

## Euro starts the week edging lower

There was a generally muted tone to investor sentiment at the start of the week yesterday. Most of the main equity indices traded sideways for much of their respective sessions. However, this follows strong gains (2-3%) last week. At the closing bell on Wall Street last night, the S&P 500 registered a modest rise on the day.

Data-wise yesterday, the main activity on the global macro agenda came from the Eurozone, which saw a raft of survey data released. This included the EC sentiment indices for December. The headline index provided yet another positive Eurozone data surprise and in the process rose to its highest level since October 2000. The first survey data for January, the Sentix index, also printed ahead of expectations. Meanwhile, hard data releases were also upbeat, with retail sales data for November beating consensus forecasts with a 1.5% monthly gain.

However, despite this batch of strong Eurozone data, the euro has been on the defensive for much of the last 24 hours. This may in part be due to some reversal of long euro positions, which have reached "stretched" levels over recent weeks. The softer euro tone was evident in EUR/USD falling below the \$1.20 mark and EUR/GBP edging down, to trade near the 88p level. Elsewhere, given the lack of macro newsflow from either the UK or US schedules, the GBP/USD pair has been trading in a tight range within the \$1.35-1.36 band since yesterday's open.

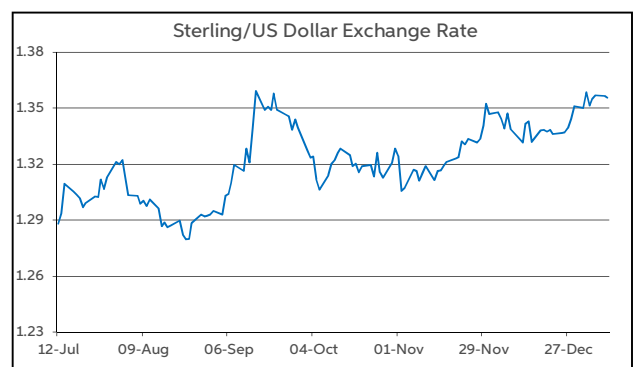
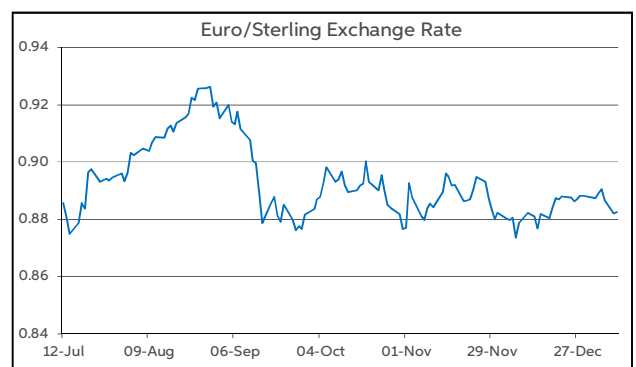
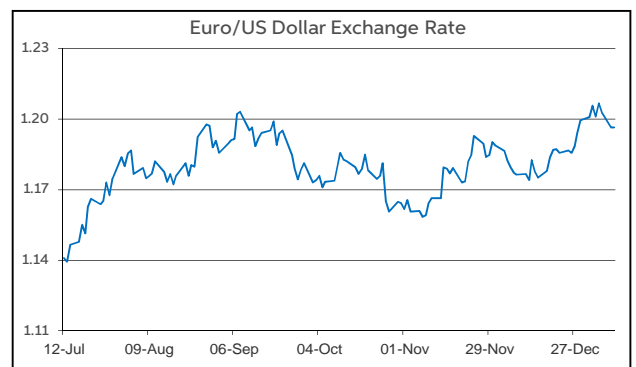
Ahead today, the macro diary is on the sparse side. Indeed, the only releases of any note are the Eurozone unemployment rate (November) and US small business optimism (December). Neither are likely to be of much interest to currency markets. As a result, the main pairs may change hands today in relatively limited ranges near their current levels.

**John Fahey, Senior Economist, AIB**

Today's Opening Rates			
		% Change	
		Day *	End 2017
EUR/USD	1.1966	-0.44	-0.25
EUR/GBP	0.8824	-0.46	-0.66
GBP/USD	1.3557	0.01	0.33
GBP/EUR	1.1329	0.46	0.67
USD/JPY	112.78	-0.40	0.10
EUR/JPY	134.95	-0.84	-0.17

\* 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	1.375	1.55	1.71	2.15	2.17	2.34
EUR	0.00	-0.37	-0.33	-0.19	-0.14	0.31
GBP	0.50	0.49	0.52	0.76	0.82	1.08

Equity Indices				
	Latest Close	% Changes		
		on Day	End 2017 to Date	
Dow Jones	25283	-0.05	+2.28	
S&P 500	2747.71	+0.17	+2.77	
FTSE 100	7696.51	-0.36	+0.11	
DJ Stoxx 50	3616.45	+0.24	+3.21	
ISEQ	7184.09	+0.14	+2.07	
Nikkei	23849.99	+0.57	+4.77	

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				

## Euro

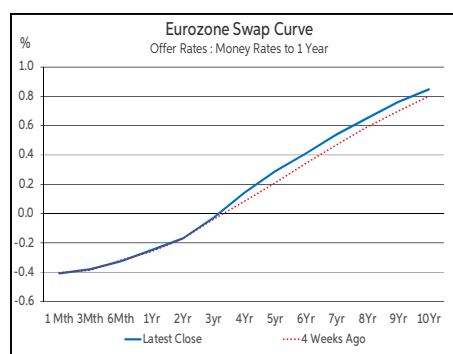
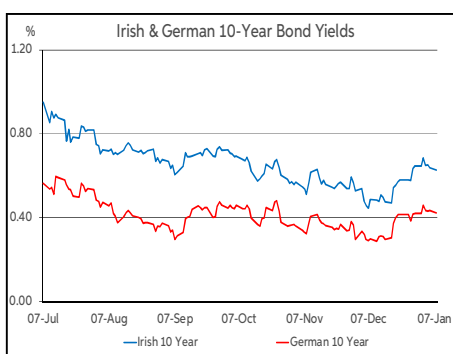
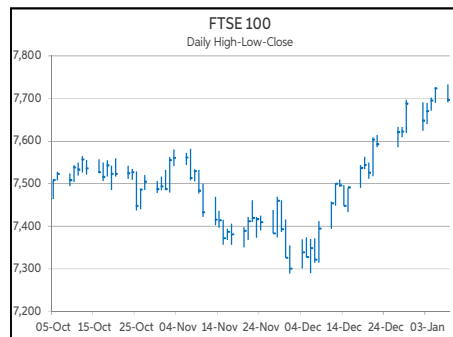
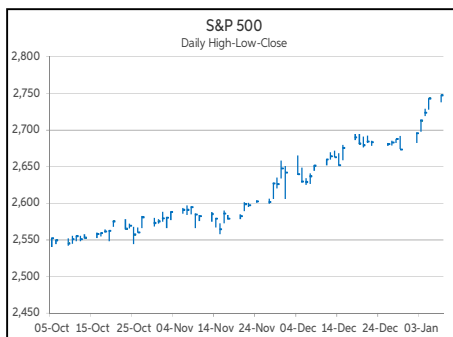
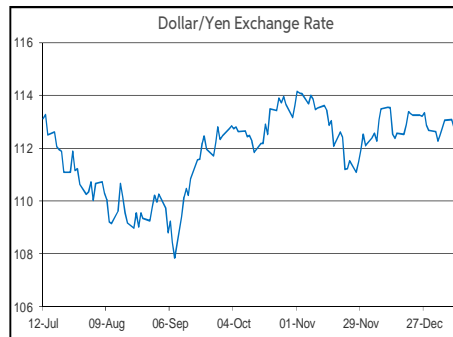
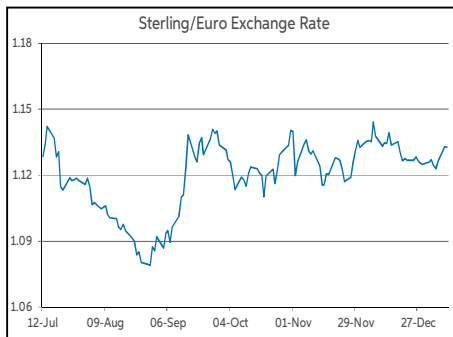
EUR/GBP	0.8824
EUR/USD	1.1966
EUR/JPY	134.95
EUR/SEK	9.8123
EUR/DKK	7.4465
EUR/NOK	9.6541
EUR/CHF	1.171
EUR/AUD	1.5223
EUR/HKD	9.3583
EUR/CAD	1.484

## Sterling

GBP/EUR	1.1329
GBP/USD	1.3557
GBP/CAD	1.6814
GBP/NZD	1.8844
GBP/JPY	152.9
GBP/SEK	11.1138
GBP/DKK	8.4365
GBP/NOK	10.9394
GBP/CHF	1.3266
GBP/AUD	1.7249

## Dollar

USD/JPY	112.78
USD/CAD	1.2401
USD/CHF	0.9785
USD/CNY	6.5046
USD/BRL	3.2406
USD/RUB	57.0075
USD/INR	63.4825
AUD/USD	0.7859
NZD/USD	0.7193



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 17
<b>10 Year Yield %</b>				
US	2.48	+0	+9	+7
Germany	0.42	-1	+13	+0
UK	1.23	-1	+3	+5
<b>Ireland</b>				
Ireland	0.63	-1	+14	-2
Belgium	0.64	-1	+16	+3
France	0.75	-4	+14	-3
Italy	1.97	-2	+33	-2
Spain	1.47	-3	+7	-8
Portugal	1.85	-6	+8	-5
Greece	3.68	-4	-76	-37
<b>5 Year Swap %</b>				
US	2.29	-2	+7	+5
Eurozone	0.29	-3	+8	-3
UK	1.07	-0	+1	+4
<b>2 Year Swap %</b>				
US	2.11	-3	+10	+2
Eurozone	-0.17	-4	+0	-3
UK	0.81	-0	-0	+1
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	20	+0	+1	-2
Belgium	22	+1	+3	+3
France	33	-2	+1	-3
Italy	155	-1	+19	-2
Spain	104	-2	-7	-8
Portugal	142	-4	-6	-5
Greece	326	-3	-89	-37

Commodities				
	Close	% Change		
		Day	4 Weeks	End 17
Brent Oil	67.78	+0.24	+4.78	+1.36
West Texas Oil	61.73	+0.39	+6.73	+2.10
CRB - All Commodity	192.92	-0.27	+4.00	-0.49
CRB - Food	342.15	+0.38	+0.93	+1.82
Gold \$	1320.7	+0.00	+6.33	+1.38

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