

Rising US yields supporting the dollar

Investor sentiment was generally in cautious mood for much of yesterday. This followed the previous day's losses on equity markets that were linked in part to global trade concerns. Most of the main equity indices were in sideways mode.

On the currency front, the dollar continued to hold the upper hand. Rising US yields, with the closely watched 10-year treasury yield rising to 3.10%, its highest level since July 2011, helped to provide a supportive backdrop to the currency. Meanwhile, the euro remained under some downward pressure, with political developments in Italy weighing on the single currency. There are concerns about the fiscal policies of the likely new government in particular.

Data-wise, the main highlights yesterday were from the US macro schedule. The main release, industrial production for April surprised to the upside of forecasts. US data over recent weeks has tended to print ahead of expectations, indicating strong underlying growth, in contrast to most of the other major economies, where the data has tended to fall short of forecasts. The strong flow of US data has resulted in a firming of US rate hike expectations and rising bond yields, which in turn has provided the dollar with upward momentum.

As trading gets underway this morning, EUR/USD is struggling to hold the \$1.18 level, while EUR/GBP is down near the 87p mark. Meanwhile, GBP/USD is changing hands near the midpoint of the \$1.35-1.36 band.

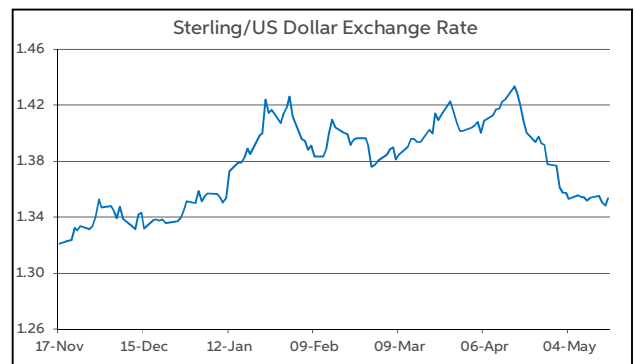
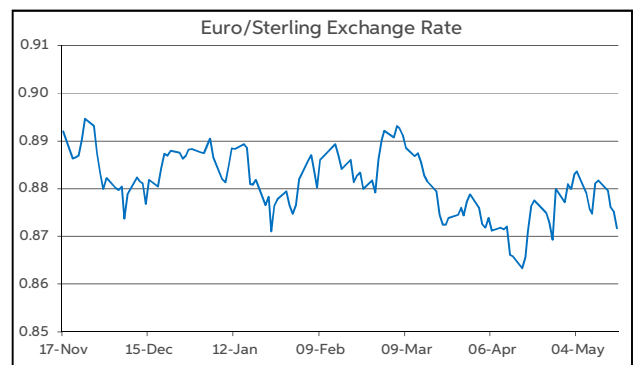
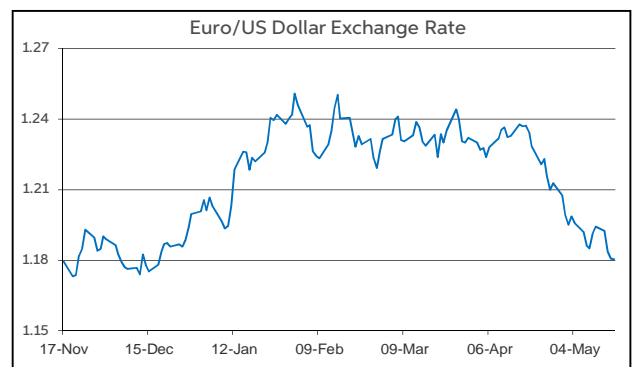
Ahead today, the global macro agenda has a sparse schedule, with no major releases due. As a result, the main currency pairs may trade in narrow ranges near their current levels.

John Fahey, Senior Economist, AIB

Today's Opening Rates			
		% Change	
		Day *	End 2017
EUR/USD	1.18	-0.25	-1.63
EUR/GBP	0.8717	-0.48	-1.87
GBP/USD	1.3537	0.26	0.19
GBP/EUR	1.1467	0.48	1.90
USD/JPY	110.49	0.23	-1.93
EUR/JPY	130.39	-0.03	-3.54

* 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	1.625	1.94	2.33	2.76	2.80	3.05
EUR	0.00	-0.37	-0.33	-0.19	-0.12	0.45
GBP	0.50	0.50	0.63	0.93	1.04	1.39

Equity Indices				
	Latest Close	% Changes		
		on Day	End 2017 to Date	
Dow Jones	24768.93	+0.25	+0.20	
S&P 500	2722.46	+0.41	+1.83	
FTSE 100	7734.2	+0.15	+0.60	
DJ Stoxx 50	3562.85	-0.04	+1.68	
ISEQ	7007.36	+0.24	-0.44	
Nikkei	22838.37	+0.53	+0.32	

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 17 May 2018
07:27 am



Euro

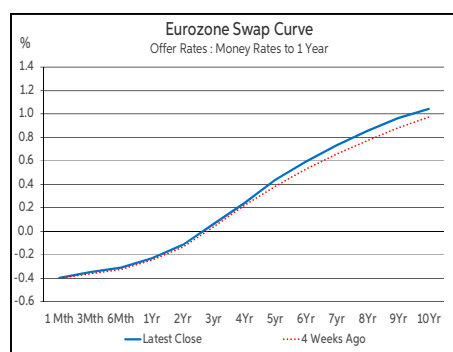
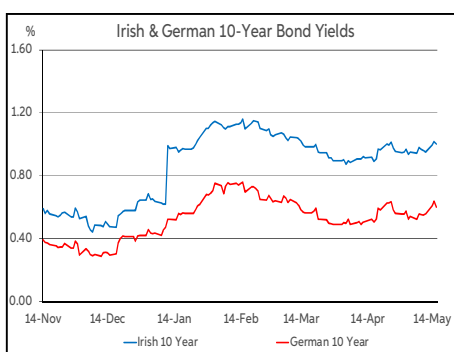
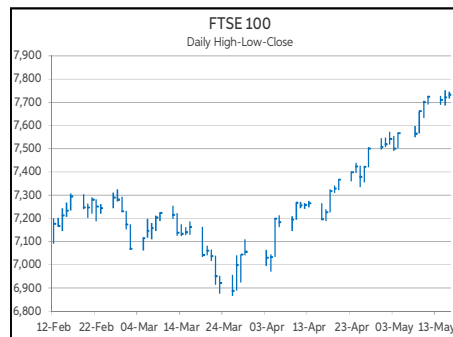
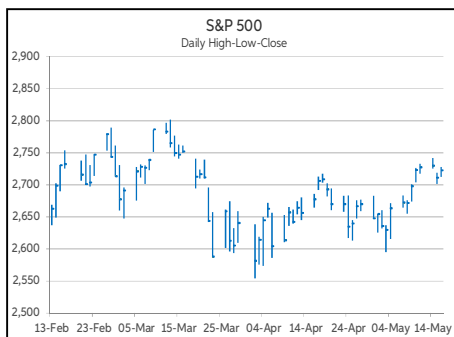
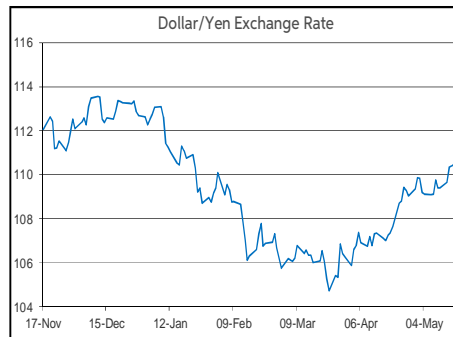
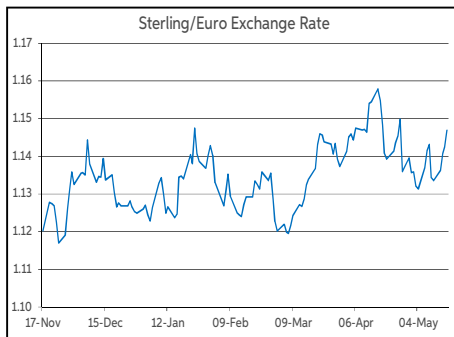
EUR/GBP	0.8717
EUR/USD	1.1801
EUR/JPY	130.39
EUR/SEK	10.2614
EUR/DKK	7.4475
EUR/NOK	9.5403
EUR/CHF	1.1817
EUR/AUD	1.5679
EUR/HKD	9.2629
EUR/CAD	1.5076

Sterling

GBP/EUR	1.1466
GBP/USD	1.3535
GBP/CAD	1.7291
GBP/NZD	1.9653
GBP/JPY	149.53
GBP/SEK	11.7689
GBP/DKK	8.5421
GBP/NOK	10.9429
GBP/CHF	1.3552
GBP/AUD	1.7984

Dollar

USD/JPY	110.46
USD/CAD	1.2773
USD/CHF	1.001
USD/CNY	6.3624
USD/BRL	3.6761
USD/RUB	61.7705
USD/INR	67.7175
AUD/USD	0.7526
NZD/USD	0.6885



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 17
10 Year Yield %				
US	3.10	+3	+23	+70
Germany	0.60	-4	+8	+18
UK	1.51	+4	+10	+33
Ireland	1.00	-2	+10	N/A
Belgium	0.89	+2	+11	+27
France	0.84	-0	+10	+7
Italy	2.11	+16	+40	+12
Spain	1.40	+5	+20	-14
Portugal	1.78	+6	+18	-12
Greece	4.29	+19	+35	+25
5 Year Swap %				
US	2.99	+1	+17	+75
Eurozone	0.43	-1	+5	+12
UK	1.38	-3	-1	+34
2 Year Swap %				
US	2.78	+1	+7	+70
Eurozone	-0.12	-1	+2	+2
UK	1.03	-2	-10	+23
10 Year Government Bond Spreads to Benchmark bps				
Ireland	40	+2	+2	N/A
Belgium	29	+6	+3	+9
France	24	+4	+3	-12
Italy	151	+20	+33	-6
Spain	80	+9	+12	-32
Portugal	118	+10	+11	-30
Greece	369	+23	+28	+7

Commodities				
	Close	% Change		
		Day	4 Weeks	End 17
Brent Oil	79.28	+1.08	+7.89	+18.56
West Texas Oil	71.43	+0.13	+4.37	+18.14
CRB - All Commodity	203.76	+0.15	+0.39	+5.10
CRB - Food	354.48	+1.03	+1.23	+5.49
Gold \$	1291.8	+0.06	-4.29	-0.83

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