

PMI revisions aid sterling

Currency market action has been relatively muted over the past 24 hours. Although, sterling has moved slightly higher, aided by upward revisions made to the PMI figures for December. The final services index improved to 50, from 49.1, which helped lift the composite PMI to 49.3 (48.5).

Similarly, the release of better than expected December PMIs in the Eurozone was somewhat supportive of the euro. Notably, the German composite index moved back into expansionary territory for the first time in four months.

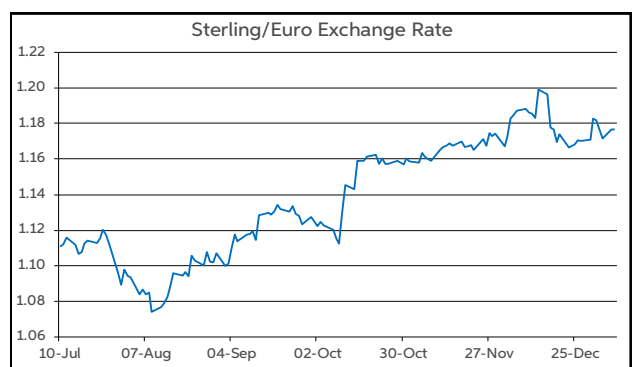
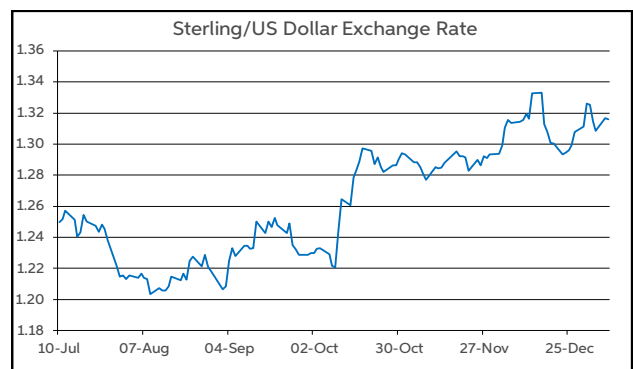
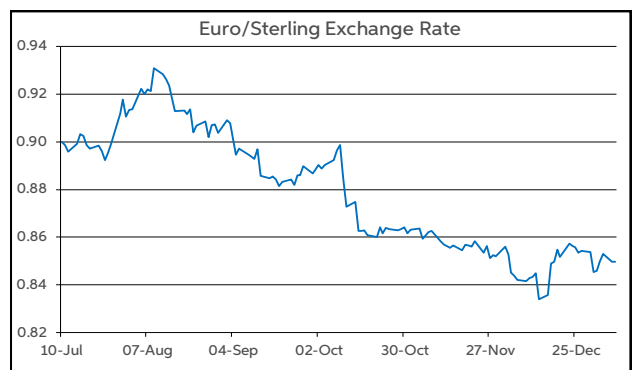
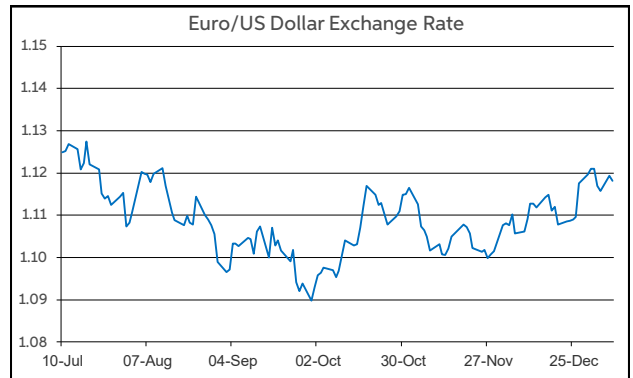
In level terms, the modest gains for sterling have seen EUR/GBP edge back to the 85p level. At the same time, GBP/USD is trading near the midpoint of the \$1.31-1.32 range. Meantime, EUR/USD is changing hands in the upper half of the \$1.11-1.12 band.

Elsewhere, market sentiment recovered somewhat yesterday, as investors concerns about geopolitical tensions faded slightly. Equities generally moved higher, with the S&P 500 gaining 0.4% on the day, while in overnight trading the Nikkei was up 1.6%.

Today, flash December inflation figures are the highlight in the Eurozone. Core HICP is projected at 1.5%, which would represent a 6-year high. However, the pick-up in inflation appears to be down to technical factors. Subdued growth also poses some downside risk to the forecast, which would be slightly unhelpful for the euro.

In the US, the non-manufacturing ISM for December is due. If the data mirror the US PMIs and beat expectations, the release could be a positive for the dollar. Meantime, there is little out to influence sterling, though Brexit newsflow may return into focus with the House of Commons reconvening today.

Conor Beakey, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2019
EUR/USD	1.1184	0.22	-0.23
EUR/GBP	0.8499	-0.39	0.53
GBP/USD	1.3155	0.57	-0.78
GBP/EUR	1.1761	0.39	-0.53
USD/JPY	108.42	-0.20	-0.17
EUR/JPY	121.26	0.55	-0.47

* 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	1.69	1.87	1.95	1.62	1.60
EUR	0.00	-0.44	-0.38	-0.24	-0.31	-0.18
GBP	0.75	0.70	0.79	0.96	0.80	0.86

All rates quoted are indicative market rates

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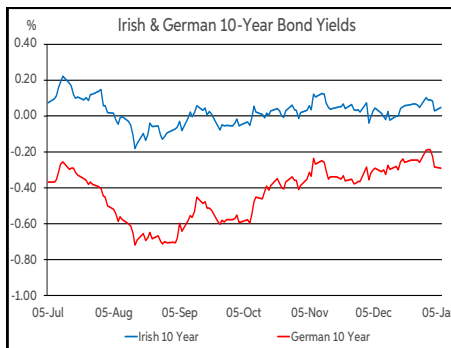
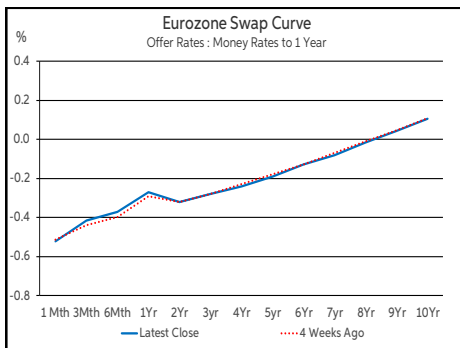
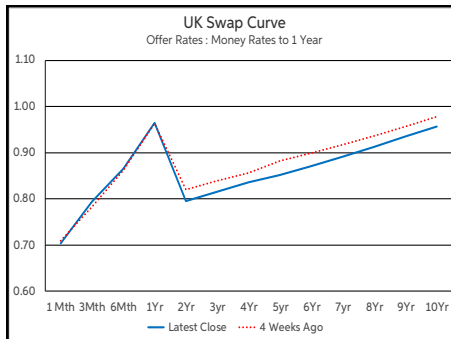
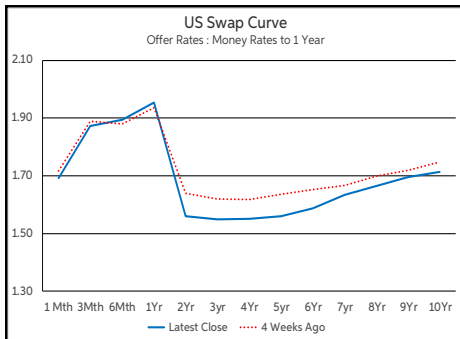
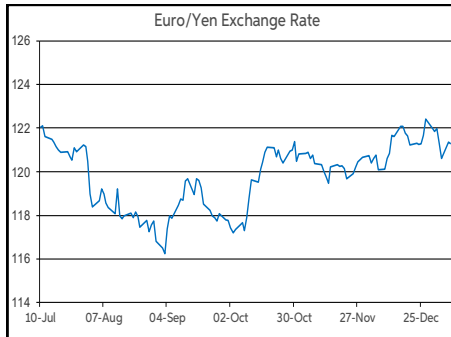
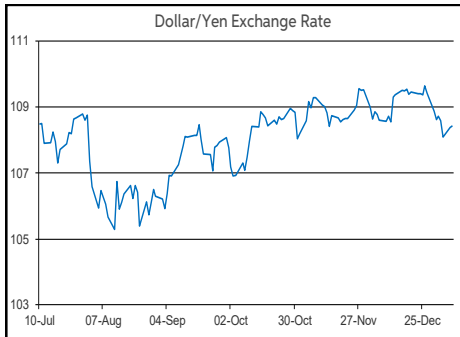
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIB 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Opening Levels

Tuesday 07 January 2020
07:14 am



Euro		Sterling		Dollar	
EUR/GBP	0.8499	GBP/EUR	1.1761	USD/JPY	108.42
EUR/USD	1.1184	GBP/USD	1.3155	USD/CAD	1.2962
EUR/JPY	121.26	GBP/CAD	1.7057	USD/CHF	0.9698
EUR/SEK	10.525	GBP/NZD	1.9755	USD/CNY	6.9447
EUR/DKK	7.4727	GBP/JPY	142.63	USD/BRL	4.0619
EUR/NOK	9.8333	GBP/SEK	12.3775	USD/RUB	61.7934
EUR/CHF	1.0848	GBP/DKK	8.791	USD/INR	71.7125
EUR/AUD	1.6167	GBP/NOK	11.5637	AUD/USD	0.6917
EUR/HKD	8.6918	GBP/CHF	1.2765	NZD/USD	0.6657
EUR/CAD	1.4499	GBP/AUD	1.902		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 19
10 Year Yield %				
US	1.81	+2	-1	-11
Germany	-0.29	-1	+2	-10
UK	0.76	+3	+1	-5
5 Year Swap %				
US	1.56	-6	-8	-15
Eurozone	-0.19	-1	-1	-7
UK	0.85	+1	-3	-4
2 Year Swap %				
US	1.56	-6	-8	-14
Eurozone	-0.32	-1	+0	-3
UK	0.80	+1	-2	-1
10 Year Government Bond Spreads to Benchmark bps				
Ireland	34	+2	+1	+6
Belgium	29	+1	-0	+2
France	31	+1	-1	+0
Italy	163	+3	-4	+7
Spain	67	+2	-8	+2
Portugal	65	+2	-4	+4
Greece	167	+2	+2	+7

Commodities				
	% Change			
	Close	Day	4 Weeks	End 19
Brent Oil	68.91	+0.45	+7.25	+4.41
West Texas Oil	63.27	+0.43	+7.26	+3.48
Gold \$	1566.1	+0.91	+7.11	+3.18

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