

EUR/GBP below 85p

Currency markets retained a relatively subdued tone yesterday. Attention remained on the UK, where rate cut expectations were scaled back slightly. Markets are now pricing in around a 60% probability of a rate cut in January. At the same time, sterling has also experienced some support over the past 24 hours.

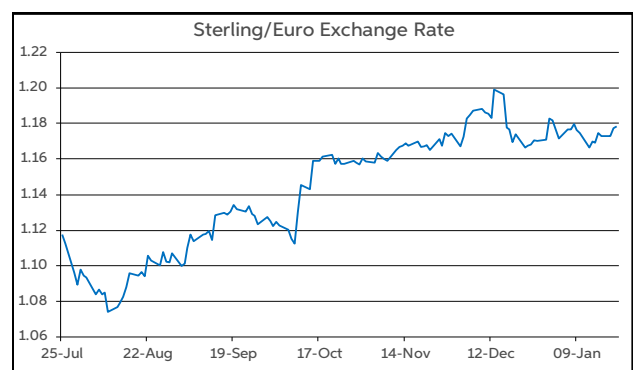
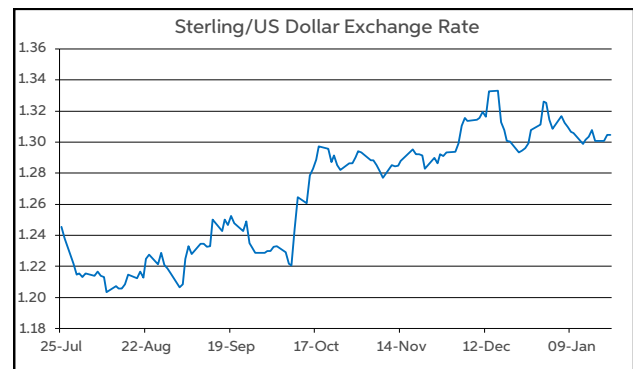
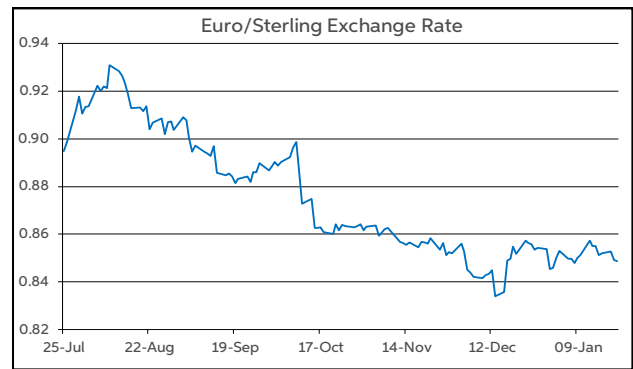
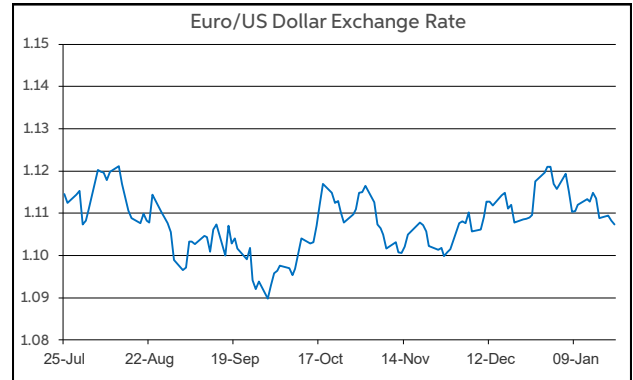
These moves coincided with the release of better than anticipated UK labour market data for the 3 months to November. In the period, employment growth picked up to 1.1% YoY (f'cast for 0.8%). This helped the jobless rate hold at 3.8%. Underlying wage inflation did moderate to 3.4%, but this was in line with expectations. Overall, the data suggested that the labour market remains on a reasonably solid footing.

In level terms, the firmer sterling tone is reflected in EUR/GBP opening this morning below the 85p threshold. At the same time, cable (GBP/USD) is trading up at the midpoint of the \$1.30-1.31 range. Meanwhile, EUR/USD is changing hands in the upper half of the \$1.10-1.11 band.

Elsewhere, market sentiment remained cautious amid concerns surrounding a virus outbreak in China. Equities moved modestly lower as a result. The S&P 500 was down 0.3% at the close on Wall Street last night. However, in overnight trading risk appetite improved, with the main Asian indices making some gains.

Turning to the day ahead, the calendar has a very sparse look to it. Indeed, the only items of any note on the schedule are second tier releases in the US and the UK. Overall then, we could be in for another muted session on currency markets.

Conor Beakey, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2019
EUR/USD	1.1075	-0.17	-1.20
EUR/GBP	0.8484	-0.48	0.35
GBP/USD	1.305	0.29	-1.58
GBP/EUR	1.1781	0.48	-0.35
USD/JPY	110.03	0.09	1.31
EUR/JPY	121.85	-0.09	0.02

* 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	1.66	1.81	1.92	1.62	1.61
EUR	0.00	-0.46	-0.39	-0.24	-0.29	-0.17
GBP	0.75	0.63	0.70	0.81	0.64	0.70

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

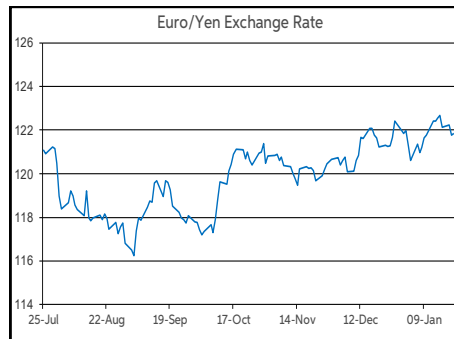
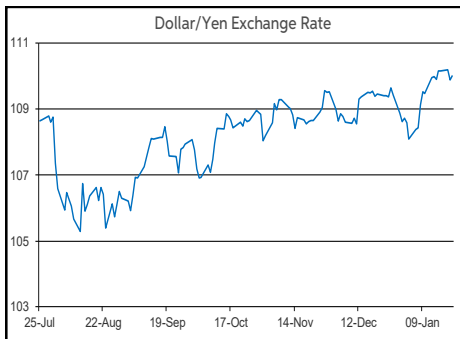
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIB 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Opening Levels

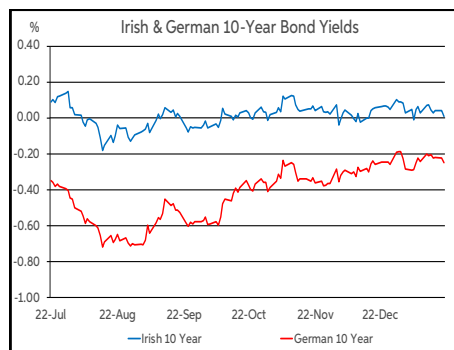
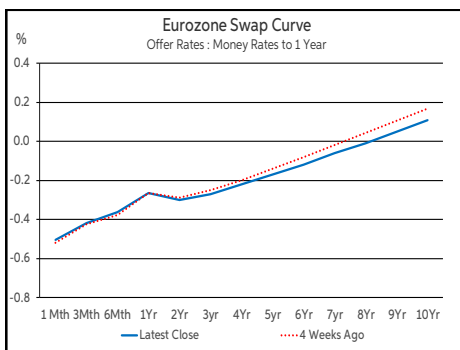
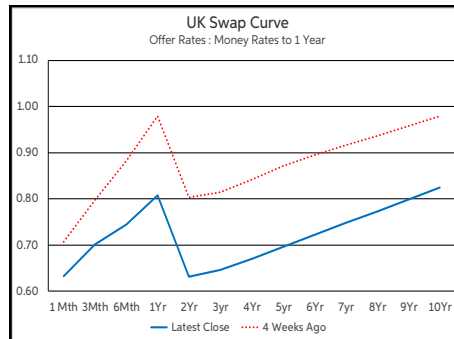
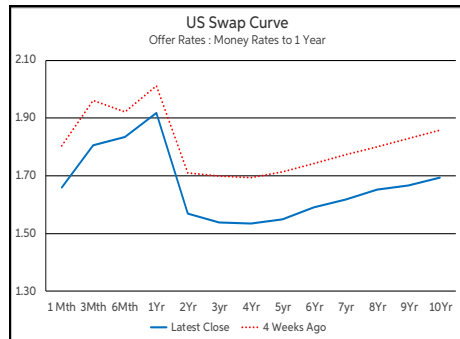
Wednesday 22 January 2020
07:24 am



Euro		Sterling		Dollar	
EUR/GBP	0.8484	GBP/EUR	1.1781	USD/JPY	110.03
EUR/USD	1.1075	GBP/USD	1.305	USD/CAD	1.3083
EUR/JPY	121.85	GBP/CAD	1.7075	USD/CHF	0.97
EUR/SEK	10.5513	GBP/NZD	1.981	USD/CNY	6.9057
EUR/DKK	7.4727	GBP/JPY	143.59	USD/BRL	4.2123
EUR/NOK	9.9537	GBP/SEK	12.4323	USD/RUB	61.8275
EUR/CHF	1.0744	GBP/DKK	8.8038	USD/INR	71.205
EUR/AUD	1.62	GBP/NOK	11.7294	AUD/USD	0.6836
EUR/HKD	8.6069	GBP/CHF	1.2661	NZD/USD	0.6585
EUR/CAD	1.449	GBP/AUD	1.9089		



	Close	Change bps		
		Day	4 Weeks	End 19
10 Year Yield %				
US	1.77	-5	-13	-15
Germany	-0.25	-3	-0	-6
UK	0.63	-2	-14	-19
5 Year Swap %				
US	1.55	-9	-17	-16
Eurozone	-0.17	-2	-3	-5
UK	0.70	-1	-17	-20
2 Year Swap %				
US	1.57	-7	-14	-13
Eurozone	-0.30	+0	-1	-1
UK	0.63	-1	-17	-18
10 Year Government Bond Spreads to Benchmark bps				
Ireland	26	-1	-6	-2
Belgium	24	-0	-4	-4
France	25	-0	-4	-6
Italy	161	+5	-4	+5
Spain	66	+1	+0	+2
Portugal	65	+6	+2	+4
Greece	162	-0	-2	+2



	% Change			
	Close	Day	4 Weeks	End 19
Brent Oil	64.59	-0.94	-3.88	-2.14
West Texas Oil	58.25	-0.51	-4.77	-4.73
Gold \$	1558.3	-0.23	+3.87	+2.67

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