

Sterling rises following BoE meeting

The action on currency markets in the past 24 hours has seen sterling register some gains. The move came in the aftermath of the BoE's January policy meeting. The Bank rate was kept unchanged at 0.75%. Prior to the meeting, futures contracts suggested a rate cut would be a 50:50 decision.

More generally, the tone of the meeting was less dovish than had been anticipated. Only 2 MPC members voted for a cut (f'cast 3). At the same time, the central bank acknowledged that downside risks have receded somewhat. As a result, UK swap rates edged higher, though the market is still looking for 25bps of easing by year end.

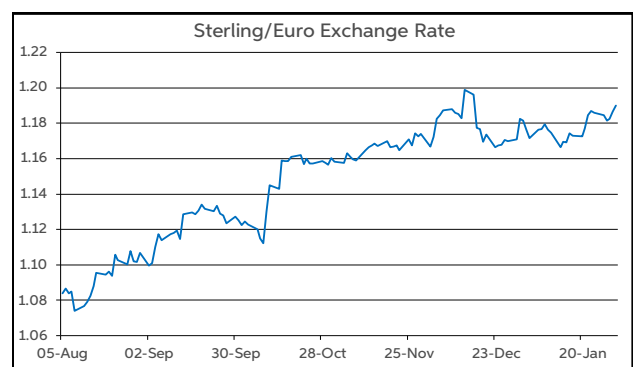
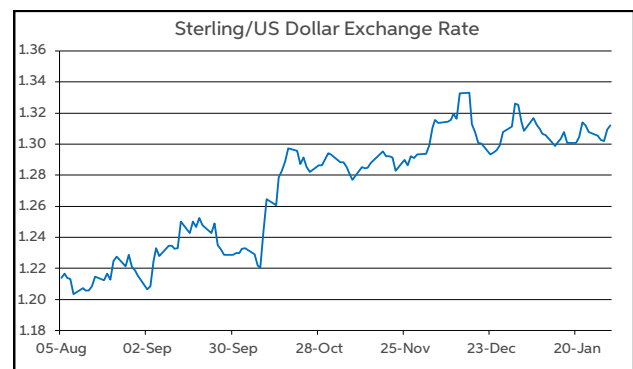
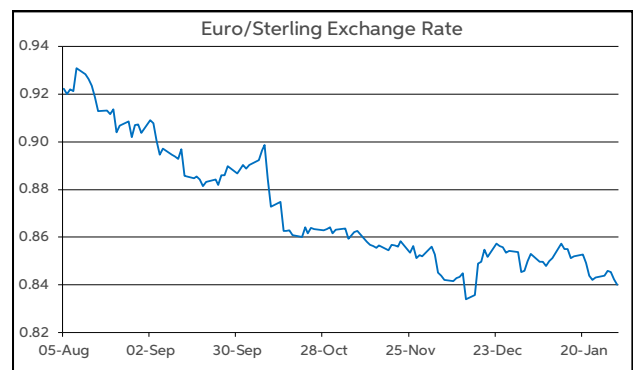
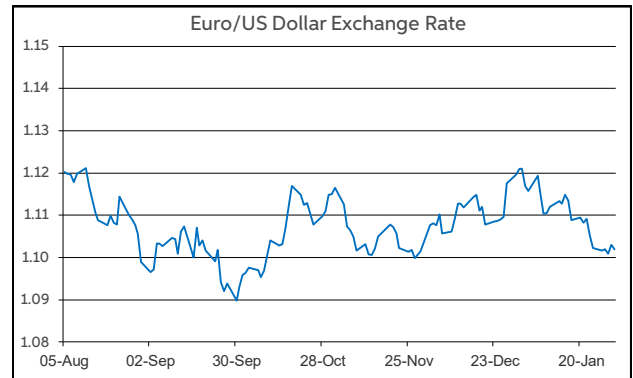
Data-wise, the main pairs were unreactive to a busy schedule. US GDP for Q4 was in-line with expectations (+2.1%) while Eurozone unemployment fell to a fresh low of 7.3% in December.

In level terms, the firmer sterling tone is reflected in EUR/GBP opening this morning down at the 84p threshold, while cable (GBP/USD) is just above the \$1.31 level. Meantime, EUR/USD remains in the lower half of the \$1.10-1.11 range.

Elsewhere on financial markets, concerns about the impact of the coronavirus weighed on sentiment at times yesterday. The WHO designated the outbreak as a global emergency. However, US equities shrugged off the news, with the S&P 500 closing up 0.3%.

Today, a busy Eurozone schedule includes the Q4 reading of Eurozone GDP (f'cast +0.2% QoQ), as well as flash January HICP figures. However, neither release is expected to generate much of a reaction in the euro. In the US, the December print of core-PCE shouldn't be a mover for the dollar. Finally, the UK will leave the EU at 11p.m. tonight but it will be a non-event for sterling.

Conor Beakey, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2019
EUR/USD	1.1022	0.09	-1.68
EUR/GBP	0.8404	-0.66	-0.59
GBP/USD	1.3113	0.76	-1.10
GBP/EUR	1.1895	0.67	0.59
USD/JPY	109.06	0.14	0.41
EUR/JPY	120.22	0.23	-1.32

* v Previous Day's European Open

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Opening Interest Rates						
	Base Rate	Short Term			Long Term	
		1-Mth	3-Mth	12-Mth	2-Yr	5-Yr
USD	1.625	1.66	1.76	1.82	1.48	1.41
EUR	0.00	-0.46	-0.40	-0.27	-0.36	-0.27
GBP	0.75	0.62	0.69	0.80	0.70	0.68

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

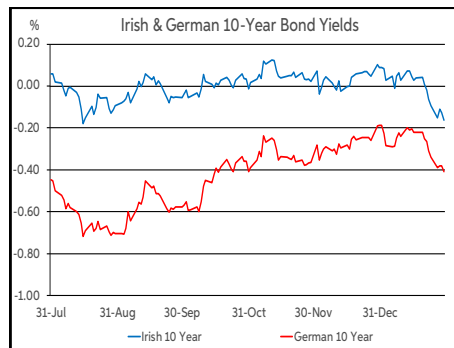
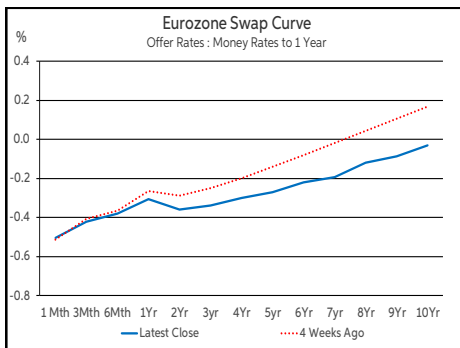
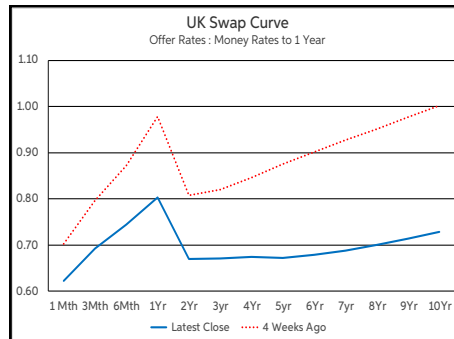
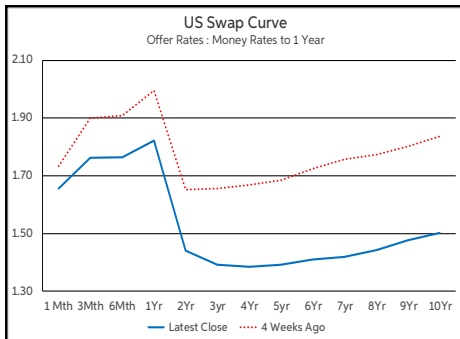
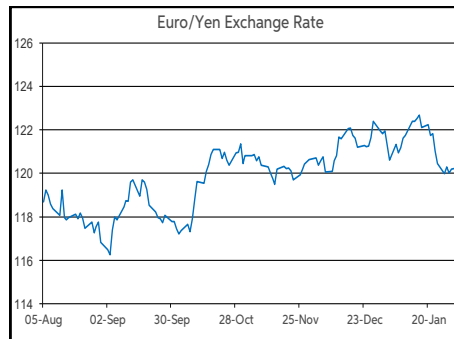
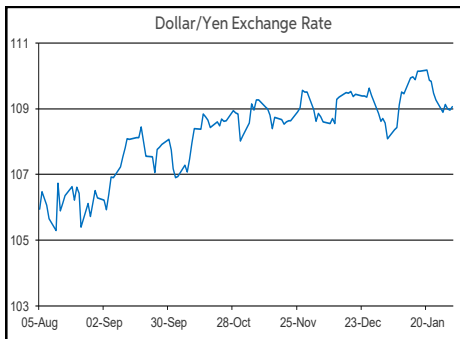
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Opening Levels

Friday 31 January 2020
07:23 am



Euro		Sterling		Dollar	
EUR/GBP	0.8404	GBP/EUR	1.1895	USD/JPY	109.06
EUR/USD	1.1022	GBP/USD	1.3113	USD/CAD	1.3209
EUR/JPY	120.22	GBP/CAD	1.7328	USD/CHF	0.9708
EUR/SEK	10.6367	GBP/NZD	2.023	USD/CNY	6.9364
EUR/DKK	7.4727	GBP/JPY	143.01	USD/BRL	4.2437
EUR/NOK	10.1328	GBP/SEK	12.6495	USD/RUB	63.111
EUR/CHF	1.0703	GBP/DKK	8.889	USD/INR	71.39
EUR/AUD	1.6409	GBP/NOK	12.0521	AUD/USD	0.6716
EUR/HKD	8.5599	GBP/CHF	1.2734	NZD/USD	0.648
EUR/CAD	1.4557	GBP/AUD	1.9522		



Debt Markets				
	Close	Day	4 Weeks	End 19
10 Year Yield %				
US	1.59	+1	-29	-33
Germany	-0.41	-3	-18	-22
UK	0.54	+3	-25	-28
Ireland	-0.16	-4	-25	-25
Belgium	-0.17	-2	-21	-25
France	-0.16	-3	-23	-28
Italy	0.93	-2	-47	-44
Spain	0.26	-3	-16	-19
Portugal	0.24	-3	-17	-18
Greece	1.07	-5	-32	-34
5 Year Swap %				
US	1.39	-1	-29	-32
Eurozone	-0.27	-1	-13	-15
UK	0.67	+2	-20	-22
2 Year Swap %				
US	1.44	-3	-21	-26
Eurozone	-0.36	-2	-7	-7
UK	0.67	+3	-14	-14
10 Year Government Bond Spreads to Benchmark bps				
Ireland	24	-1	-7	-3
Belgium	24	+1	-3	-3
France	25	-0	-5	-6
Italy	134	+1	-29	-22
Spain	67	-0	+2	+3
Portugal	64	+0	+1	+4
Greece	147	-2	-14	-12

Commodities				
	Close	Day	4 Weeks	End 19
Brent Oil	58.29	-2.54	-12.02	-11.68
West Texas Oil	52.19	-2.06	-14.68	-14.64
Gold \$	1574.5	-0.19	+2.97	+3.74

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