

UK data boost sterling

The action on currency markets yesterday was once again focused on sterling. The currency experienced some support following the release of the CBI Industrial Survey for January. While the headline reading was broadly in line with expectations, the business optimism and investment intention sub-indices jumped higher. The data, which would not normally attract much attention, provided some evidence that the decline in the near-term risk of a no-deal, hard Brexit may provide a boost to UK growth in Q1.

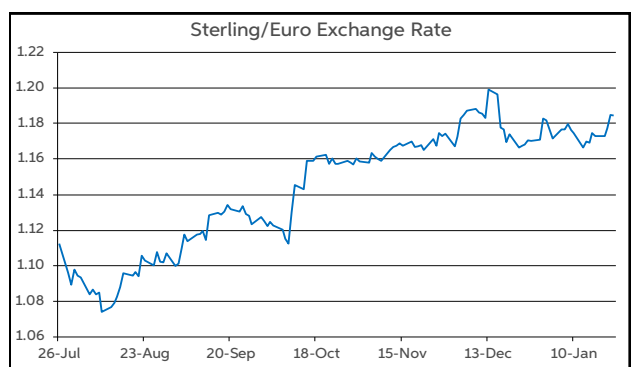
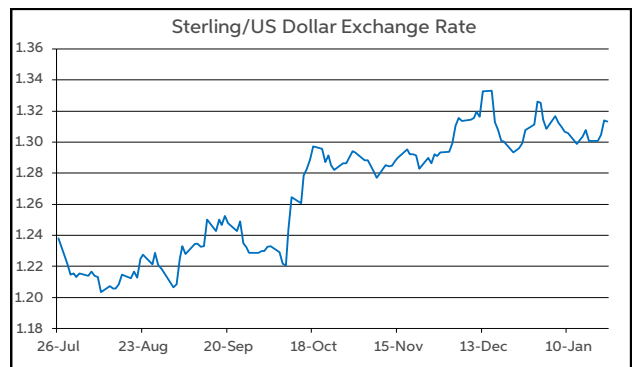
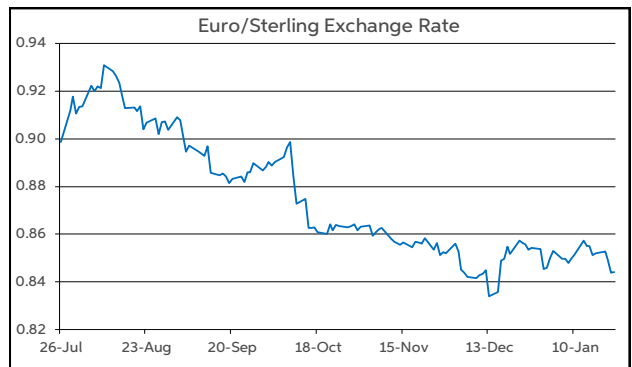
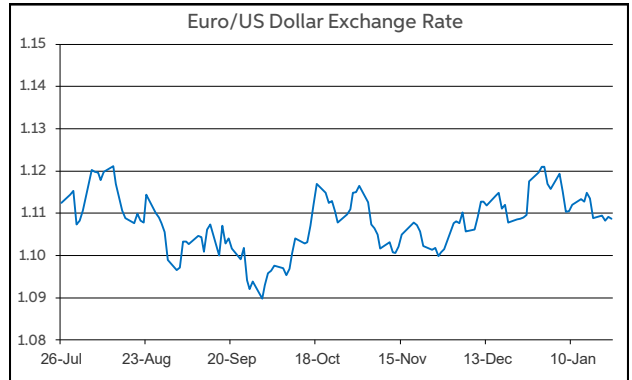
The data saw markets scale back further their expectations for BoE easing. Future contracts are now pricing in a circa 55% probability of a cut in January, down from just above 60% at yesterday's open. It should be noted that a full rate cut is still priced in by May. Attention will now turn to the upcoming flash PMIs for January, due out on Friday.

In level terms, the gains for sterling see EUR/GBP open this morning just below the midpoint of the 84-85p band. At the same time, cable (GBP/USD) has moved above the \$1.31 threshold. Meanwhile, EUR/USD continues to change hands in the upper half of the \$1.10-1.11 range.

Turning to the day ahead, the ECB will conclude its January policy meeting. It is widely expected that the central bank will remain on hold, but will also continue to emphasise that it retains its easing bias. Overall, the meeting is likely to be a non-event from a currency market perspective.

Data-wise, there is little due out that might be of influence to the main pairs, meaning we could be in for a quiet session. Although, it will be interesting to see if sterling holds onto its recent gains this week ahead of tomorrow's flash PMIs.

Conor Beakey, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2019
EUR/USD	1.1087	0.03	-1.10
EUR/GBP	0.8439	-0.58	-0.18
GBP/USD	1.3135	0.60	-0.94
GBP/EUR	1.1844	0.58	0.18
USD/JPY	109.58	-0.42	0.89
EUR/JPY	121.5	-0.38	-0.27

* 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	1.80	1.92	1.60	1.56
EUR	0.00	-0.47	-0.39	-0.24	-0.29	-0.18
GBP	0.75	0.63	0.69	0.80	0.65	0.71

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

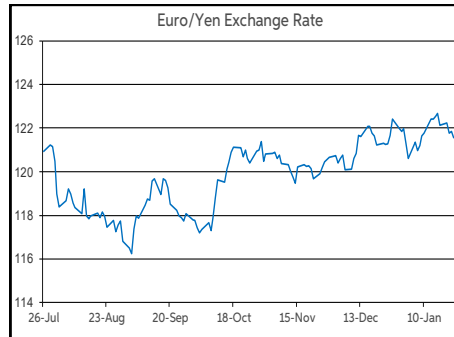
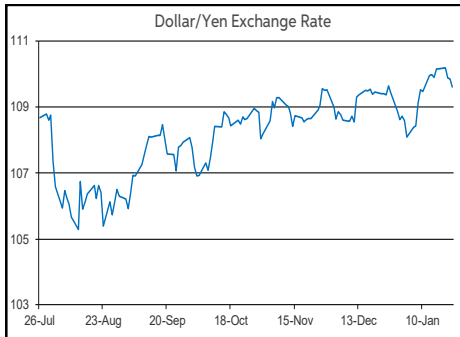
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIB 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Opening Levels

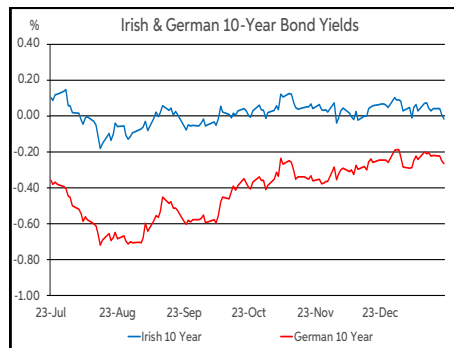
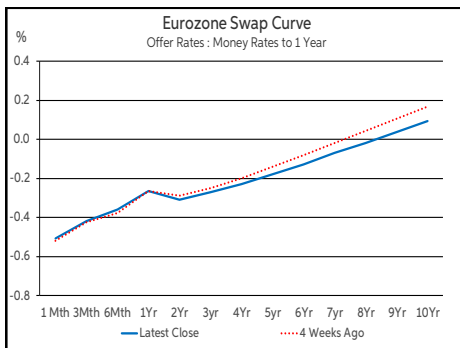
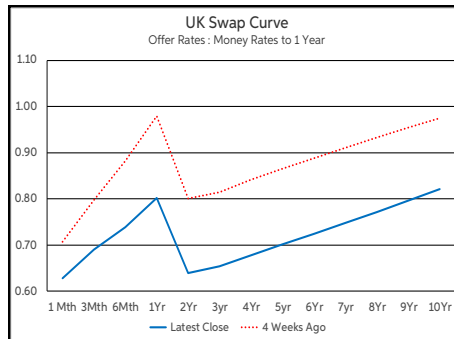
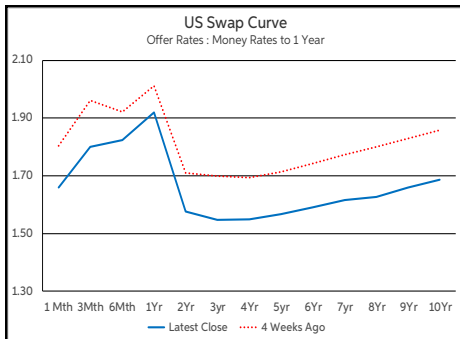
Thursday 23 January 2020
07:24 am



Euro		Sterling		Dollar	
EUR/GBP	0.8439	GBP/EUR	1.1844	USD/JPY	109.58
EUR/USD	1.1087	GBP/USD	1.3135	USD/CAD	1.3158
EUR/JPY	121.5	GBP/CAD	1.7285	USD/CHF	0.968
EUR/SEK	10.5422	GBP/NZD	1.9922	USD/CNY	6.93
EUR/DKK	7.4723	GBP/JPY	143.93	USD/BRL	4.1826
EUR/NOK	9.9716	GBP/SEK	12.487	USD/RUB	61.98
EUR/CHF	1.0736	GBP/DKK	8.8519	USD/INR	71.265
EUR/AUD	1.6134	GBP/NOK	11.8116	AUD/USD	0.6872
EUR/HKD	8.6197	GBP/CHF	1.2715	NZD/USD	0.6592
EUR/CAD	1.4592	GBP/AUD	1.9111		



	Close	Change bps		
		Day	4 Weeks	End 19
10 Year Yield %				
US	1.77	-1	-13	-15
Germany	-0.26	-1	-2	-8
UK	0.63	+0	-13	-19
5 Year Swap %				
US	1.57	-2	-15	-15
Eurozone	-0.18	-2	-4	-6
UK	0.70	+0	-16	-19
2 Year Swap %				
US	1.58	-1	-13	-12
Eurozone	-0.31	-2	-2	-2
UK	0.64	-0	-16	-17
10 Year Government Bond Spreads to Benchmark bps				
Ireland	25	-1	-7	-3
Belgium	24	+0	-4	-3
France	25	-0	-4	-6
Italy	161	-1	-5	+5
Spain	67	+1	+1	+3
Portugal	66	+1	+3	+5
Greece	162	+0	-1	+2



	% Change			
	Close	Day	4 Weeks	End 19
Brent Oil	63.21	-2.14	-5.94	-4.23
West Texas Oil	56.76	-2.56	-7.21	-7.16
Gold \$	1559.2	+0.06	+3.91	+2.73

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