

## Main FX pairs in tight ranges

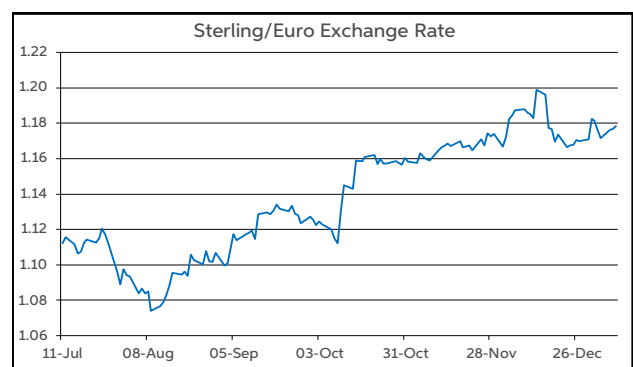
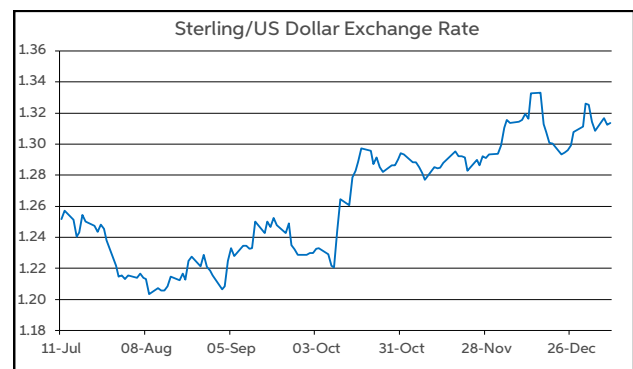
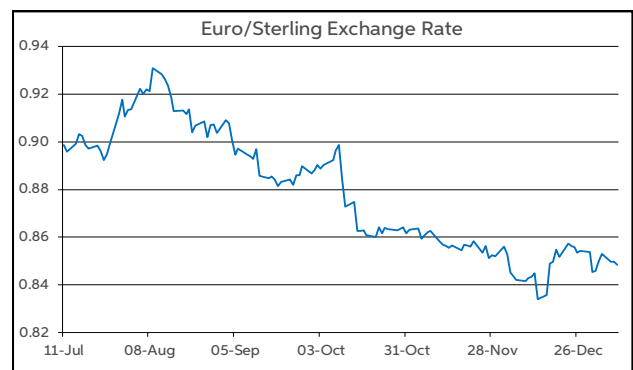
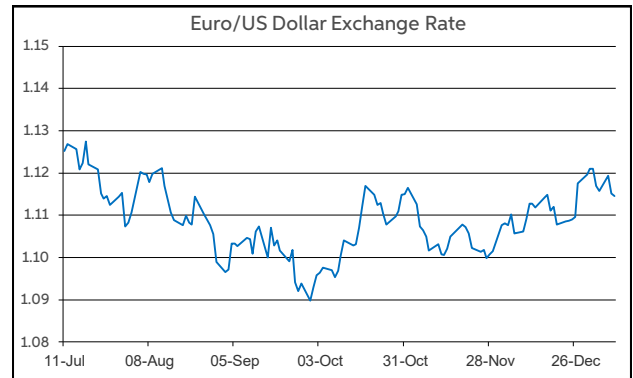
The moves on currency markets yesterday remained confined to relatively tight ranges. Of the limited action to register, the dollar was holding a slightly firmer tone for much of the day. The currency was supported by a better than expected non-manufacturing ISM for December. The headline index increased to 55, from 53.9 and versus expectations for 54.5. Meanwhile, the employment sub-component remained at a strong level which is encouraging ahead of Friday's payroll data for the same month.

The other main data release of note yesterday was the flash reading of Eurozone inflation for December. The headline number was in line with expectations, increasing to 1.3% from 1.0%. Meanwhile, underlying core inflation missed slightly to the downside of forecasts, registering a 1.4% rate (f'cast for 1.5%). Overall, the data had minimal impact on the euro.

In level terms, the modest gains for the dollar are reflected in EUR/USD opening this morning back at the midpoint of the \$1.11-1.12 band. At the same time, cable (GBP/USD) has edged back into the lower half of \$1.31-1.32. Elsewhere, EUR/GBP continues to trade in a very tight range around the 85p mark.

Ahead today, investor sentiment will remain sensitive to newsflow regarding escalating US/Iran tensions. The overnight missile strike by Iran has seen some risk aversion on markets, with the Nikkei falling by 1.6%, while the yen has firmed somewhat. From a euro perspective, the main data highlight is the EC economic sentiment survey for December. However, barring a major surprise, the impact on the euro from this may be limited. Meantime, both the US and UK data schedules are uneventful. Overall then, in the absence of any significant geo-political developments, the main FX pairs could remain within relatively narrow ranges today.

**John Fahey, Senior Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2019
EUR/USD	1.1147	-0.30	-0.56
EUR/GBP	0.8483	-0.19	0.34
GBP/USD	1.3137	-0.12	-0.92
GBP/EUR	1.1784	0.19	-0.34
USD/JPY	108.39	-0.23	-0.20
EUR/JPY	120.82	-0.35	-0.83

\* 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	1.625	1.70	1.88	1.95	1.60	1.59
EUR	0.00	-0.45	-0.39	-0.25	-0.32	-0.20
GBP	0.75	0.70	0.80	0.98	0.81	0.87

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

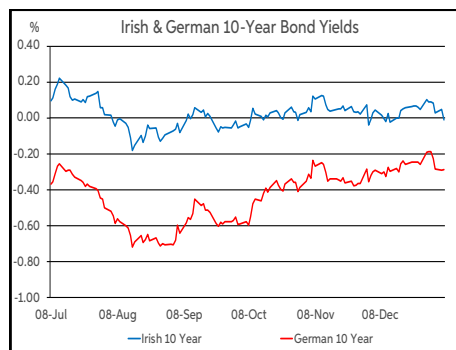
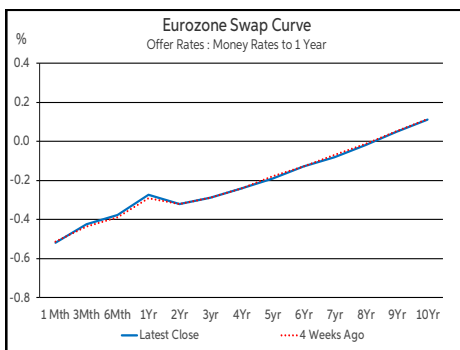
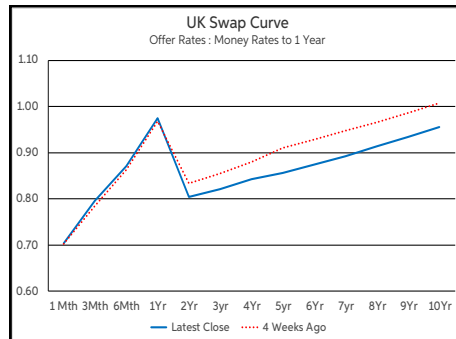
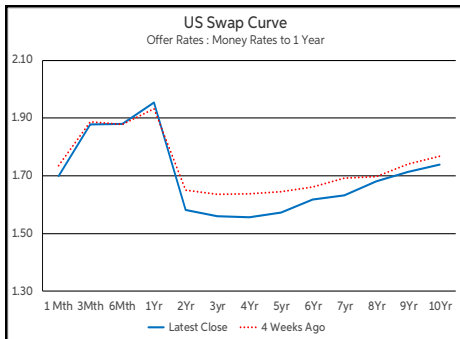
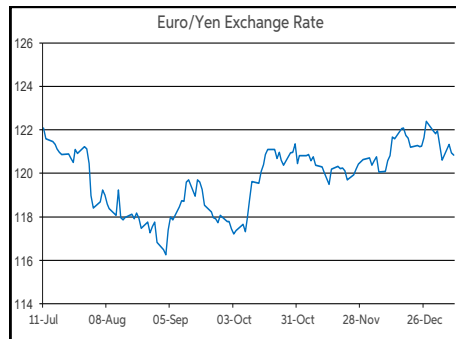
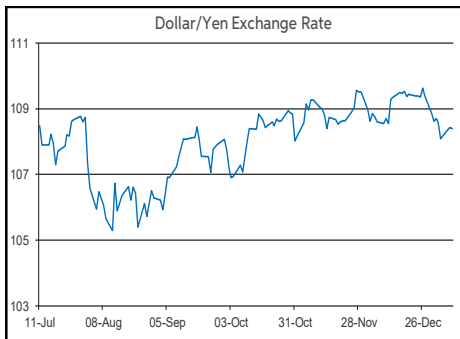
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIB 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

# Opening Levels

Wednesday 08 January 2020  
07:25 am



Euro		Sterling		Dollar	
EUR/GBP	0.8483	GBP/EUR	1.1784	USD/JPY	108.39
EUR/USD	1.1147	GBP/USD	1.3137	USD/CAD	1.2987
EUR/JPY	120.82	GBP/CAD	1.7053	USD/CHF	0.9704
EUR/SEK	10.5274	GBP/NZD	1.9755	USD/CNY	6.9428
EUR/DKK	7.4728	GBP/JPY	142.39	USD/BRL	4.0675
EUR/NOK	9.8626	GBP/SEK	12.4056	USD/RUB	61.86
EUR/CHF	1.0817	GBP/DKK	8.8064	USD/INR	71.95
EUR/AUD	1.6213	GBP/NOK	11.6224	AUD/USD	0.6873
EUR/HKD	8.6701	GBP/CHF	1.2748	NZD/USD	0.6648
EUR/CAD	1.4475	GBP/AUD	1.9108		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 19
<b>10 Year Yield %</b>				
US	1.81	+0	-3	-11
Germany	-0.29	+0	+1	-10
UK	0.79	+2	-1	-3
Ireland	-0.01	-6	-1	-10
Belgium	-0.01	-0	+0	-9
France	0.01	-1	+0	-11
Italy	1.37	+3	+4	-0
Spain	0.38	-0	-6	-8
Portugal	0.36	+0	-2	-6
Greece	1.37	-1	+5	-4
<b>5 Year Swap %</b>				
US	1.57	-3	-7	-14
Eurozone	-0.19	-1	-1	-7
UK	0.86	-1	-5	-4
<b>2 Year Swap %</b>				
US	1.58	-2	-7	-12
Eurozone	-0.32	-1	+0	-3
UK	0.80	-0	-3	-1
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	28	-6	-2	+0
Belgium	28	-0	-1	+1
France	30	-1	-1	-1
Italy	166	+3	+3	+10
Spain	66	-0	-7	+2
Portugal	65	-0	-4	+4
Greece	166	-1	+4	+6

Commodities				
	% Change			
	Close	Day	4 Weeks	End 19
Brent Oil	68.27	-0.93	+6.11	+3.44
West Texas Oil	62.7	-0.90	+5.88	+2.55
Gold \$	1574.1	+0.51	+7.49	+3.71

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