

Brexit to continue to hog the limelight

One of the features of currency markets last week was the action in sterling. It appeared that the pound was taking solace in the fact that if the UK political stalemate persists, the country is likely to seek and be granted an extension to Article 50 to delay Brexit. Elsewhere, the dollar managed to edge higher. This was in spite of some mixed results from the US data calendar. Meanwhile, the euro was generally on the defensive over the week, not helped by disappointing macro updates. As trading gets underway this morning, all of the above is reflected in EUR/GBP down near 88.5p and EUR/USD below the \$1.14 threshold. Meanwhile, GBP/USD starts the week in the upper half of \$1.28-1.29.

Looking ahead to the macro calendar over the coming days, Brexit will remain in focus. PM Theresa May is due to brief parliament today on her Plan B for Brexit. However, finding consensus on how to proceed is likely to be difficult and as outlined above, the UK political impasse has generally been supportive of sterling recently. Data-wise, there is a batch of labour market updates. However, the data may once again be overshadowed by Brexit newsflow.

On the euro side, the ECB meeting statement/press conference provides some event risk for the currency this week (Thursday). The market will be looking to see if there is any change to the guidance that rates are on hold "at least through the summer of 2019". Given the weaker than anticipated economic backdrop, it is hard to see rates being increased at all this year. If the ECB acknowledges this, then the euro could come under some downward pressure.

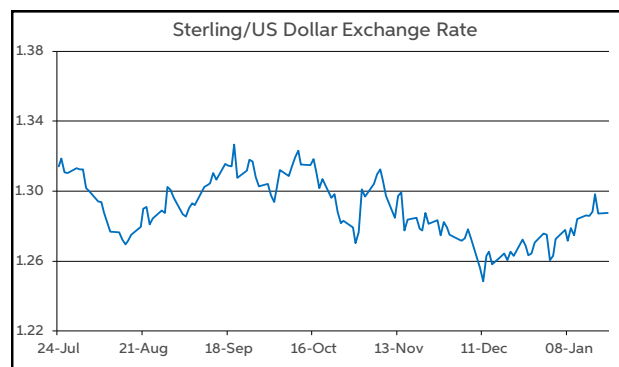
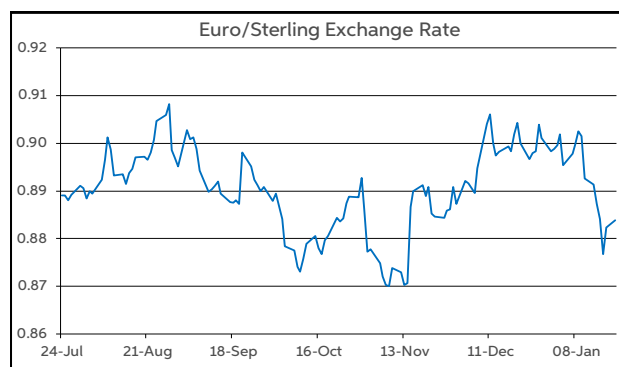
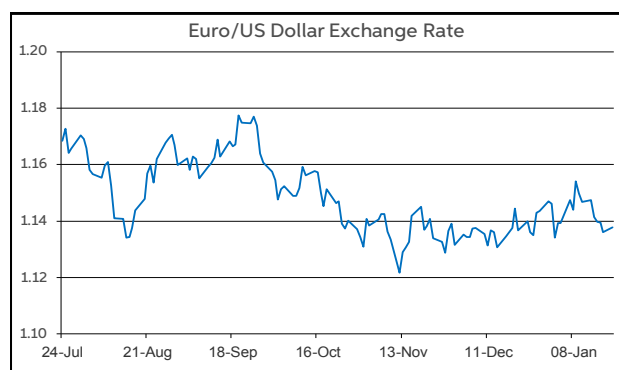
From a dollar viewpoint, the calendar is sparse and remains impacted by the partial government shutdown. Indeed, the flash PMIs for January are the main highlight and are not likely to have much bearing on the dollar.

John Fahey, Senior Economist, AIB

Today's Opening Rates			
		% Change	
		Day *	End 2018
EUR/USD	1.138	-0.06	-0.78
EUR/GBP	0.8837	0.71	-1.64
GBP/USD	1.2874	-0.77	0.92
GBP/EUR	1.1308	-0.70	1.66
USD/JPY	109.54	0.17	-0.02
EUR/JPY	124.68	0.11	-0.82

* 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	2.375	2.51	2.76	3.03	2.75	2.72
EUR	0.00	-0.37	-0.31	-0.12	-0.14	0.22
GBP	0.75	0.73	0.93	1.17	1.16	1.36

Equity Indices				
	Latest Close	% Changes		
		on Day	End 2018 to Date	
Dow Jones	24706.35	+1.38	+5.91	
S&P 500	2670.71	+1.32	+6.54	
FTSE 100	6968.33	+1.95	+3.57	
DJ Stoxx 50	3134.92	+2.14	+4.45	
ISEQ	5799.61	+1.65	+5.84	
Nikkei	20719.33	+0.26	+3.52	

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

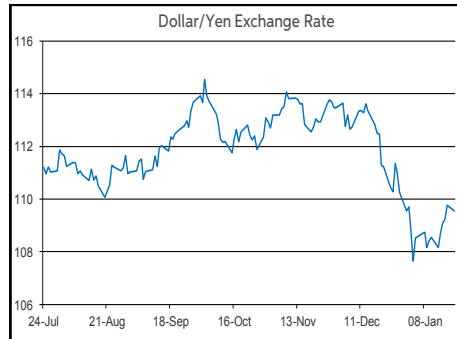
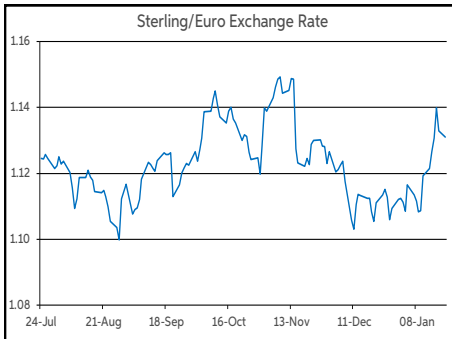
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite Lenny Hogan	Reuters Phone	AIB 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Opening Levels

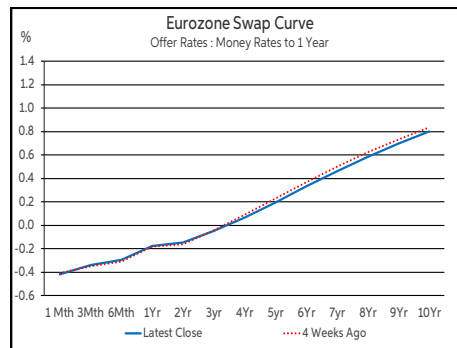
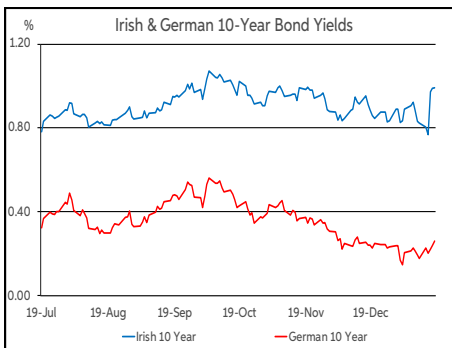
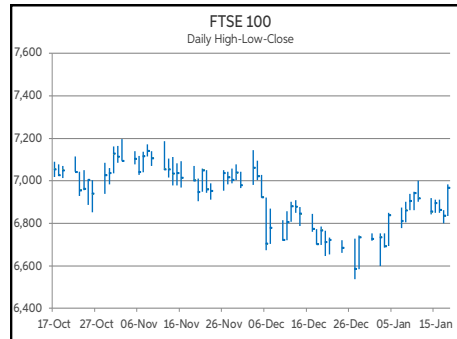
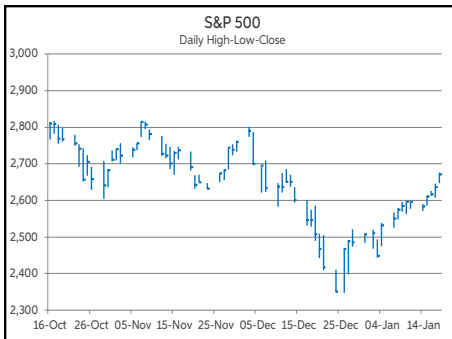
Monday 21 January 2019
07:26 am



Euro		Sterling		Dollar	
EUR/GBP	0.8837	GBP/EUR	1.131	USD/JPY	109.54
EUR/USD	1.1383	GBP/USD	1.2875	USD/CAD	1.3271
EUR/JPY	124.66	GBP/CAD	1.7087	USD/CHF	0.995
EUR/SEK	10.2559	GBP/NZD	1.9124	USD/CNY	6.7877
EUR/DKK	7.4655	GBP/JPY	141.03	USD/BRL	3.7502
EUR/NOK	9.7334	GBP/SEK	11.601	USD/RUB	66.396
EUR/CHF	1.1323	GBP/DKK	8.4433	USD/INR	71.204
EUR/AUD	1.5873	GBP/NOK	11.0052		
EUR/HKD	8.9259	GBP/CHF	1.2811	AUD/USD	0.7169
EUR/CAD	1.5099	GBP/AUD	1.7956	NZD/USD	0.6729



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 18
10 Year Yield %				
US	2.79	+4	-0	+10
Germany	0.26	+2	+1	+2
UK	1.35	+2	+3	+8
Ireland	0.99	+0	N/A	N/A
Belgium	0.70	+0	-7	-6
France	0.65	+2	-3	-5
Italy	2.72	-4	-9	+0
Spain	1.33	-2	-6	-8
Portugal	1.58	-4	-9	-13
Greece	4.15	-3	-15	-15
5 Year Swap %				
US	2.69	+3	-4	+13
Eurozone	0.20	-1	-4	-4
UK	1.35	-0	+0	+3
2 Year Swap %				
US	2.74	+2	-3	+10
Eurozone	-0.15	-0	+1	-1
UK	1.16	-1	-2	-1
10 Year Government Bond Spreads to Benchmark bps				
Ireland	73	-2	N/A	N/A
Belgium	44	-2	-8	-9
France	40	-0	-4	-7
Italy	246	-6	-10	-2
Spain	108	-4	-7	-10
Portugal	132	-6	-10	-15
Greece	389	-5	-16	-17



Commodities				
	Close	% Change		
		Day	4 Weeks	End 18
Brent Oil	62.7	+2.48	+16.50	+16.54
West Texas Oil	53.6	+3.42	+18.11	+18.72
CRB - All Commodity	182.21	+1.37	+5.86	+7.31
CRB - Food	332.33	+2.43	+2.10	+2.50
Gold \$	1281.9	-0.81	+2.05	-0.08

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.