

Sterling rising, dollar falling

Yesterday's UK macro schedule provided a positive backdrop for sterling. Employment figures for the three months to November far exceeded expectations, (+102k vs. f'cast for -13k). The closely watched earnings ex-bonus measure also surprised to the upside.

In contrast, while the Eurozone macro diary continued its trend of consensus beating results (incl. flash January composite PMI at its highest level since June'06), the positive spill-over impact to the euro was negligible. Meanwhile, the dollar was weaker. This coincided with comments from Treasury Secretary Mnuchin stating that he welcomed a weaker dollar.

In level terms, GBP/USD moved above the \$1.42 mark and in the process, consolidated its recent ascent above \$1.40, the lower end of the trading range it mostly occupied over the period 1988 to June 2016. However, it must be noted that net long sterling positions are at multi-year highs, meaning further gains for the pair may be driven more by dollar weakness. Sterling strength was also evident in EUR/GBP down at 87p. The euro is now close to its lowest level against sterling since last June. Meanwhile, the dollar's difficulties were reflected in EUR/USD testing up at \$1.24 and USD/JPY struggling to hold ¥109.

Today, the ECB meeting provides some key event risk for the euro (although no policy changes are anticipated). Since the release of the December meeting 'account', expectations have been building that the ECB may adopt a more hawkish tone this month. As a result, there will be much scrutiny of today's statement/press conference. From a currency viewpoint, given that euro long positions are near record highs, if the ECB disappoints versus expectations, then the euro is potentially vulnerable to a pullback.

John Fahey, Senior Economist, AIB

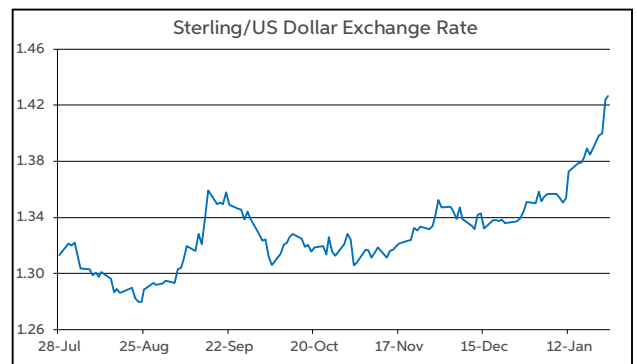
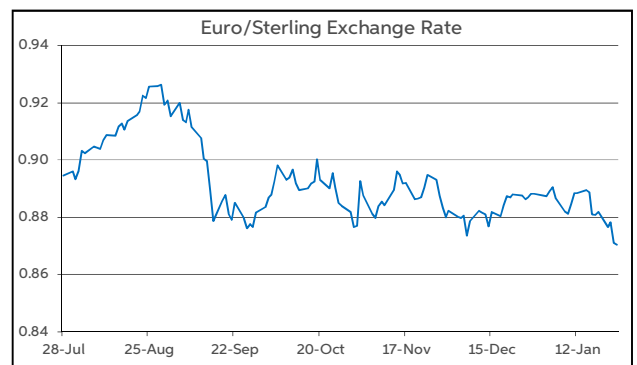
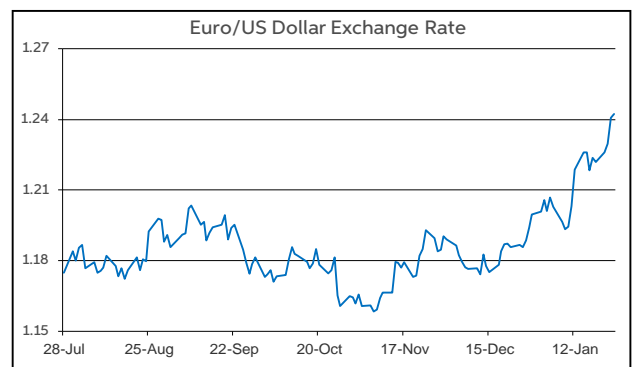
Opening Interest Rates						
	Base Rate	Short Term			Long Term	
		1-Mth	3-Mth	12-Mth	2-Yr	5-Yr
USD	1.375	1.56	1.75	2.23	2.27	2.49
EUR	0.00	-0.37	-0.33	-0.19	-0.12	0.40
GBP	0.50	0.49	0.53	0.79	0.92	1.24

Equity Indices				
	Latest Close	% Changes		
		on Day	End 2017 to Date	
Dow Jones	26252.12	+0.16	+6.20	
S&P 500	2837.54	-0.06	+6.13	
FTSE 100	7643.43	-1.14	-0.58	
DJ Stoxx 50	3643.22	-0.79	+3.97	
ISEQ	7156.4	-1.09	+1.68	
Nikkei	23669.49	-1.13	+3.97	

Today's Opening Rates			
		% Change	
		Day *	End 2017
EUR/USD	1.2416	0.75	3.50
EUR/GBP	0.8702	-0.91	-2.04
GBP/USD	1.4266	1.67	5.58
GBP/EUR	1.1486	0.92	2.08
USD/JPY	109.05	-0.80	-3.21
EUR/JPY	135.45	-0.02	0.20

* v Previous Day's European Open

See Next Page for More Rates ▶▶▶



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

Thursday 25 January 2018
07:27 am



Euro

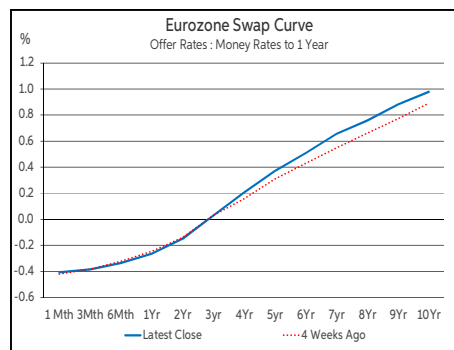
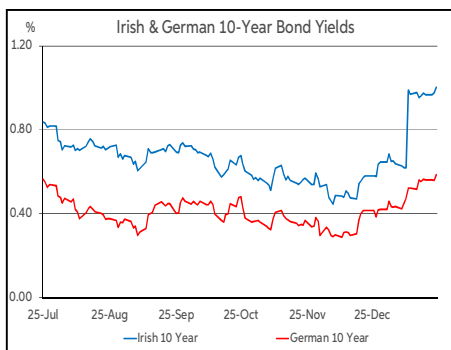
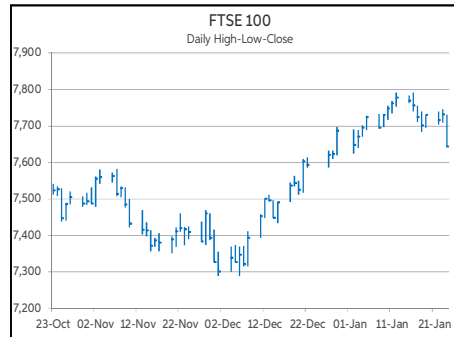
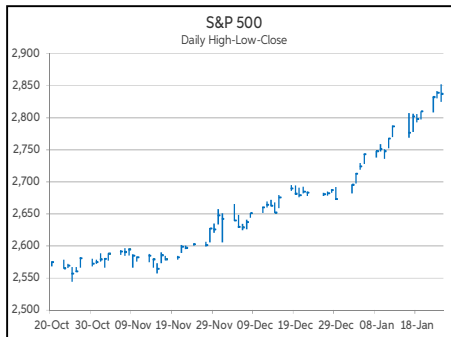
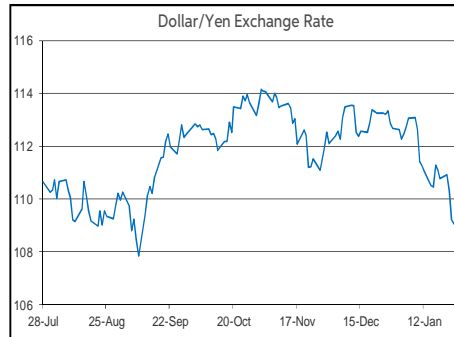
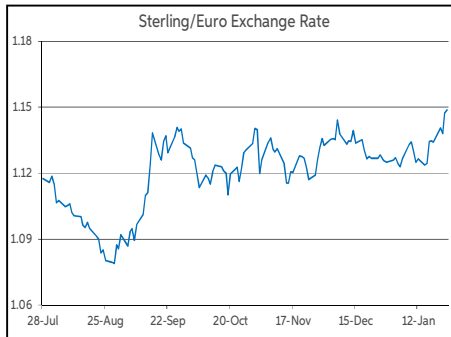
EUR/GBP	0.8702
EUR/USD	1.2416
EUR/JPY	135.45
EUR/SEK	9.8274
EUR/DKK	7.445
EUR/NOK	9.6077
EUR/CHF	1.1706
EUR/AUD	1.5362
EUR/HKD	9.7046
EUR/CAD	1.5301

Sterling

GBP/EUR	1.1486
GBP/USD	1.4266
GBP/CAD	1.7581
GBP/NZD	1.9376
GBP/JPY	155.57
GBP/SEK	11.29
GBP/DKK	8.5519
GBP/NOK	11.0398
GBP/CHF	1.345
GBP/AUD	1.765

Dollar

USD/JPY	109.05
USD/CAD	1.2322
USD/CHF	0.9426
USD/CNY	6.334
USD/BRL	3.1464
USD/RUB	55.891
USD/INR	63.55
AUD/USD	0.8083
NZD/USD	0.7363



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 17
10 Year Yield %				
US	2.65	+3	+24	+24
Germany	0.59	+3	+20	+17
UK	1.41	+6	+24	+23
Ireland	1.00	+3	N/A	N/A
Belgium	0.71	+1	+15	+10
France	0.87	+4	+16	+9
Italy	1.90	+2	-0	-10
Spain	1.34	+0	-10	-20
Portugal	1.68	+1	-13	-22
Greece	3.65	-5	-36	-39
5 Year Swap %				
US	2.48	+0	+23	+24
Eurozone	0.37	-2	+6	+5
UK	1.24	+5	+20	+20
2 Year Swap %				
US	2.23	-2	+15	+14
Eurozone	-0.15	-3	-1	-1
UK	0.90	+2	+10	+10
10 Year Government Bond Spreads to Benchmark bps				
Ireland	42	-0	N/A	N/A
Belgium	12	-1	-5	-7
France	28	+1	-4	-8
Italy	131	-1	-21	-26
Spain	76	-3	-30	-37
Portugal	109	-1	-34	-39
Greece	306	-7	-56	-56

Commodities				
	Close	% Change		
		Day	4 Weeks	End 17
Brent Oil	70.53	+0.81	+6.16	+5.47
West Texas Oil	65.69	+1.92	+10.09	+8.65
CRB - All Commodity	199.51	+1.30	+4.20	+2.91
CRB - Food	338.82	+1.10	+0.76	+0.83
Gold \$	1358.2	+1.23	+5.47	+4.27

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