

Dollar still out of favour

The dollar's slide continued last week, with the currency falling by 1.5-2% against a basket of other majors. This was its worst week since 2010. There were no clear dollar specific reasons for the continued decline. Although, comments from US Treasury Secretary Mnuchin last week proved unhelpful.

At the same time, sterling was firmer for most of the week. The lack of major Brexit news of late, as well as UK data tending to surprise to the upside in recent weeks (incl. GDP and employment figures last week), may partly explain the currency's firmer tone. Elsewhere, ECB President Draghi's reluctance to 'talk down' the euro saw it hold up, despite the Governing Council's overall 'cautious' tone on its policy outlook.

In level terms, cable (GBP/USD) opens this morning above \$1.41. The EUR/USD pair is changing hands at \$1.24, while USD/JPY has moved down to ¥109. Meantime, EUR/GBP is trading just below the 88p mark.

In the week ahead, the Fed meets, though no policy changes or major updates to its statement are anticipated. Therefore, the focus for dollar watchers will be on the January employment report. Non-farm payrolls and earnings growth look set to improve, while the unemployment rate should remain at just 4.1%. The data could help to provide some support to the dollar.

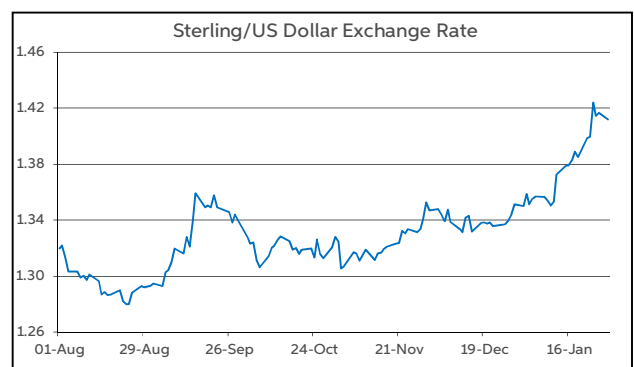
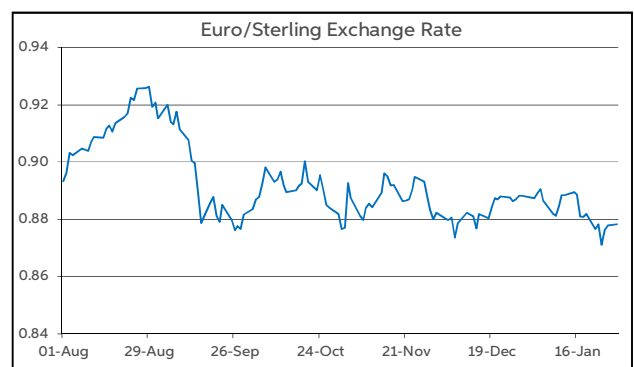
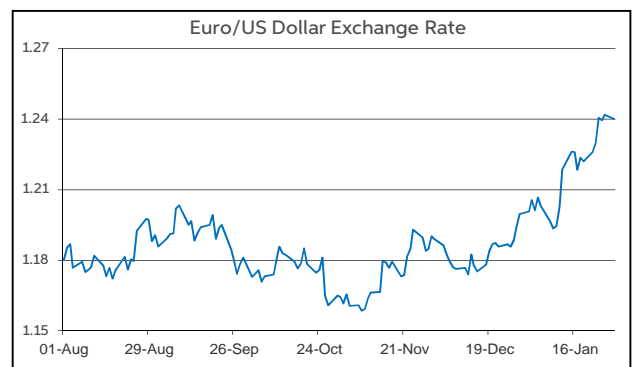
For the euro, Eurozone Q4 GDP is due, with a strong 0.6% rise forecast. Any positive impact from the data may be tempered by an expected further weakening in HICP inflation in January. Sterling-wise, a quiet UK calendar means there may not be much to provide fresh direction this week. Scheduled comments for BoE Governor Carney could provide some currency risk tomorrow.

Dara Turnbull, Economist, AIB

| Today's Opening Rates | | | |
|-----------------------|--------|----------|----------|
| | | % Change | |
| | | Day * | End 2017 |
| EUR/USD | 1.2402 | -0.23 | 3.38 |
| EUR/GBP | 0.8781 | 0.19 | -1.15 |
| GBP/USD | 1.4123 | -0.39 | 4.52 |
| GBP/EUR | 1.1384 | -0.19 | 1.16 |
| USD/JPY | 108.97 | -0.36 | -3.28 |
| EUR/JPY | 135.16 | -0.57 | -0.01 |

* 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 | 1.375 | 1.57 | 1.77 | 2.25 | 2.32 | 2.58 |
| EUR | 0.00 | -0.37 | -0.33 | -0.19 | -0.11 | 0.48 |
| GBP | 0.50 | 0.50 | 0.53 | 0.80 | 0.95 | 1.29 |

| Equity Indices | | | | |
|----------------|--------------|-----------|------------------|--|
| | Latest Close | % Changes | | |
| | | on Day | End 2017 to Date | |
| Dow Jones | 26616.71 | +0.85 | +7.68 | |
| S&P 500 | 2872.87 | +1.18 | +7.45 | |
| FTSE 100 | 7665.54 | +0.65 | -0.29 | |
| DJ Stoxx 50 | 3647.41 | +0.48 | +4.09 | |
| ISEQ | 7098.63 | +0.92 | +0.86 | |
| Nikkei | 23629.34 | -0.01 | +3.80 | |

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

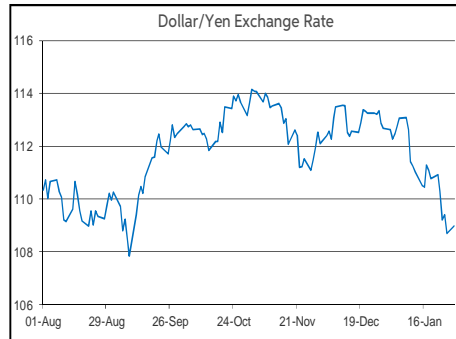
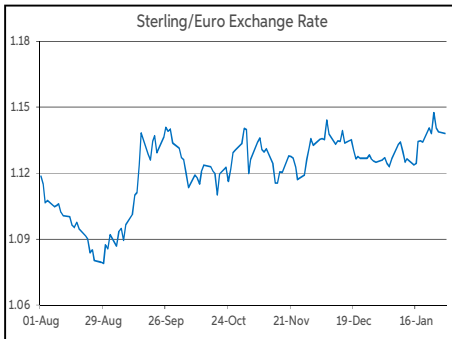
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|---------|---|----------------|---------------------------|------------------|------------------------|-----------------|-----------------------------------|
| FX Spot | Karl Cooke Shane Gargan Adrian Flanagan Enda Homan | FX Options | Mark Tuite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

Opening Levels

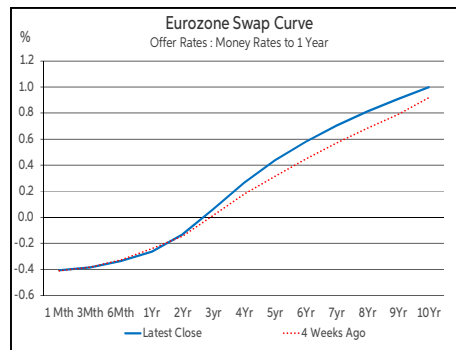
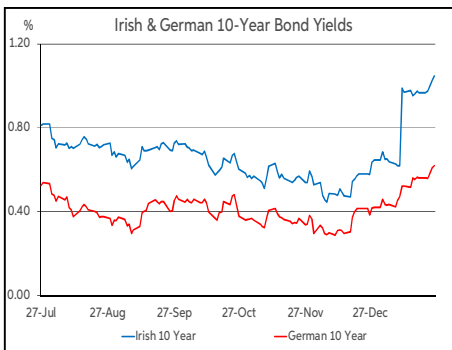
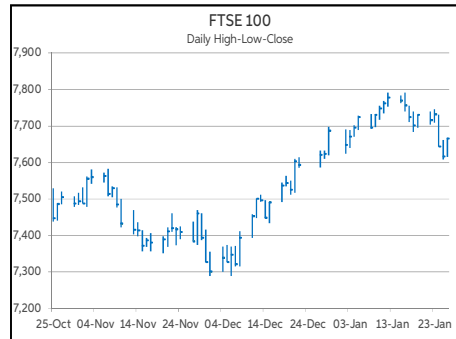
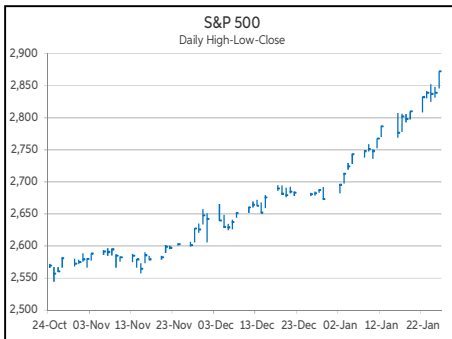
Monday 29 January 2018
07:35 am



| Euro | | Sterling | | Dollar | |
|---------|--------|----------|---------|---------|---------|
| EUR/GBP | 0.8783 | GBP/EUR | 1.1383 | USD/JPY | 108.96 |
| EUR/USD | 1.2403 | GBP/USD | 1.4122 | USD/CAD | 1.2352 |
| EUR/JPY | 135.15 | GBP/CAD | 1.744 | USD/CHF | 0.9367 |
| EUR/SEK | 9.7819 | GBP/NZD | 1.928 | USD/CNY | 6.3251 |
| EUR/DKK | 7.4432 | GBP/JPY | 153.87 | USD/BRL | 3.1529 |
| EUR/NOK | 9.5566 | GBP/SEK | 11.1358 | USD/RUB | 56.281 |
| EUR/CHF | 1.1619 | GBP/DKK | 8.4725 | USD/INR | 63.5275 |
| EUR/AUD | 1.534 | GBP/NOK | 10.8815 | AUD/USD | 0.8083 |
| EUR/HKD | 9.6973 | GBP/CHF | 1.3229 | NZD/USD | 0.7321 |
| EUR/CAD | 1.532 | GBP/AUD | 1.7466 | | |



| | Close | Change bps | | |
|---|-------|------------|---------|--------|
| | | Day | 4 Weeks | End 17 |
| 10 Year Yield % | | | | |
| US | 2.66 | +4 | +25 | +25 |
| Germany | 0.62 | +1 | +20 | +20 |
| UK | 1.43 | +2 | +25 | +25 |
| Ireland | 1.05 | +2 | N/A | N/A |
| Belgium | 0.76 | +2 | +15 | +15 |
| France | 0.90 | +1 | +12 | +12 |
| Italy | 2.00 | +4 | +0 | +0 |
| Spain | 1.37 | -3 | -17 | -17 |
| Portugal | 1.91 | +2 | +2 | +2 |
| Greece | 3.60 | -3 | -44 | -44 |
| 5 Year Swap % | | | | |
| US | 2.52 | +5 | +28 | +28 |
| Eurozone | 0.44 | +2 | +12 | +12 |
| UK | 1.28 | +3 | +24 | +24 |
| 2 Year Swap % | | | | |
| US | 2.29 | +2 | +21 | +21 |
| Eurozone | -0.13 | -1 | +1 | +1 |
| UK | 0.93 | +2 | +12 | +12 |
| 10 Year Government Bond Spreads to Benchmark bps | | | | |
| Ireland | 43 | +1 | N/A | N/A |
| Belgium | 14 | +1 | -6 | -6 |
| France | 28 | -0 | -8 | -8 |
| Italy | 138 | +3 | -20 | -20 |
| Spain | 75 | -4 | -37 | -37 |
| Portugal | 129 | +1 | -18 | -18 |
| Greece | 298 | -4 | -64 | -64 |



| | Close | % Change | | |
|---------------------|--------|----------|---------|--------|
| | | Day | 4 Weeks | End 17 |
| Brent Oil | 70.52 | +0.14 | +5.46 | +5.46 |
| West Texas Oil | 66.27 | +0.99 | +9.61 | +9.61 |
| CRB - All Commodity | 200.52 | +0.59 | +3.43 | +3.43 |
| CRB - Food | 339.05 | +0.34 | +0.90 | +0.90 |
| Gold \$ | 1350.5 | +0.15 | +3.68 | +3.68 |

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