

Dollar regains some ground

There was a cautious tone on financial markets as the week got underway. On the equities front, the S&P 500 closed down 0.7% on the day. Elsewhere, sovereign bond yields rose, with the German 10-year bund yield up 6bps to 0.68%, its highest level since November 2015, while 10-year US yields hit 2.7%.

On the currency front, comments from President Trump criticising the terms of US-EU trade coincided with some support for the dollar and euro weakness. Meantime, political concerns around the 'solidity' of UK PM May's position, as well as potential difficulties in the UK-EU Brexit talks, proved unhelpful for sterling.

In level terms, EUR/USD has been unable to hold above \$1.24. Cable (GBP/USD) fell below \$1.41, opening this morning near \$1.402. Meanwhile, a slightly softer sterling has seen EUR/GBP edged back above the 88p level.

There is a busy schedule in the day ahead. Data-wise, the flash estimate of Eurozone Q4 GDP is due. Very strong survey data in the quarter suggest that the risks to the 0.6% consensus forecast are to the upside. Either way, the data should confirm that the economy grew by 2.5% in 2017, its best performance in a decade. The data may help to provide some support for the euro today.

For sterling, BoE Governor Carney is set to appear before a parliamentary committee this afternoon. He will face questions on the outlook for monetary policy, and thus, the event may pose some event risk for the currency. Overnight in the US, President Trump will deliver his first 'State of the Union' address (2am GMT). Markets will be interested to see what Trump has to say on trade issues, given his recent aforementioned 'protectionist' rhetoric. Thus, the dollar could be sensitive to the President's comments.

Dara Turnbull, Economist, AIB

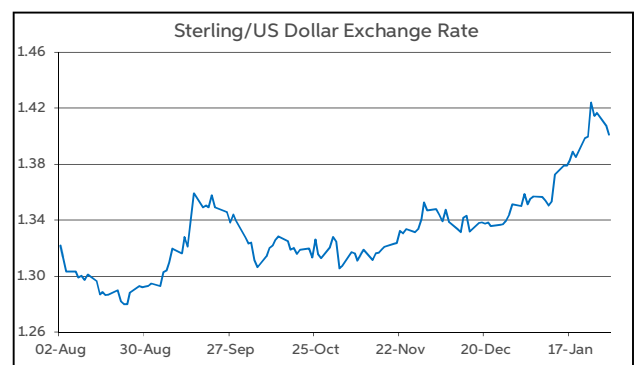
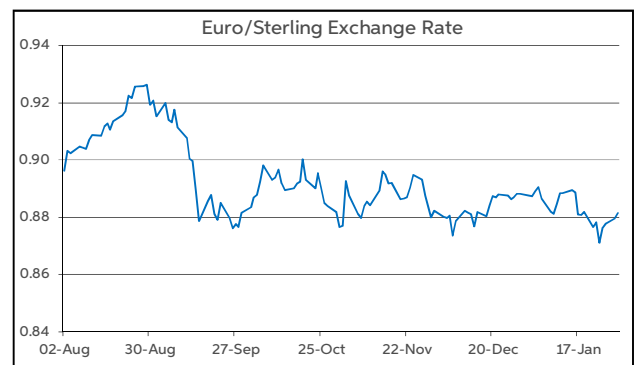
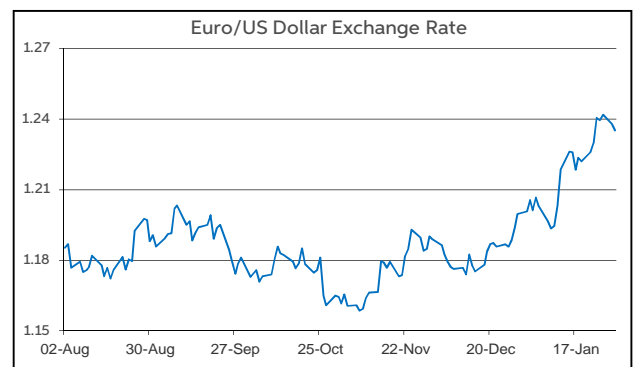
Opening Interest Rates						
	Base Rate	Short Term			Long Term	
		1-Mth	3-Mth	12-Mth	2-Yr	5-Yr
USD	1.375	1.57	1.77	2.26	2.34	2.55
EUR	0.00	-0.37	-0.33	-0.19	-0.11	0.48
GBP	0.50	0.49	0.53	0.81	0.94	1.29

Equity Indices				
	Latest Close	% Changes		
		on Day	End 2017 to Date	
Dow Jones	26439.48	-0.67	+6.96	
S&P 500	2853.53	-0.67	+6.73	
FTSE 100	7671.53	+0.08	-0.21	
DJ Stoxx 50	3643.04	-0.12	+3.97	
ISEQ	7059.28	-0.55	+0.30	
Nikkei	23291.97	-1.43	+2.32	

Today's Opening Rates			
		% Change	
		Day *	End 2017
EUR/USD	1.2361	-0.41	3.04
EUR/GBP	0.8815	0.36	-0.77
GBP/USD	1.4019	-0.80	3.75
GBP/EUR	1.1338	-0.36	0.77
USD/JPY	108.7	-0.07	-3.52
EUR/JPY	134.37	-0.50	-0.60

* 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

Tuesday 30 January 2018
07:29 am



Euro

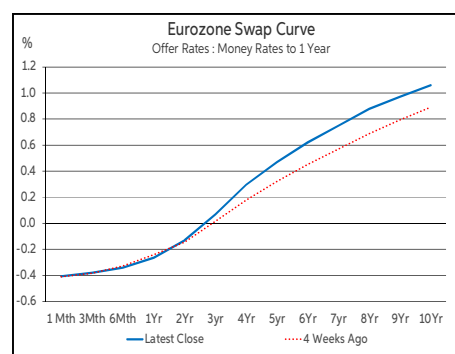
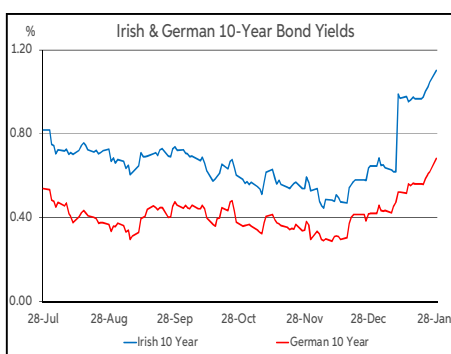
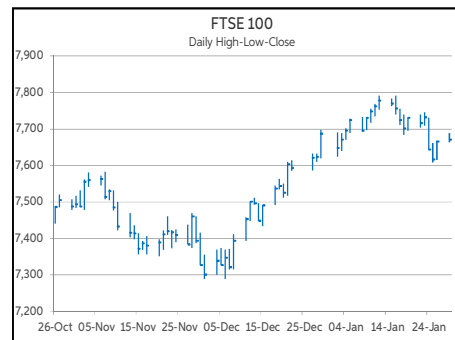
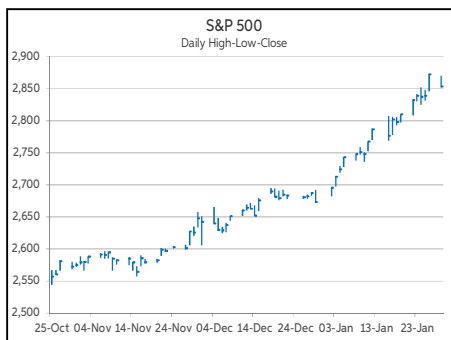
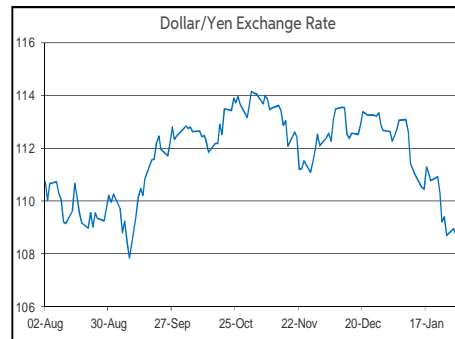
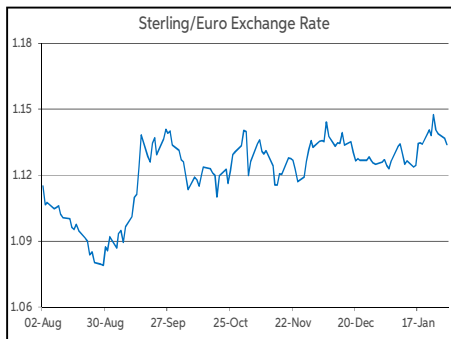
EUR/GBP	0.8815
EUR/USD	1.2361
EUR/JPY	134.37
EUR/SEK	9.781
EUR/DKK	7.4426
EUR/NOK	9.5843
EUR/CHF	1.1586
EUR/AUD	1.5337
EUR/HKD	9.6642
EUR/CAD	1.5284

Sterling

GBP/EUR	1.1338
GBP/USD	1.4019
GBP/CAD	1.7335
GBP/NZD	1.9175
GBP/JPY	152.39
GBP/SEK	11.0897
GBP/DKK	8.4391
GBP/NOK	10.8706
GBP/CHF	1.314
GBP/AUD	1.7394

Dollar

USD/JPY	108.7
USD/CAD	1.2364
USD/CHF	0.9371
USD/CNY	6.3342
USD/BRL	3.1549
USD/RUB	56.2501
USD/INR	63.745
AUD/USD	0.8059
NZD/USD	0.7309



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 17
10 Year Yield %				
US	2.70	+4	+29	+29
Germany	0.68	+6	+26	+26
UK	1.45	+2	+27	+27
Ireland	1.10	+5	N/A	N/A
Belgium	0.83	+7	+21	+22
France	0.97	+7	+21	+20
Italy	2.02	+3	+3	+3
Spain	1.41	+4	-13	-13
Portugal	1.93	+1	+3	+3
Greece	3.59	-1	-45	-45
5 Year Swap %				
US	2.54	+1	+29	+30
Eurozone	0.47	+1	+15	+15
UK	1.28	-1	+24	+24
2 Year Swap %				
US	2.28	-3	+21	+19
Eurozone	-0.13	-2	+2	+1
UK	0.92	-1	+13	+12
10 Year Government Bond Spreads to Benchmark bps				
Ireland	42	-1	N/A	N/A
Belgium	15	+1	-5	-5
France	29	+1	-5	-7
Italy	134	-4	-23	-23
Spain	73	-2	-39	-39
Portugal	124	-5	-23	-23
Greece	291	-8	-71	-71

Commodities				
	Close	% Change		
		Day	4 Weeks	End 17
Brent Oil	69.46	-1.50	+3.87	+3.87
West Texas Oil	65.71	-0.85	+8.68	+8.68
CRB - All Commodity	199.54	-0.49	+2.93	+2.93
CRB - Food	342.54	+3.49	+1.93	+1.93
Gold \$	1340.7	-0.73	+2.92	+2.92

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