

Dollar back on the defensive

Yesterday's data calendar confirmed the strong performance of the Eurozone economy in 2017. The Q4 GDP figures showed that it grew by 0.6% in the quarter, translating into full year growth of 2.5%, its best performance since 2007. Overnight, President Trump's first 'State of the Union' address contained an upbeat tone on the economy, although it was relatively light on policy detail.

The dollar was already under some downward pressure prior to President Trump's speech (after its very brief respite on Monday) and this continued in the aftermath of this address. Meanwhile, sterling has seen some gains over the last 24 hours aided in part by some comments from BoE Governor Carney. In level terms, GBP/USD has managed to move back up into \$1.41 territory and is trading up near \$1.42 this morning, while EUR/USD has regained the \$1.24 level. Meantime, the firmer tone to sterling sees EUR/GBP back down near the mid-point of 87-88p.

Elsewhere on markets, the recent rise in global bond yields, which has included US Treasury yields reaching 3 year highs, continued to act as a drag on equity markets yesterday. This was evident on Wall Street, with the benchmark S&P 500 index falling for a second consecutive day.

Ahead today, the main focus will be on the Fed meeting outcome (after close in Europe). No policy changes are expected at Fed Chair Yellen's last meeting before Jerome Powell takes the helm. With no press conference or updated projections, the meeting statement will be the centre of attention. Markets will be looking to the text to further solidify their view of a rate hike in March. From a currency viewpoint, if as expected, the Fed meeting is a non-event, then dollar impact from it could be muted.

John Fahey, Senior Economist, AIB

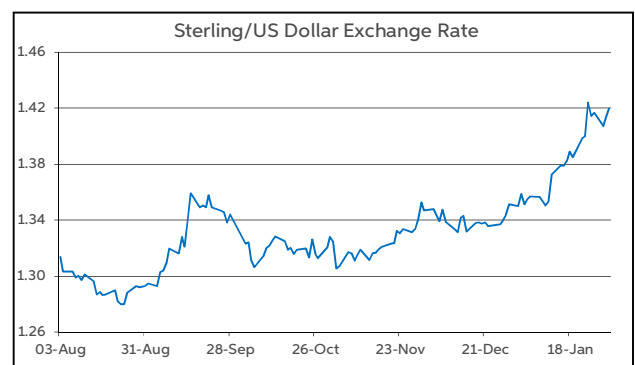
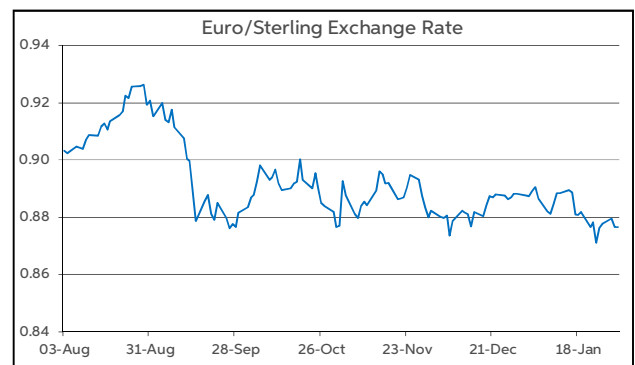
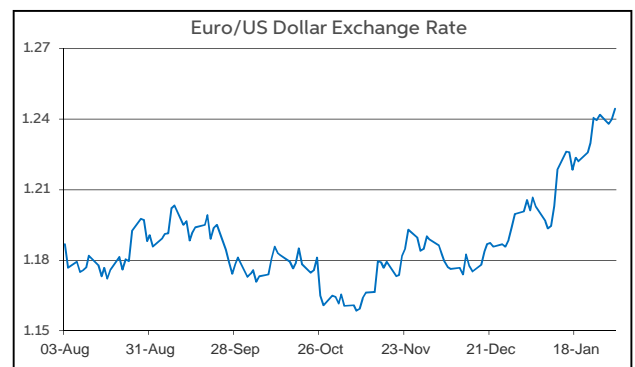
Opening Interest Rates						
	Base Rate	Short Term			Long Term	
		1-Mth	3-Mth	12-Mth	2-Yr	5-Yr
USD	1.375	1.57	1.77	2.26	2.28	2.55
EUR	0.00	-0.37	-0.33	-0.19	-0.11	0.48
GBP	0.50	0.49	0.52	0.80	0.93	1.29

Equity Indices				
	Latest Close	% Changes		
		on Day	End 2017 to Date	
Dow Jones	26076.89	-1.37	+5.49	
S&P 500	2822.43	-1.09	+5.57	
FTSE 100	7587.98	-1.09	-1.30	
DJ Stoxx 50	3606.75	-1.00	+2.93	
ISEQ	6983.47	-1.07	-0.78	
Nikkei	23098.29	-0.83	+1.46	

Today's Opening Rates			
		% Change	
		Day *	End 2017
EUR/USD	1.2446	0.67	3.75
EUR/GBP	0.8766	-0.45	-1.32
GBP/USD	1.4193	1.13	5.04
GBP/EUR	1.1403	0.46	1.33
USD/JPY	108.68	0.01	-3.54
EUR/JPY	135.26	0.67	0.06

* 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

Wednesday 31 January 2018
07:33 am



Euro

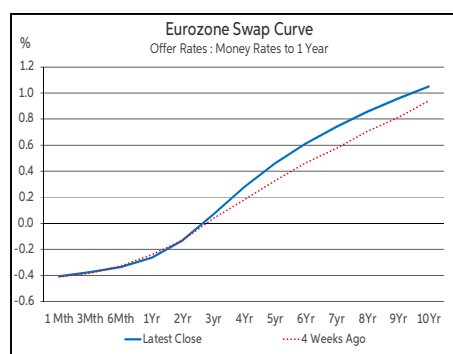
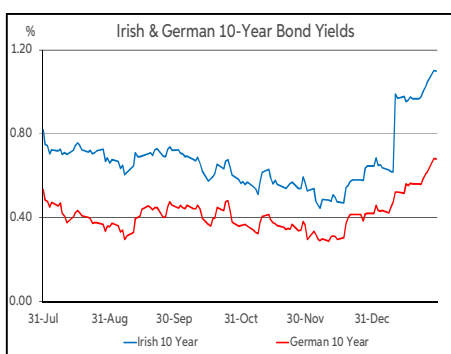
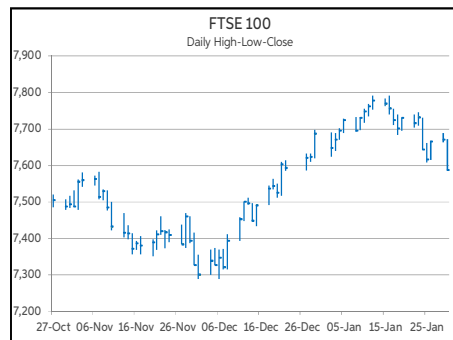
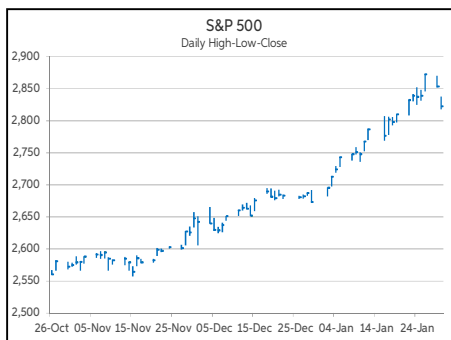
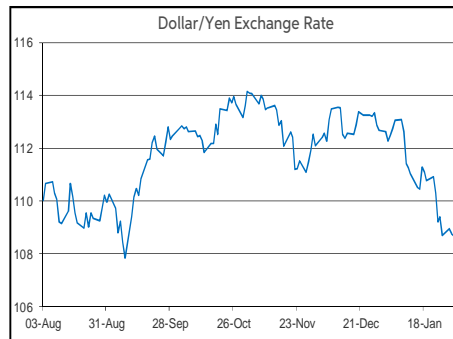
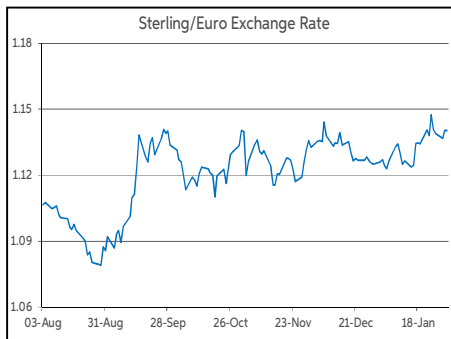
EUR/GBP	0.8766
EUR/USD	1.2446
EUR/JPY	135.26
EUR/SEK	9.7822
EUR/DKK	7.4417
EUR/NOK	9.5714
EUR/CHF	1.1601
EUR/AUD	1.5388
EUR/HKD	9.7313
EUR/CAD	1.5298

Sterling

GBP/EUR	1.1403
GBP/USD	1.4193
GBP/CAD	1.7447
GBP/NZD	1.9219
GBP/JPY	154.25
GBP/SEK	11.1539
GBP/DKK	8.4869
GBP/NOK	10.9172
GBP/CHF	1.3232
GBP/AUD	1.7547

Dollar

USD/JPY	108.68
USD/CAD	1.2289
USD/CHF	0.9322
USD/CNY	6.294
USD/BRL	3.1811
USD/RUB	56.2275
USD/INR	63.66
AUD/USD	0.8085
NZD/USD	0.7384



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 17
10 Year Yield %				
US	2.72	+2	+26	+32
Germany	0.68	-0	+22	+26
UK	1.45	+0	+18	+27
Ireland	1.10	-0	N/A	N/A
Belgium	0.82	-1	+14	+21
France	0.96	-1	+16	+19
Italy	2.02	-0	-6	+3
Spain	1.40	-2	-20	-15
Portugal	1.93	+1	-5	+4
Greece	3.63	+4	-41	-41
5 Year Swap %				
US	2.54	-2	+26	+30
Eurozone	0.46	-3	+13	+14
UK	1.28	-1	+19	+25
2 Year Swap %				
US	2.28	-1	+17	+19
Eurozone	-0.13	-2	+0	+1
UK	0.92	-1	+11	+12
10 Year Government Bond Spreads to Benchmark bps				
Ireland	42	+0	N/A	N/A
Belgium	14	-1	-8	-5
France	28	-1	-6	-7
Italy	134	+0	-29	-23
Spain	72	-1	-42	-41
Portugal	125	+1	-27	-22
Greece	295	+4	-63	-67

Commodities				
	Close	% Change		
		Day	4 Weeks	End 17
Brent Oil	69.02	-0.63	+3.68	+3.22
West Texas Oil	64.64	-1.63	+7.07	+6.91
CRB - All Commodity	198.14	-0.70	+1.76	+2.20
CRB - Food	345.87	+3.33	+2.50	+2.93
Gold \$	1338.9	-0.13	+1.57	+2.79

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