

Focus firmly on UK PMIs

There was a muted tone evident on currency markets yesterday. Although, the euro adopted a slightly softer tone in the aftermath of the ECB's January policy meeting. This was despite the central bank making no changes to policy and acknowledging that some downside risks have faded.

In level terms, the marginal weakening of the euro is reflected in EUR/USD opening this morning below the midpoint of the \$1.10-1.11 band. At the same time, EUR/GBP has edged down closer to the 84p threshold. Meanwhile, GBP/USD remains above \$1.31.

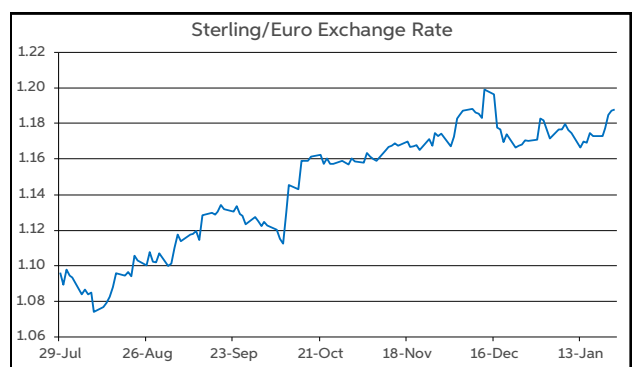
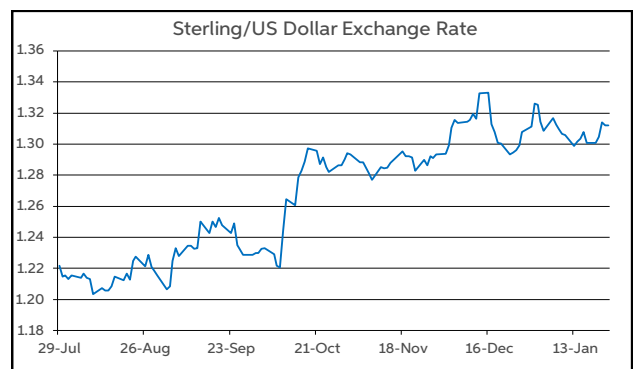
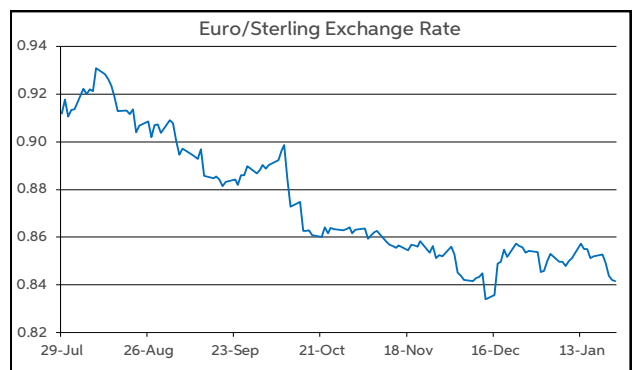
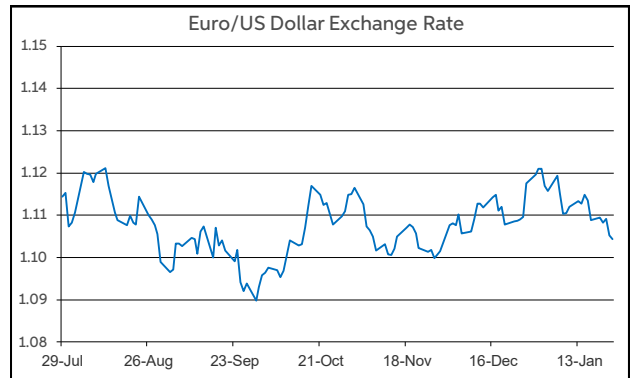
Elsewhere, the action on financial markets was relatively subdued. Equities came under pressure during the European session on the back of concerns over the Corona virus. However, the moves in the US were more limited.

Turning to the day ahead, the flash January PMIs are set to feature. Although, the releases could be non-events for both the euro and the dollar. The forecast is for no significant changes in the Eurozone and US composite indices.

In contrast, the UK PMIs will attract significant interest. The data will provide the clearest indication yet as to whether the near-term reduction in Brexit risk has provided a boost to growth in January. The expectation is that they will mirror survey data released earlier in the week and provide some evidence of an uptick in activity.

Overall, the PMIs will pose some two-way risk for sterling. If the data disappoint, expectations for a BoE rate cut next week will rise. This would be a negative for the currency. In contrast, if the survey data beat expectations, markets may move to price out this possibility, which could benefit sterling.

Conor Beakey, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2019
EUR/USD	1.1043	-0.34	-1.49
EUR/GBP	0.8418	-0.32	-0.43
GBP/USD	1.3115	-0.05	-1.09
GBP/EUR	1.1872	0.32	0.43
USD/JPY	109.51	-0.05	0.83
EUR/JPY	120.96	-0.39	-0.71

* 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	1.79	1.89	1.58	1.56
EUR	0.00	-0.47	-0.39	-0.24	-0.30	-0.20
GBP	0.75	0.63	0.70	0.81	0.63	0.68

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

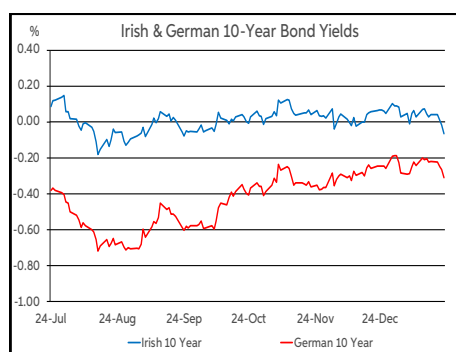
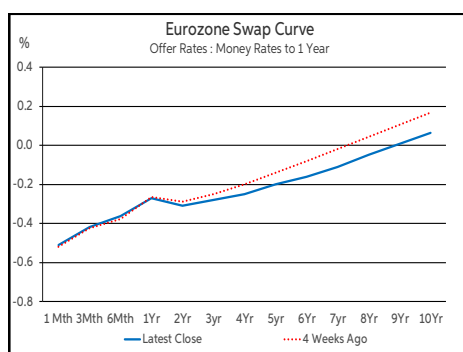
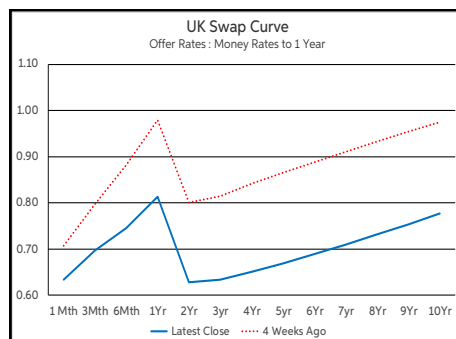
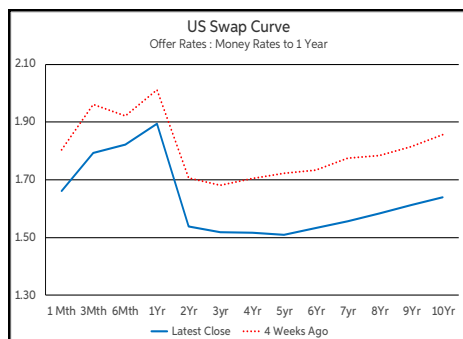
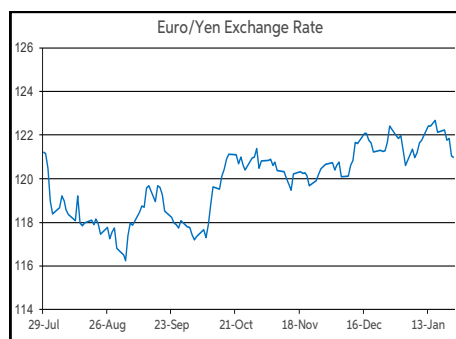
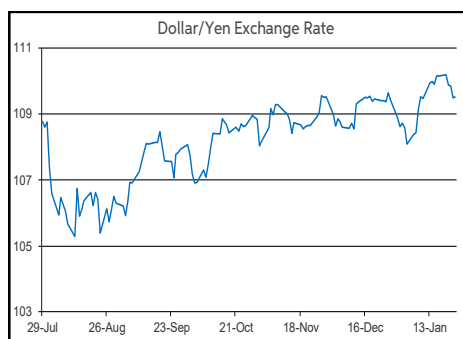
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Opening Levels

Friday 24 January 2020
07:27 am



Euro		Sterling		Dollar	
EUR/GBP	0.8418	GBP/EUR	1.1872	USD/JPY	109.51
EUR/USD	1.1043	GBP/USD	1.3115	USD/CAD	1.3125
EUR/JPY	120.96	GBP/CAD	1.7221	USD/CHF	0.9701
EUR/SEK	10.532	GBP/NZD	1.9825	USD/CNY	6.9364
EUR/DKK	7.4726	GBP/JPY	143.64	USD/BRL	4.1703
EUR/NOK	9.9374	GBP/SEK	12.5081	USD/RUB	61.8981
EUR/CHF	1.0717	GBP/DKK	8.8739	USD/INR	71.28
EUR/AUD	1.614	GBP/NOK	11.7947	AUD/USD	0.6842
EUR/HKD	8.585	GBP/CHF	1.2725	NZD/USD	0.6614
EUR/CAD	1.4502	GBP/AUD	1.9167		



	Close	Change bps		
		Day	4 Weeks	End 19
10 Year Yield %				
US	1.73	-4	-16	-19
Germany	-0.31	-5	-6	-12
UK	0.59	-4	-18	-23
5 Year Swap %				
US	1.51	-7	-21	-20
Eurozone	-0.20	-3	-6	-8
UK	0.67	-4	-20	-22
2 Year Swap %				
US	1.54	-4	-17	-16
Eurozone	-0.31	-1	-2	-2
UK	0.63	-2	-17	-18
10 Year Government Bond Spreads to Benchmark bps				
Ireland	25	-0	-6	-3
Belgium	23	-1	-4	-4
France	24	-1	-5	-6
Italy	156	-5	-10	-0
Spain	66	-1	+0	+2
Portugal	65	-2	+2	+4
Greece	163	+1	-1	+3

	% Change			
	Close	Day	4 Weeks	End 19
Brent Oil	62.04	-1.85	-8.66	-6.00
West Texas Oil	55.51	-2.20	-10.06	-9.21
Gold \$	1563.6	+0.28	+3.43	+3.02

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