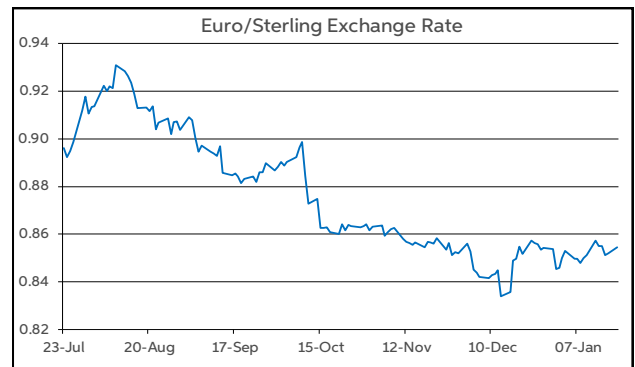
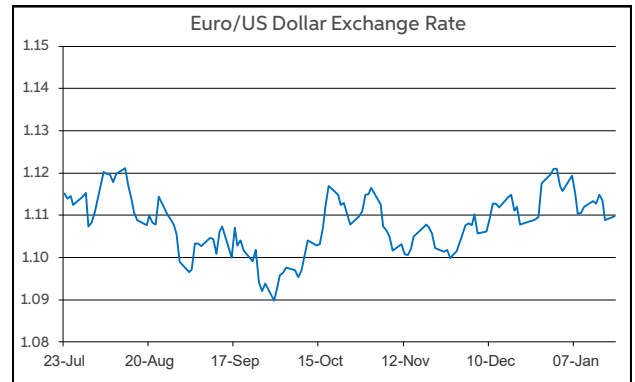
Currency-wise, as European trading gets underway this morning, the dollar starts this week with a slightly firmer tone against sterling and to a lesser extent versus the euro. In level terms, GBP/USD has been unable to hold the \$1.30 mark, while EUR/USD is pinned down at \$1.11. EUR/GBP is changing hands near to the midpoint of 85-86p.

The UK diary this week contains some useful releases in the context of the upcoming BoE rate decision (Jan 30th). This includes a raft of labour market data (Nov) and the flash PMIs (Jan). Given the PMI's are the more timely, they could attract the greater attention. If the data provide further evidence of a slowing UK economy, then expectations of a January rate cut may escalate. This could in turn create a challenging backdrop for sterling.

For the euro, the ECB is to hold its first policy meeting of the year. However, it is expected to be a non-event, with the central bank on hold for the moment. Flash PMIs for January will be of some interest and are likely to continue to point to sluggish activity.

Across the Atlantic, the preliminary PMIs for January are also the main highlight. No major change in the composite index is anticipated, meaning it should remain consistent with solid growth. Overall, the data are unlikely to have much impact on the dollar.

John Fahey, Senior Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2019
EUR/USD	1.1096	-0.36	-1.02
EUR/GBP	0.8546	0.35	1.09
GBP/USD	1.2983	-0.70	-2.08
GBP/EUR	1.1696	-0.35	-1.08
USD/JPY	110.17	-0.01	1.44
EUR/JPY	122.26	-0.36	0.35

* 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	1.65	1.82	1.92	1.64	1.62
EUR	0.00	-0.46	-0.39	-0.24	-0.30	-0.15
GBP	0.75	0.65	0.70	0.80	0.63	0.69

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

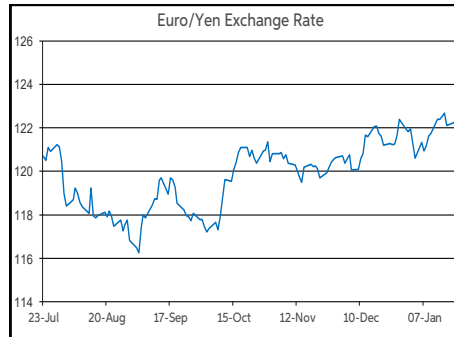
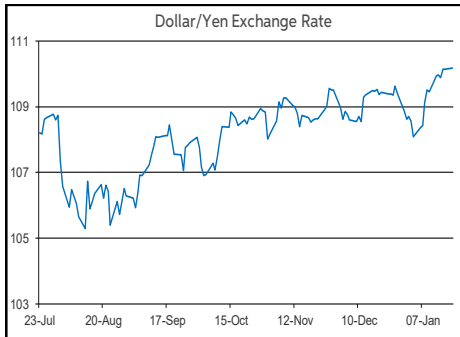
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBI 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Opening Levels

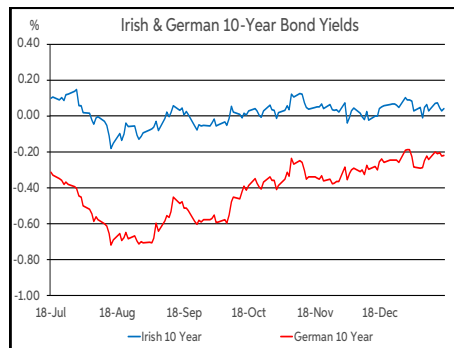
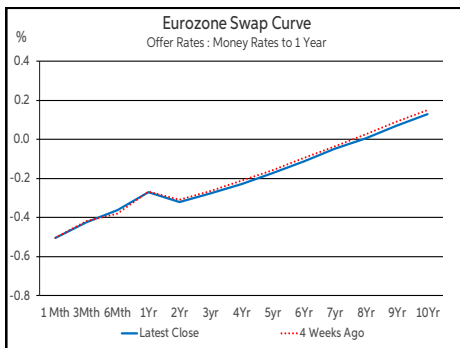
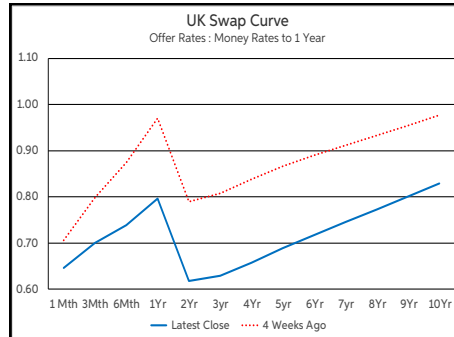
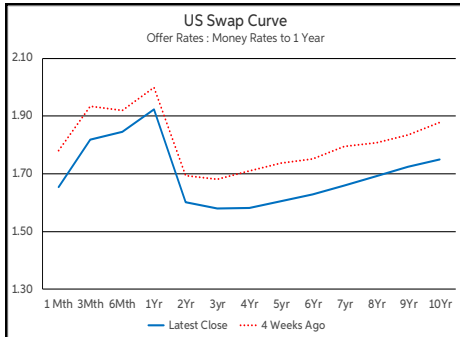
Monday 20 January 2020
07:29 am



Euro		Sterling		Dollar	
EUR/GBP	0.8546	GBP/EUR	1.1696	USD/JPY	110.17
EUR/USD	1.1096	GBP/USD	1.2983	USD/CAD	1.3059
EUR/JPY	122.26	GBP/CAD	1.6954	USD/CHF	0.968
EUR/SEK	10.5475	GBP/NZD	1.9614	USD/CNY	6.8535
EUR/DKK	7.4726	GBP/JPY	143.03	USD/BRL	4.165
EUR/NOK	9.8688	GBP/SEK	12.3377	USD/RUB	61.404
EUR/CHF	1.0743	GBP/DKK	8.7414	USD/INR	71.075
EUR/AUD	1.612	GBP/NOK	11.544	AUD/USD	0.6883
EUR/HKD	8.6186	GBP/CHF	1.2569	NZD/USD	0.6618
EUR/CAD	1.4491	GBP/AUD	1.8861		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 19
10 Year Yield %				
US	1.82	+2	-9	-9
Germany	-0.22	+0	+4	-3
UK	0.63	-1	-15	-19
Ireland	0.04	+1	-2	-5
Belgium	0.02	+0	-0	-7
France	0.04	+0	-1	-8
Italy	1.37	-6	-1	-0
Spain	0.45	-1	+3	-1
Portugal	0.38	-2	-2	-4
Greece	1.40	+1	+2	-1
5 Year Swap %				
US	1.60	-2	-13	-11
Eurozone	-0.17	-2	-2	-6
UK	0.69	-2	-18	-20
2 Year Swap %				
US	1.60	-3	-9	-10
Eurozone	-0.32	-2	-1	-3
UK	0.62	-3	-17	-19
10 Year Government Bond Spreads to Benchmark bps				
Ireland	26	+1	-6	-2
Belgium	24	-0	-4	-3
France	26	-0	-5	-5
Italy	159	-6	-5	+3
Spain	67	-1	-1	+3
Portugal	60	-2	-6	-1
Greece	162	+1	-1	+2



Commodities				
	% Change			
	Close	Day	4 Weeks	End 19
Brent Oil	64.85	+0.36	-1.95	-1.74
West Texas Oil	58.55	+0.05	-3.11	-4.24
Gold \$	1557.0	+0.25	+5.31	+2.58

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