

## 10-year Treasury yield above 3%

There was a risk averse mood on financial markets yesterday. This partly reflected concerns over global trade (US/China “very far apart” in negotiations, NAFTA countries to miss deadline to agree new deal). As a result, the S&P 500 fell by 0.7%.

In terms of yesterday’s data schedule, the raft of UK labour market figures for Q1 were overall better than expected. This included employment rising by 197k, versus expectations for a more modest 130k rise. However, sterling impact from the data was limited.

Elsewhere, some positive April retail sales data in the US did benefit the dollar. Headline sales rose by a healthy 0.3%, while there were upward revisions to previous months. Upbeat comments from the Fed’s Kaplan (FOMC achieving both of its dual mandates) were also helpful to the dollar.

At the same time, there was a pick-up in sovereign bond yields yesterday. This included the 10-year Treasury yield moving above the 3% mark. This move higher may partly reflect expectations of firmer US growth/tighter monetary policy.

In level terms, the slightly firmer dollar, combined with some euro weakness, sees EUR/USD open this morning below down near \$1.18. EUR/GBP has moved down to the mid-point of the 87-88p band. Cable (GBP/USD) is changing hands down near \$1.35.

In the day ahead, a speech from ECB President Draghi poses some potential headline risk for the euro. For the dollar, an expected solid improvement in US industrial production (April) could help the currency maintain its firmer tone. Overall though, we could the main FX pairs trading close to their opening levels today.

### Dara Turnbull, Economist, AIB

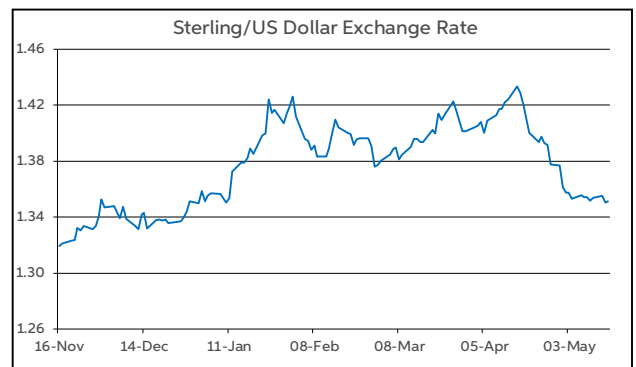
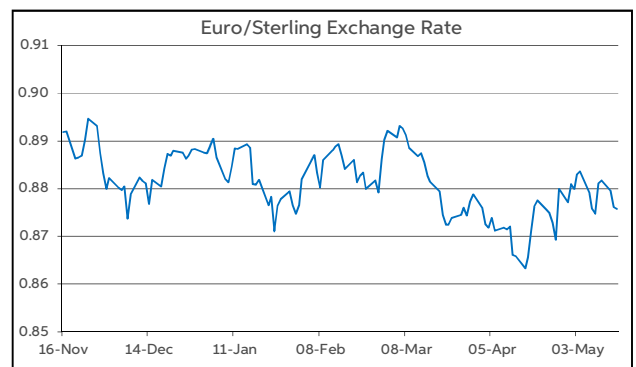
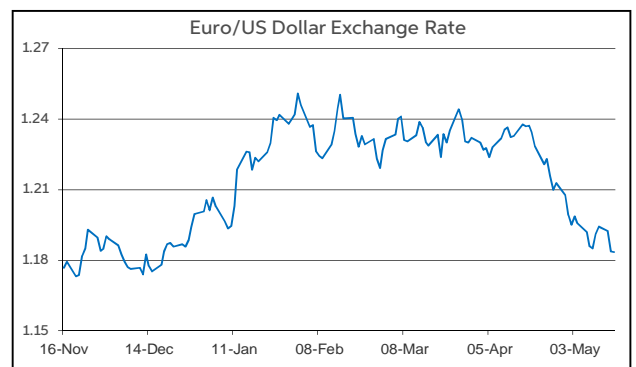
Opening Interest Rates						
	Base Rate	Short Term			Long Term	
		1-Mth	3-Mth	12-Mth	2-Yr	5-Yr
USD	1.625	1.94	2.32	2.75	2.77	2.98
EUR	0.00	-0.37	-0.33	-0.19	-0.12	0.44
GBP	0.50	0.50	0.64	0.93	1.05	1.40

Equity Indices				
	Latest Close	% Changes		
		on Day	End 2017 to Date	
Dow Jones	24706.41	-0.78	-0.05	
S&P 500	2711.45	-0.68	+1.42	
FTSE 100	7722.98	+0.16	+0.46	
DJ Stoxx 50	3564.29	-0.04	+1.72	
ISEQ	6990.7	-0.28	-0.68	
Nikkei	22717.23	-0.44	-0.21	

Today's Opening Rates			
		% Change	
		Day *	End 2017
EUR/USD	1.1826	-0.74	-1.42
EUR/GBP	0.8756	-0.45	-1.43
GBP/USD	1.3507	-0.24	-0.04
GBP/EUR	1.142	0.46	1.45
USD/JPY	110.29	0.36	-2.11
EUR/JPY	130.43	-0.38	-3.51

\* 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

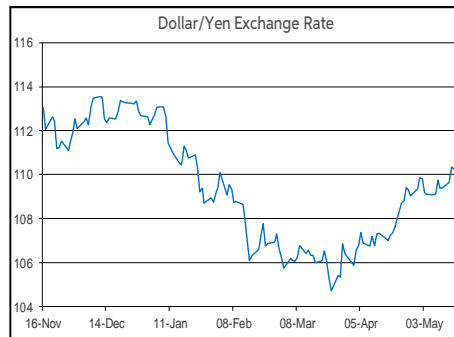
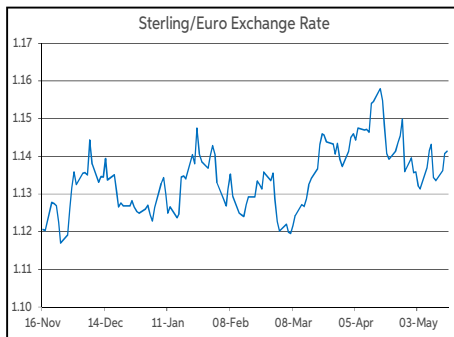
FX Spot	Karl Cooke Shane Gargan Adrian Flanagan Enda Homan	FX Options	Mark Tuite Lenny Hogan	Reuters Phone	AlBI 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

# Opening Levels

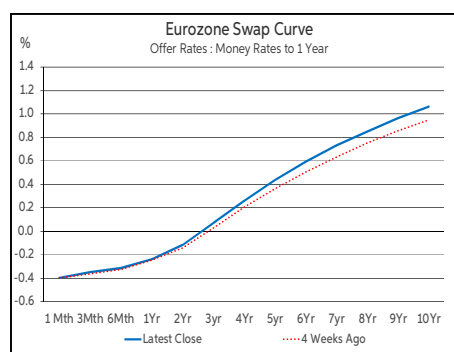
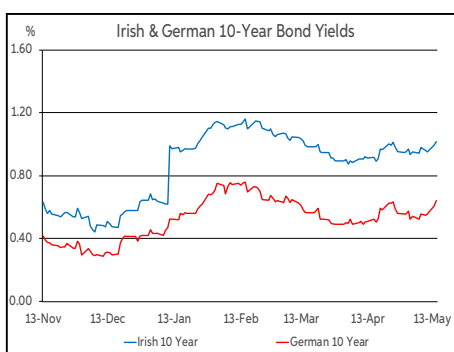
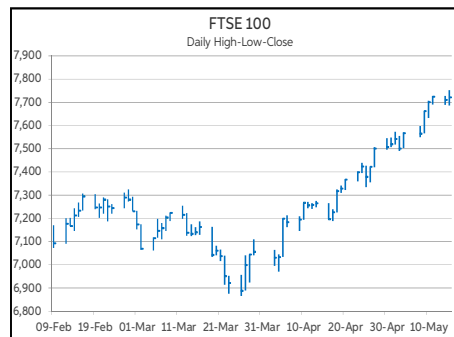
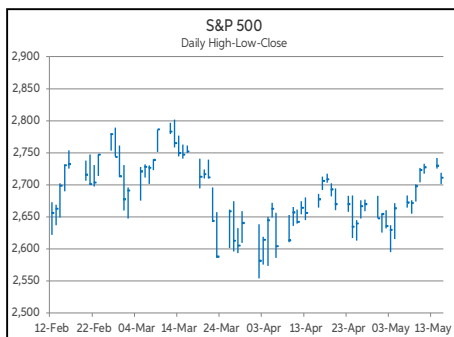
Wednesday 16 May 2018  
07:30 am



Euro		Sterling		Dollar	
EUR/GBP	0.8756	GBP/EUR	1.142	USD/JPY	110.29
EUR/USD	1.1826	GBP/USD	1.3507	USD/CAD	1.286
EUR/JPY	130.43	GBP/CAD	1.7375	USD/CHF	1.0001
EUR/SEK	10.2827	GBP/NZD	1.9654	USD/CNY	6.3688
EUR/DKK	7.4479	GBP/JPY	148.97	USD/BRL	3.6529
EUR/NOK	9.6067	GBP/SEK	11.7386	USD/RUB	62.315
EUR/CHF	1.1827	GBP/DKK	8.5048	USD/INR	67.855
EUR/AUD	1.5825	GBP/NOK	10.9669		
EUR/HKD	9.2819	GBP/CHF	1.3506	AUD/USD	0.747
EUR/CAD	1.5213	GBP/AUD	1.8075	NZD/USD	0.6872



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 17
<b>10 Year Yield %</b>				
US	3.07	+7	+24	+67
Germany	0.64	+3	+14	+22
UK	1.47	+3	+3	+29
Ireland	1.02	+2	+13	N/A
Belgium	0.86	+5	+10	+25
France	0.85	+3	+13	+8
Italy	1.95	+4	+19	-5
Spain	1.35	+3	+14	-20
Portugal	1.72	+3	+11	-18
Greece	4.10	+11	+15	+6
<b>5 Year Swap %</b>				
US	2.96	+4	+17	+72
Eurozone	0.44	+1	+7	+12
UK	1.39	+1	-2	+36
<b>2 Year Swap %</b>				
US	2.75	+1	+7	+66
Eurozone	-0.12	-1	+2	+2
UK	1.04	+0	-11	+24
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	38	-1	-1	N/A
Belgium	22	+1	-4	+3
France	21	-0	-1	-15
Italy	131	+1	+6	-27
Spain	71	-0	+0	-42
Portugal	108	-1	-2	-40
Greece	346	+8	+1	-16



Commodities				
	Close	% Change		
		Day	4 Weeks	End 17
Brent Oil	78.43	+0.26	+9.57	+17.29
West Texas Oil	71.34	+0.46	+7.28	+18.00
CRB - All Commodity	203.45	-0.18	+2.04	+4.95
CRB - Food	353.45	-1.41	+2.66	+5.18
Gold \$	1291.1	-1.69	-4.20	-0.89

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