

## BoE the focus today

There was a more upbeat tone on financial markets yesterday. This partly reflects the continued rise in oil prices. Brent oil moved above \$77 a barrel for the first time since November 2014 on concerns that the US' decision to pull out of the Iran nuclear deal may impact supply. On Wall Street, the S&P 500 gained 1% on the day.

On the currency front, the euro and sterling saw some respite, following recent declines against the dollar. Both EUR/USD and GBP/USD have declined by around 4-5% since mid-April. The EUR/USD pair touched a new five-month low of \$1.1823 yesterday morning, before moving up. It opens this morning at \$1.187. GBP/USD has moved back into the upper half of the \$1.35-1.36 band. Meantime, EUR/GBP has traded in a narrow 87.3-87.7p range.

In the day ahead, the focus will be on the latest so-called BoE 'Super Thursday' (minutes, statement, Inflation Report and Gov Carney press conference all due). The expectation is that the MPC will leave rates on hold. This comes off the back of weak UK data for Q1 and 'cautious' comments from Carney recently. Markets now see August as the likely date for a UK rate hike. Today's raft of updates will be looked to for guidance on this.

Thus, there is some 'two-way' risk for sterling today. If the BoE updates add support to market expectations of an August hike, then it may help to boost the currency. On the other hand, if the Bank is seen to be keeping its options open, adopting a cautious approach, then it may act as a headwind to sterling.

Elsewhere, the overnight escalation in tensions between Iran and Israel will be closely followed and headlines around it may have some impact on risk appetite.

**Dara Turnbull, Economist, AIB**

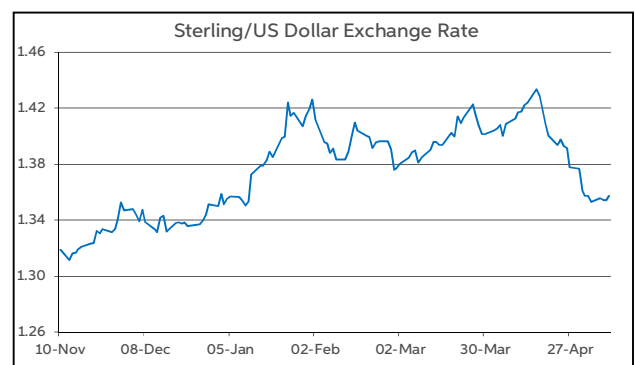
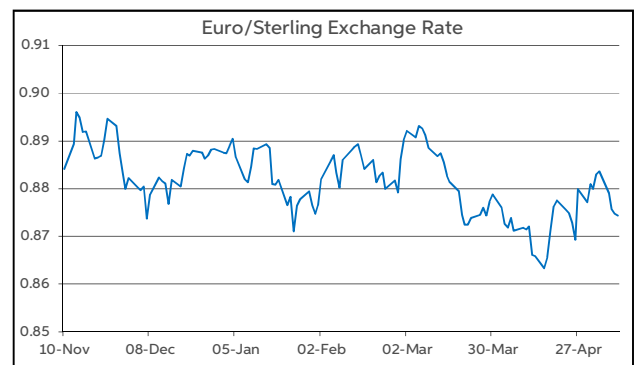
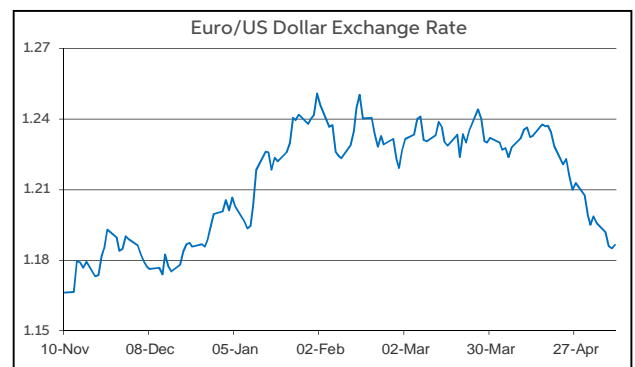
Opening Interest Rates						
	Base Rate	Short Term			Long Term	
		1-Mth	3-Mth	12-Mth	2-Yr	5-Yr
USD	1.625	1.93	2.36	2.77	2.77	2.94
EUR	0.00	-0.37	-0.33	-0.19	-0.14	0.39
GBP	0.50	0.52	0.68	0.96	1.07	1.38

Equity Indices				
	Latest Close	% Changes		
		on Day	End 2017 to Date	
Dow Jones	24542.54	+0.75	-0.71	
S&P 500	2697.79	+0.97	+0.90	
FTSE 100	7662.52	+1.28	-0.33	
DJ Stoxx 50	3569.74	+0.33	+1.88	
ISEQ	6983.53	+0.49	-0.78	
Nikkei	22497.18	+0.39	-1.18	

Today's Opening Rates			
		% Change	
		Day *	End 2017
EUR/USD	1.1866	0.11	-1.08
EUR/GBP	0.8743	-0.17	-1.58
GBP/USD	1.3569	0.27	0.42
GBP/EUR	1.1432	0.17	1.60
USD/JPY	109.8	0.32	-2.55
EUR/JPY	130.29	0.40	-3.62

\* v Previous Day's European Open

See Next Page for More Rates ▶▶▶



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				

# Opening Levels

Thursday 10 May 2018  
07:30 am



## Euro

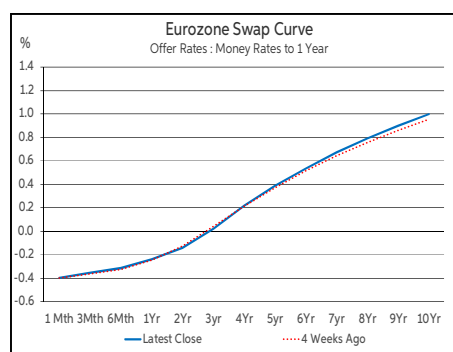
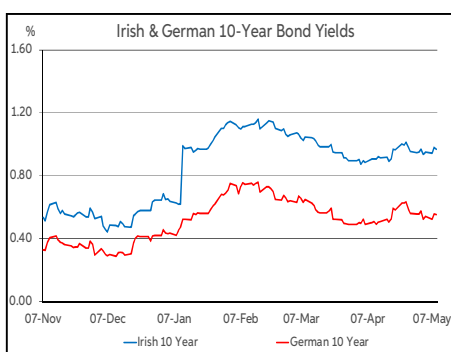
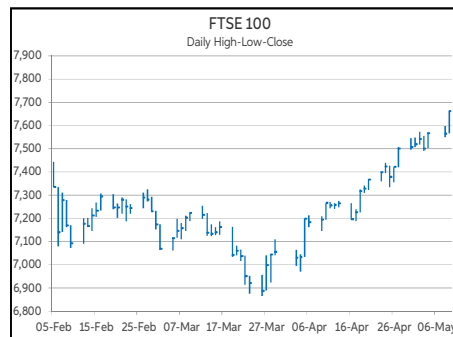
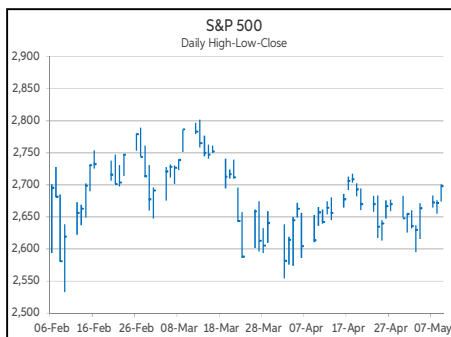
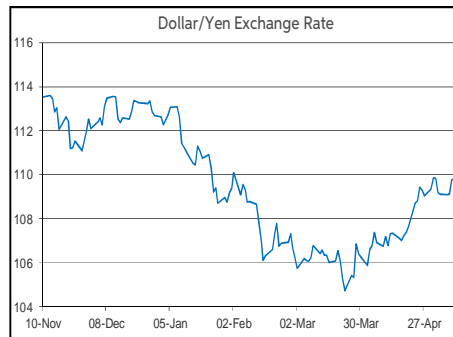
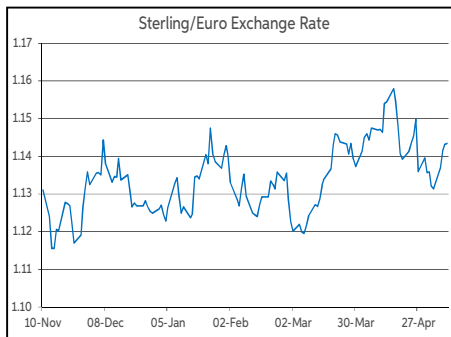
EUR/GBP	0.8742
EUR/USD	1.1865
EUR/JPY	130.29
EUR/SEK	10.3151
EUR/DKK	7.4485
EUR/NOK	9.5589
EUR/CHF	1.1916
EUR/AUD	1.5899
EUR/HKD	9.3134
EUR/CAD	1.5223

## Sterling

GBP/EUR	1.1433
GBP/USD	1.357
GBP/CAD	1.7411
GBP/NZD	1.9629
GBP/JPY	148.99
GBP/SEK	11.7978
GBP/DKK	8.5174
GBP/NOK	10.9332
GBP/CHF	1.3625
GBP/AUD	1.8183

## Dollar

USD/JPY	109.79
USD/CAD	1.2826
USD/CHF	1.0038
USD/CNY	6.3664
USD/BRL	3.5914
USD/RUB	62.7809
USD/INR	67.35
AUD/USD	0.7463
NZD/USD	0.6911



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 17
<b>10 Year Yield %</b>				
US	3.00	+3	+23	+60
Germany	0.55	-0	+6	+13
UK	1.46	+2	+8	+28
Ireland	0.97	-1	+6	N/A
Belgium	0.81	-1	+3	+20
France	0.79	-1	+7	+1
Italy	1.88	+3	+10	-11
Spain	1.29	-1	+4	-25
Portugal	1.69	-2	+2	-20
Greece	4.12	+1	+10	+8
<b>5 Year Swap %</b>				
US	2.93	+1	+20	+69
Eurozone	0.39	-0	+1	+7
UK	1.37	+0	-2	+34
<b>2 Year Swap %</b>				
US	2.75	-0	+16	+67
Eurozone	-0.15	-1	-2	-0
UK	1.05	+1	-8	+25
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	42	-1	+0	N/A
Belgium	26	-1	-3	+7
France	23	-1	+1	-12
Italy	133	+3	+4	-25
Spain	74	-1	-2	-38
Portugal	114	-2	-4	-34
Greece	357	+2	+4	-6

Commodities				
	Close	% Change		
		Day	4 Weeks	End 17
Brent Oil	77.21	+3.15	+7.15	+15.46
West Texas Oil	71.16	+3.39	+6.51	+17.70
CRB - All Commodity	203.70	+0.80	+2.45	+5.07
CRB - Food	356.13	+1.47	+4.39	+5.98
Gold \$	1313.2	-0.13	-2.99	+0.81

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