

## Cautious mood on markets

There was a cautious start to the week on financial markets yesterday. A key reason behind this caution is the increased uncertainty over the ability of President Trump to implement his broader economic agenda, which includes infrastructure spending, tax cuts and reduced business regulation. The prospect of these various measures had helped equity markets to rally since the outcome of the US presidential election back in November.

However, the inability last week of the Republican party to be able to push through healthcare reforms has raised doubts over the stimulus/reforms that might actually materialise. At the same time, the recent softness in oil prices has also provided an unhelpful backdrop to investor sentiment. At the close last night on Wall Street, the S&P 500 was broadly flat on the day, coming on the back of last week's 1.5% decline.

Meantime, on currency markets, the dollar has also been impacted by some of the same 'Trump' related factors affecting equity markets. This was evident in EUR/USD trading as high as \$1.09 and GBP/USD testing up at the \$1.26 mark yesterday. The dollar's recent soft patch is also reflected in USD/JPY remaining below the ¥111 level. Elsewhere, EUR/GBP has spent the last 24 hours trading in a narrow range within the 86-87p band.

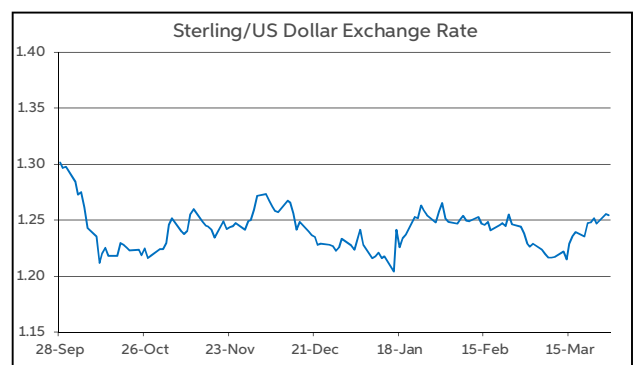
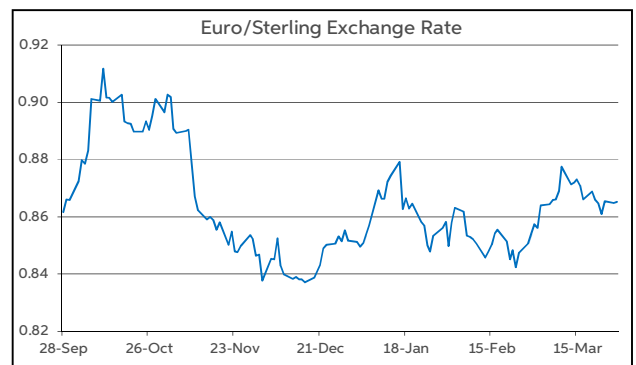
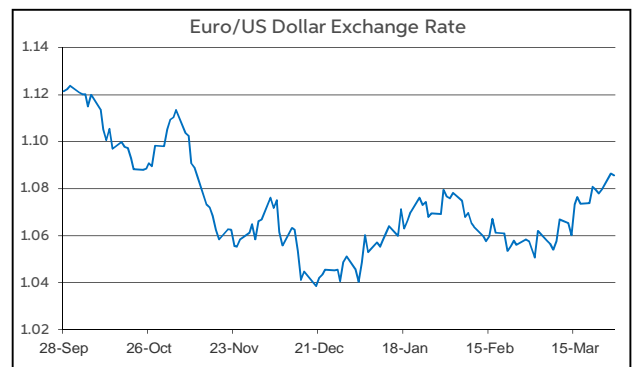
Looking ahead to today, the macro schedule is sparse on this side of the Atlantic, with no meaningful data due out from either the UK or Eurozone. Meantime, in the US, we get some trade data (Feb), house prices (Jan) and consumer confidence (Mar). From a currency perspective, barring any significant surprises, none of these releases are likely to be of major interest to the dollar. Therefore, the main FX pairs could range trade near current levels over the course of the day.

**John Fahey, Senior Economist, AIB**

		% Change	
		Day *	End 2016
EUR/USD	1.0856	0.13	3.26
EUR/GBP	0.8651	-0.05	1.56
GBP/USD	1.2544	0.14	1.69
GBP/EUR	1.1554	0.05	-1.54
USD/JPY	110.67	0.24	-5.31
EUR/JPY	120.15	0.35	-2.43

\* v Previous Day's European Open

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	Base Rate	Short Term			Long Term	
		1-Mth	3-Mth	12-Mth	2-Yr	5-Yr
USD	0.875	0.98	1.15	1.80	1.62	2.04
EUR	0.00	-0.37	-0.33	-0.11	-0.08	0.27
GBP	0.25	0.26	0.34	0.73	0.65	0.90

	Latest Close	% Changes	
		on Day	End 2016 to Date
Dow Jones	20550.98	-0.22	+3.99
S&P 500	2341.59	-0.10	+4.59
FTSE 100	7293.5	-0.59	+2.11
DJ Stoxx 50	3437.14	-0.20	+4.46
ISEQ	6562.15	-0.76	+0.69
Nikkei	19202.87	+1.14	+0.46

All rates quoted are indicative market rates

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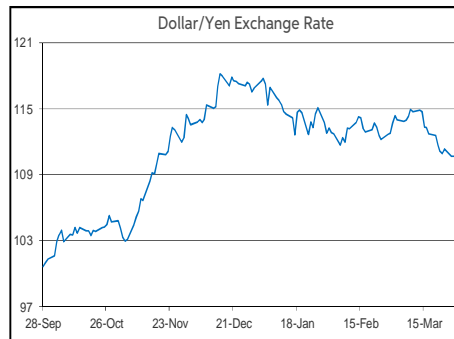
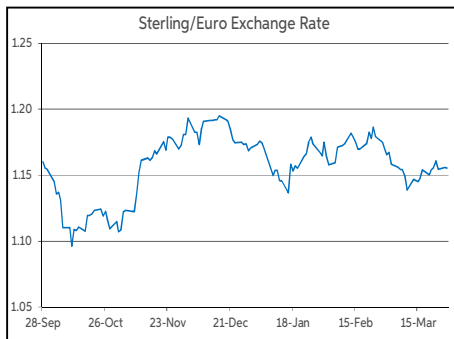
FX Spot	Karl Cooke Shane Gargan Adrian Flanagan Enda Homan	FX Options	Mark Tuite Lenny Hogan	Reuters Phone	AIB 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	James Murray				

# Opening Levels

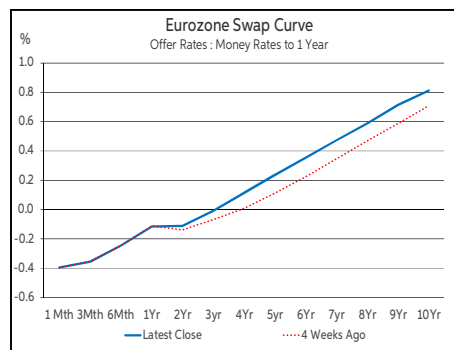
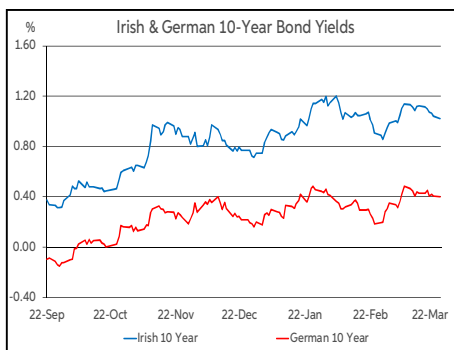
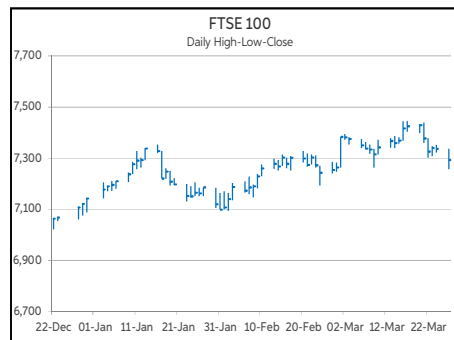
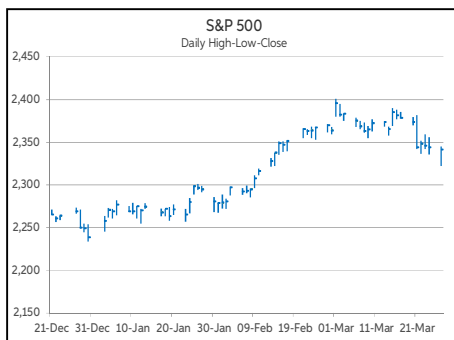
Tuesday 28 March 2017  
07:30 am



Euro		Sterling		Dollar	
EUR/GBP	0.8651	GBP/EUR	1.1554	USD/JPY	110.67
EUR/USD	1.0856	GBP/USD	1.2544	USD/CAD	1.3403
EUR/JPY	120.15	GBP/CAD	1.6812	USD/CHF	0.9863
EUR/SEK	9.542	GBP/NZD	1.7877	USD/CNY	6.8839
EUR/DKK	7.4392	GBP/JPY	138.82	USD/BRL	3.1261
EUR/NOK	9.218	GBP/SEK	11.0215	USD/RUB	56.935
EUR/CHF	1.0708	GBP/DKK	8.5956	USD/INR	64.97
EUR/AUD	1.429	GBP/NOK	10.6523	AUD/USD	0.7595
EUR/HKD	8.4322	GBP/CHF	1.2373	NZD/USD	0.7014
EUR/CAD	1.4549	GBP/AUD	1.6514		



	Close	Change bps		
		Day	4 Weeks	End 16
<b>10 Year Yield %</b>				
US	2.38	-4	+1	-7
Germany	0.40	-0	+21	+20
UK	1.17	-3	+2	-6
Ireland	1.02	-2	+13	+27
Belgium	0.87	-2	+16	+36
France	0.97	-3	+8	+30
Italy	2.36	-3	+24	+56
Spain	1.67	-0	+3	+30
Portugal	4.03	-7	+17	+31
Greece	7.11	+0	+19	+23
<b>5 Year Swap %</b>				
US	1.99	-6	+0	+4
Eurozone	0.24	-4	+13	+16
UK	0.90	-2	+11	+2
<b>2 Year Swap %</b>				
US	1.59	-3	+3	+14
Eurozone	-0.11	-2	+3	+5
UK	0.64	-1	+6	+4
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	62	-2	-7	+7
Belgium	46	-1	-5	+15
France	57	-2	-12	+9
Italy	196	-2	+3	+36
Spain	127	+0	-18	+10
Portugal	363	-6	-4	+10
Greece	671	+0	-2	+3



	Close	% Change		
		Day	4 Weeks	End 16
Brent Oil	50.75	-0.10	-9.26	-10.68
West Texas Oil	47.02	-0.59	-12.99	-12.52
CRB - All Commodity	183.10	-0.20	-3.57	-4.89
CRB - Food	337.02	-0.31	-1.99	-0.51
Gold \$	1254.8	+0.82	+0.16	+8.90

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