

ECB provides key euro event risk this week

The highlights from the market action last week were mainly centred on the US. These included US equity markets registering new record highs, while ten year treasury yields rose to their highest level since September 2014. On the currency front, the dollar remained under pressure. This was reflected in EUR/USD testing above the \$1.23 level (up at 3 year highs). Elsewhere, sterling had a solid week, with EUR/GBP edging down towards 88p. Meanwhile, the combination of a firmer sterling and weaker dollar helped push GBP/USD up to its highest level since the Brexit vote.

With markets starting to become more cognisant of the fact that global monetary policy is gradually becoming less accommodative, this week's diary kicks off a period of key central bank meetings. Both the BoJ and ECB hold their policy meetings. The BoJ meeting outcome is not expected to result in any policy changes. However, given the surprise decision earlier this month to trim, albeit very modestly, its QE programme, the event will still warrant attention.

However, the main market focus is likely to be Thursday's ECB meeting (although no policy changes are forecast). Expectations have been building, since the release of the December 'account', that the ECB may adopt a more hawkish tone. Therefore, the statement and President Draghi's press conference will be closely scrutinised. With euro net long positions hitting record highs in recent weeks, the currency is vulnerable to a pull back if the ECB meeting disappoints versus expectations.

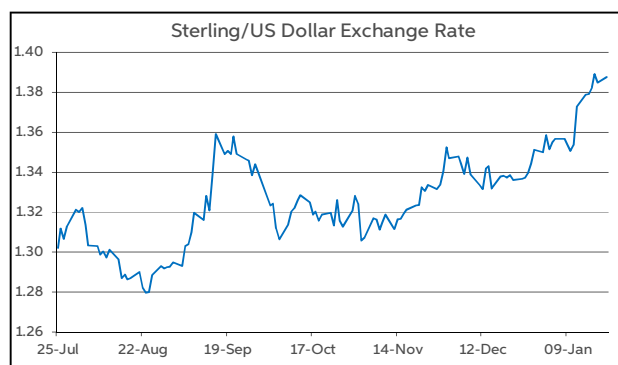
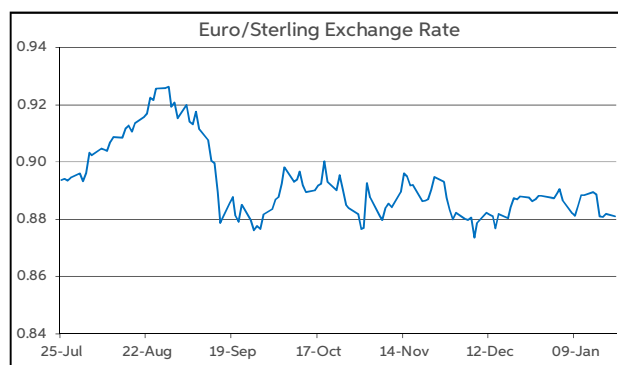
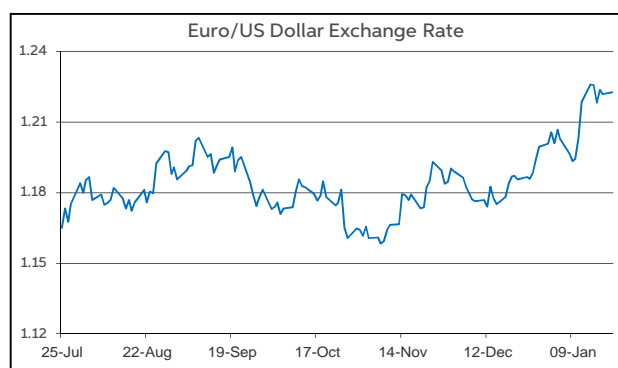
Datwise, the global schedule has some noteworthy releases. The first readings of Q4 GDP features in both the US and UK diaries. In the Eurozone, a raft of January surveys are due, including the flash PMI's. Meanwhile, given the current impasse in Washington, dollar watchers will be keeping a close eye on domestic politics.

John Fahey, Senior Economist, AIB

Today's Opening Rates			
		% Change	
		Day *	End 2017
EUR/USD	1.2227	-0.26	1.93
EUR/GBP	0.8811	-0.03	-0.81
GBP/USD	1.3875	-0.22	2.69
GBP/EUR	1.1344	0.03	0.82
USD/JPY	110.84	-0.02	-1.62
EUR/JPY	135.55	-0.27	0.27

* v Previous Day's European Open

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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	2.28	2.51
EUR	0.00	-0.37	-0.33	-0.19	-0.13	0.38
GBP	0.50	0.50	0.52	0.78	0.88	1.17

Equity Indices			
	Latest Close	% Changes	
		on Day	End 2017 to Date
Dow Jones	26071.72	+0.21	+5.47
S&P 500	2810.3	+0.44	+5.11
FTSE 100	7730.79	+0.39	+0.56
DJ Stoxx 50	3649.07	+0.78	+4.14
ISEQ	7157.12	+1.18	+1.69
Nikkei	23816.33	+0.03	+4.62

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

Monday 22 January 2018
07:28 am



Euro

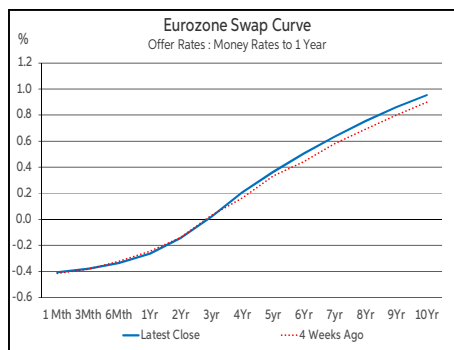
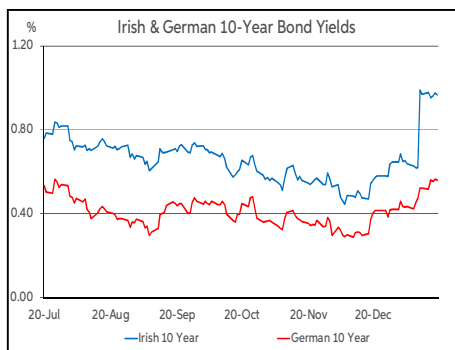
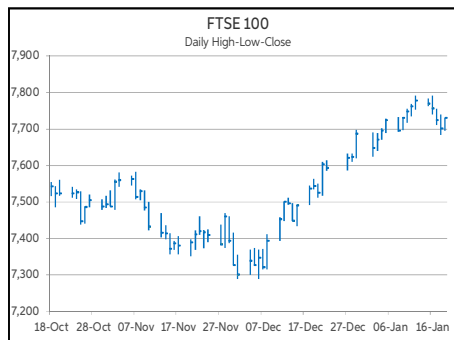
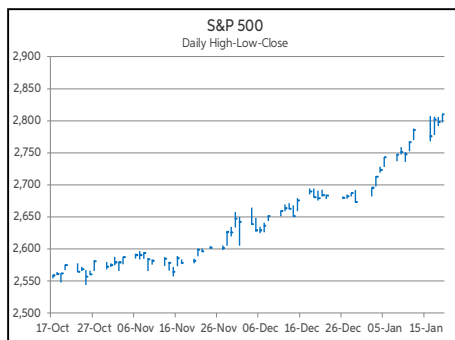
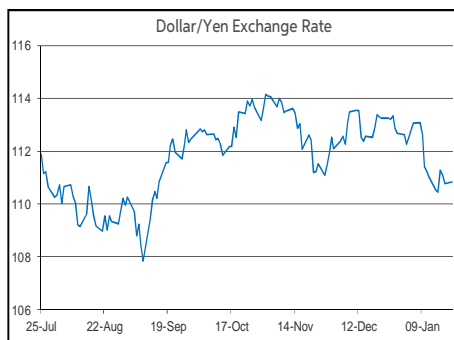
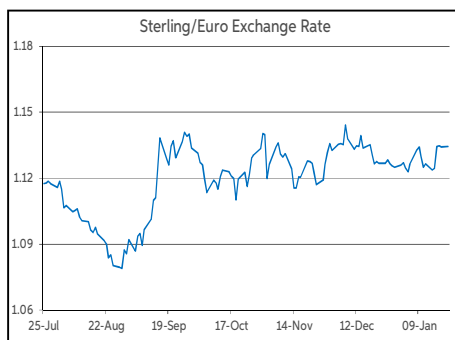
EUR/GBP	0.8811
EUR/USD	1.2227
EUR/JPY	135.55
EUR/SEK	9.8239
EUR/DKK	7.4427
EUR/NOK	9.5966
EUR/CHF	1.1761
EUR/AUD	1.5305
EUR/HKD	9.5605
EUR/CAD	1.5253

Sterling

GBP/EUR	1.1344
GBP/USD	1.3875
GBP/CAD	1.7308
GBP/NZD	1.9061
GBP/JPY	153.79
GBP/SEK	11.1475
GBP/DKK	8.4432
GBP/NOK	10.889
GBP/CHF	1.3344
GBP/AUD	1.7365

Dollar

USD/JPY	110.84
USD/CAD	1.2473
USD/CHF	0.9616
USD/CNY	6.4084
USD/BRL	3.196
USD/RUB	56.6429
USD/INR	63.825
AUD/USD	0.7989
NZD/USD	0.7277



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 17
10 Year Yield %				
US	2.66	+4	+18	+26
Germany	0.56	-0	+15	+14
UK	1.34	+1	+10	+16
Ireland	0.97	-1	N/A	N/A
Belgium	0.69	-1	+10	+8
France	0.84	-0	+13	+6
Italy	1.95	-2	+6	-4
Spain	1.43	-5	-2	-12
Portugal	1.73	-4	-4	-16
Greece	3.75	+1	-25	-29
5 Year Swap %				
US	2.49	+2	+22	+25
Eurozone	0.36	-3	+3	+5
UK	1.17	-1	+9	+13
2 Year Swap %				
US	2.25	+1	+15	+16
Eurozone	-0.14	-2	-0	+0
UK	0.86	-1	+5	+6
10 Year Government Bond Spreads to Benchmark bps				
Ireland	41	-0	N/A	N/A
Belgium	13	-0	-5	-6
France	28	+0	-2	-8
Italy	139	-2	-9	-18
Spain	87	-4	-17	-26
Portugal	117	-3	-19	-30
Greece	319	+1	-40	-43

Commodities				
	Close	% Change		
		Day	4 Weeks	End 17
Brent Oil	68.61	-1.01	+5.15	+2.60
West Texas Oil	63.38	-0.91	+8.81	+4.83
CRB - All Commodity	195.50	-0.43	+4.06	+0.85
CRB - Food	336.59	-0.14	-0.33	+0.16
Gold \$	1332.2	+0.37	+4.45	+2.27

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