

## Range FX bound trading

There was a quiet start to the week on markets yesterday, with the main currency pairs confined to narrow trading ranges. This was to be expected given that US markets were closed for a public holiday, while there was a barren look to the data schedule.

Overnight the BoJ held its January policy meeting. The central bank remained on hold as expected, though growth forecasts were revised up. Overall, there was no impact on the yen.

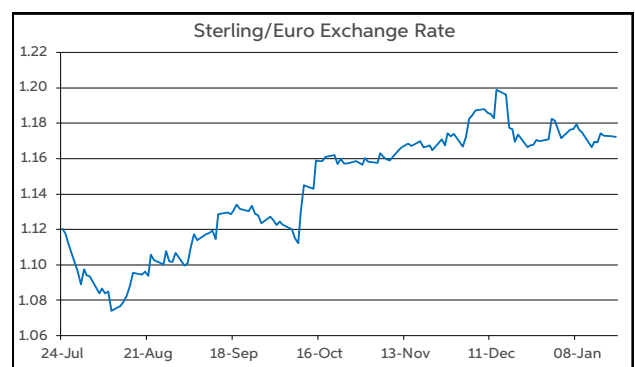
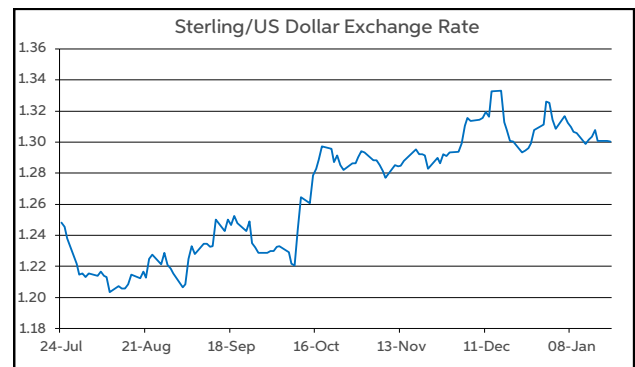
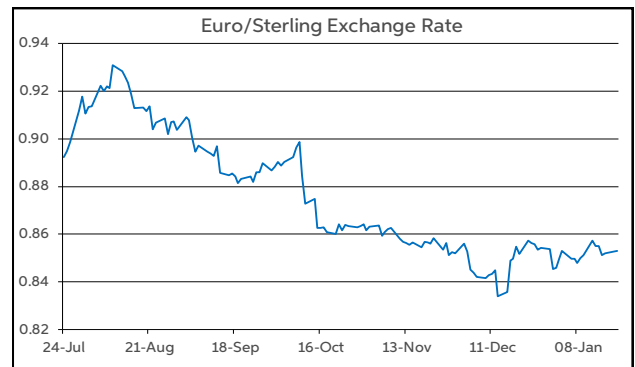
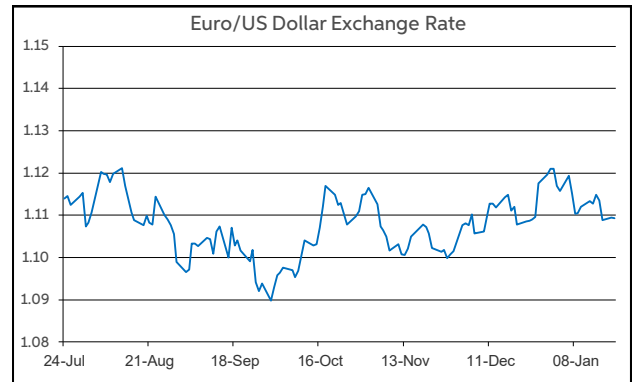
The lack of action on currency markets is reflected in the main pairs beginning the day close to where they opened yesterday. EUR/USD remains pinned down near the \$1.11 threshold, while EUR/GBP continues to operate within the 85-86p range. Meantime, cable (GBP/USD) is changing hands close to the \$1.30 level.

Elsewhere on financial markets, the moves were similarly limited yesterday. The main equity indices generally traded sideways throughout the session. Although, risk appetite has deteriorated overnight, with the Nikkei down 0.9%.

Today, UK labour market figures for the 3 months to November are the main data highlight. Weaker economic activity is expected to see jobs growth ease to 0.8% YoY. The decline in labour demand may also lead to underlying wage inflation moderating to 3.4%. More positively, the jobless rate is forecast to have held at 3.8%.

In terms of market impact, the release may attract less attention than usual as the data pre-date the December election. Although, given current sentiment, a significant downside surprise could lead to markets moving to further price in a January BoE rate cut, which could weigh on sterling. Meantime, there is little out to influence the euro or the dollar.

**Conor Beakey, Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2019
EUR/USD	1.1096	0.00	-1.02
EUR/GBP	0.853	-0.11	0.90
GBP/USD	1.3006	0.10	-1.91
GBP/EUR	1.1719	0.11	-0.89
USD/JPY	109.92	-0.23	1.21
EUR/JPY	121.97	-0.24	0.11

\* 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	1.80	1.92	1.62	1.61
EUR	0.00	-0.46	-0.39	-0.24	-0.30	-0.16
GBP	0.75	0.64	0.70	0.80	0.64	0.71

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

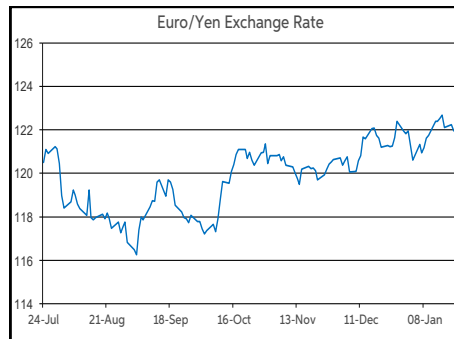
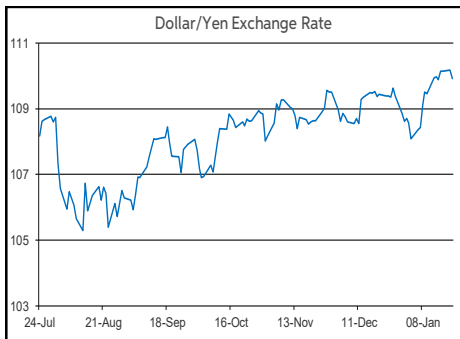
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIB 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

# Opening Levels

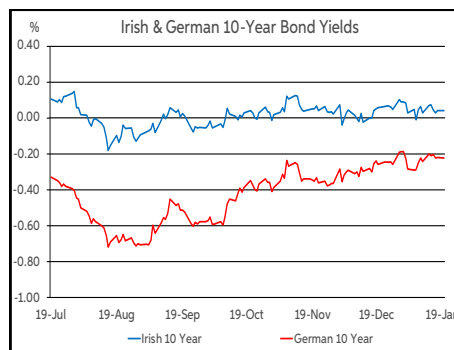
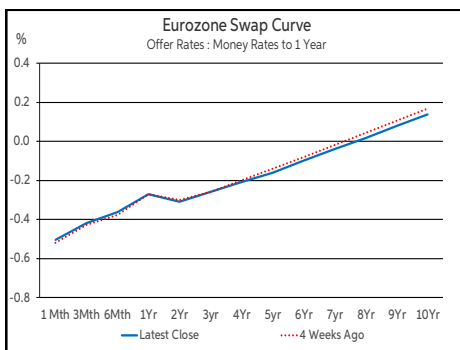
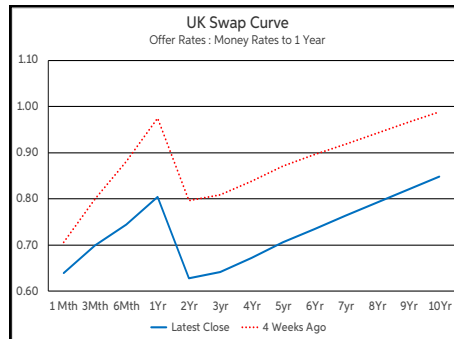
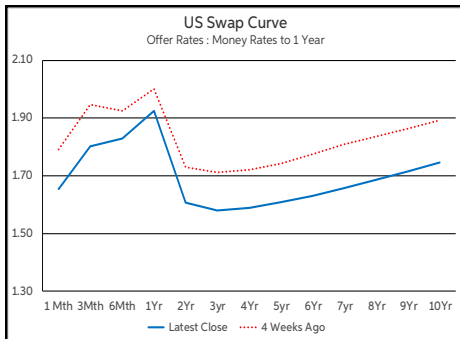
Tuesday 21 January 2020  
07:10 am



Euro		Sterling		Dollar	
EUR/GBP	0.853	GBP/EUR	1.1719	USD/JPY	109.92
EUR/USD	1.1096	GBP/USD	1.3006	USD/CAD	1.3065
EUR/JPY	121.97	GBP/CAD	1.6996	USD/CHF	0.9674
EUR/SEK	10.5702	GBP/NZD	1.9706	USD/CNY	6.8961
EUR/DKK	7.4717	GBP/JPY	142.96	USD/BRL	4.1898
EUR/NOK	9.9309	GBP/SEK	12.3866	USD/RUB	61.8125
EUR/CHF	1.0735	GBP/DKK	8.7572	USD/INR	71.203
EUR/AUD	1.6177	GBP/NOK	11.6402	AUD/USD	0.6857
EUR/HKD	8.6226	GBP/CHF	1.2585	NZD/USD	0.6598
EUR/CAD	1.4499	GBP/AUD	1.8963		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 19
<b>10 Year Yield %</b>				
US	1.82	+2	-10	-9
Germany	-0.22	-0	+2	-3
UK	0.65	+2	-12	-17
<b>5 Year Swap %</b>				
US	1.61	-2	-13	-10
Eurozone	-0.16	-1	-2	-4
UK	0.71	+1	-17	-19
<b>2 Year Swap %</b>				
US	1.61	-3	-12	-9
Eurozone	-0.31	-1	-1	-2
UK	0.63	+0	-17	-18
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	26	+0	-5	-1
Belgium	24	+0	-3	-3
France	26	-0	-5	-5
Italy	156	-3	-10	-0
Spain	65	-2	+0	+1
Portugal	59	-1	-5	-2
Greece	162	+0	-2	+2



Commodities				
	% Change			
	Close	Day	4 Weeks	End 19
Brent Oil	65.2	+0.54	-1.79	-1.21
West Texas Oil	58.55	+0.05	-3.24	-4.24
Gold \$	1561.9	+0.31	+5.12	+2.91

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