

## Dollar on the front foot

The dollar strengthened last week. The currency was boosted by some positive US macro data, as well as upbeat comments from Fed members. This in turn saw markets turn more hawkish on the outlook for US monetary policy. Meantime, concerns over the formation of an 'anti-establishment' government in Italy acted as a drag on the euro.

In level terms, the firmer dollar and softer euro is reflected in EUR/USD open this morning near \$1.175 compared to \$1.195 at the start of last week. The EUR/GBP pair has fallen down into the lower half of the 87-88p band. Meanwhile, cable (GBP/USD) is trading down at \$1.343. The firmer dollar tone is also evident in USD/JPY, which is currently above ¥111.

In the week ahead, there is a busy schedule from a euro perspective, with a raft of May Eurozone survey data due. This includes the flash PMIs, EC consumer sentiment and German Ifo. Overall, the surveys are expected to indicate that growth has broadly stabilised, after slowing in Q1. Currency impact may be limited. Euro watchers will also be keeping a close eye on the latest ECB meeting account and political developments in Italy.

Dollar-wise, Wednesday's Fed minutes are the main calendar event in the US. Markets will be looking for any indications that the FOMC's interest rate view is hardening. Such an outcome could help to underpin the dollar.

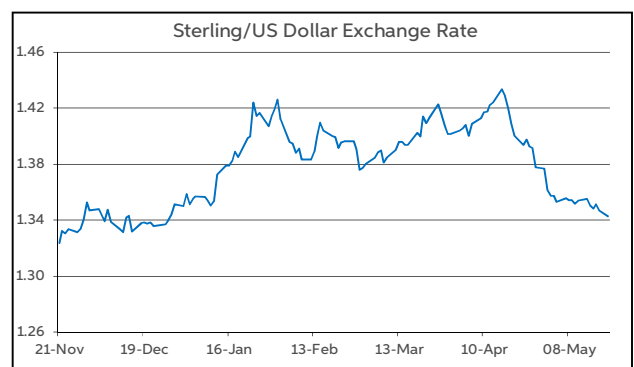
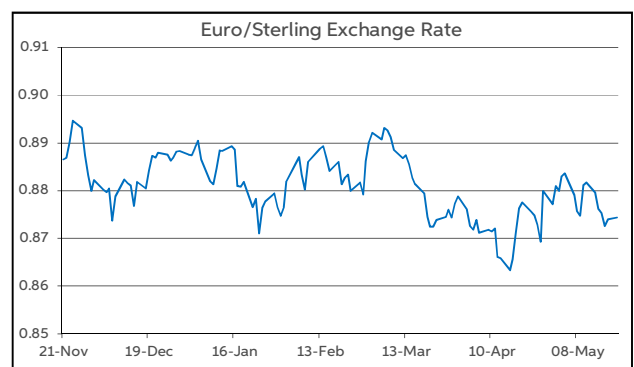
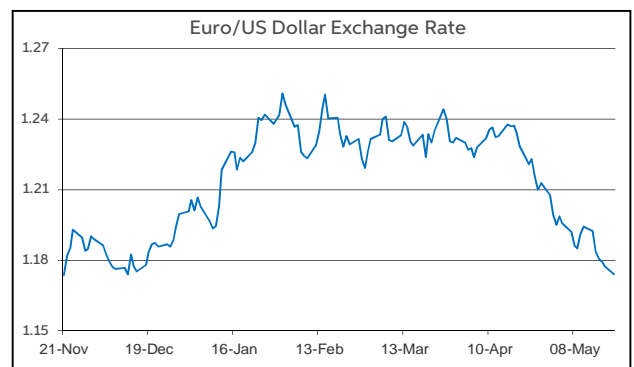
UK CPI data for April is the key release for sterling. Recent weaker inflation data have weighed on the currency. Headline inflation is anticipated to have held at 2.5%. Retail sales are expected to show some recovery in April. Overall though, the data may not greatly impact sterling this week.

**Dara Turnbull, Economist, AIB**

Today's Opening Rates			
		% Change	
		Day *	End 2017
EUR/USD	1.1741	-0.53	-2.13
EUR/GBP	0.8743	0.05	-1.58
GBP/USD	1.3428	-0.58	-0.62
GBP/EUR	1.1433	-0.05	1.60
USD/JPY	111.31	0.37	-1.21
EUR/JPY	130.72	-0.16	-3.30

\* 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	1.95	2.33	2.76	2.81	3.01
EUR	0.00	-0.37	-0.33	-0.19	-0.12	0.42
GBP	0.50	0.50	0.62	0.93	1.05	1.39

Equity Indices				
	Latest Close	% Changes		
		on Day	End 2017 to Date	
Dow Jones	24715.09	+0.00	-0.02	
S&P 500	2712.97	-0.26	+1.47	
FTSE 100	7778.79	-0.12	+1.18	
DJ Stoxx 50	3573.76	-0.51	+1.99	
ISEQ	7096.06	+0.20	+0.82	
Nikkei	23002.37	+0.31	+1.04	

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

Monday 21 May 2018  
07:30 am



## Euro

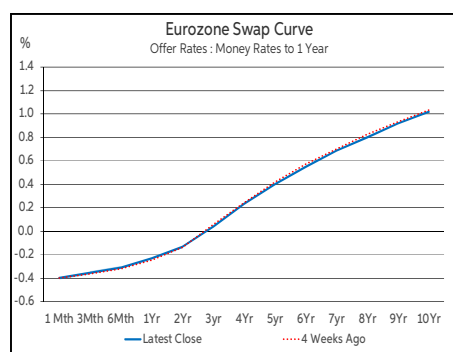
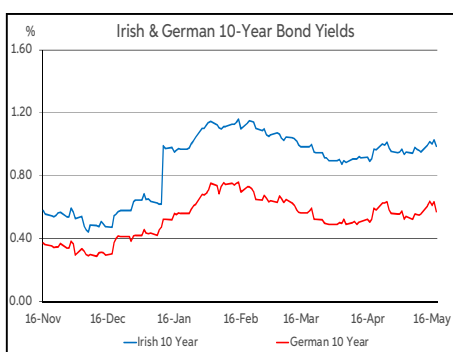
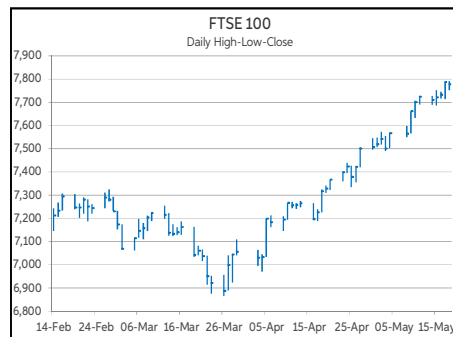
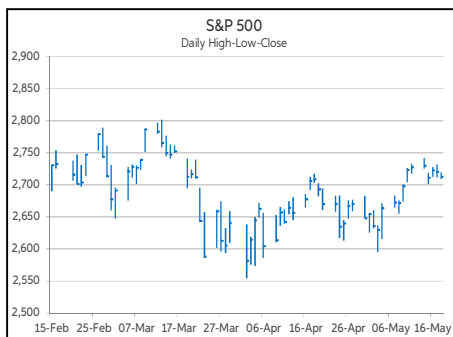
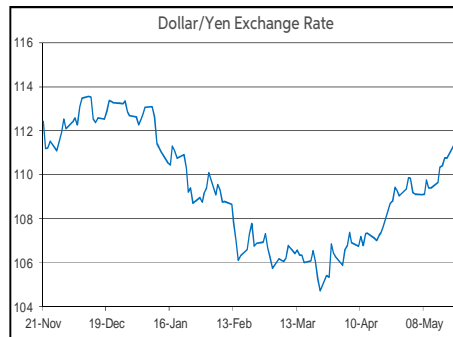
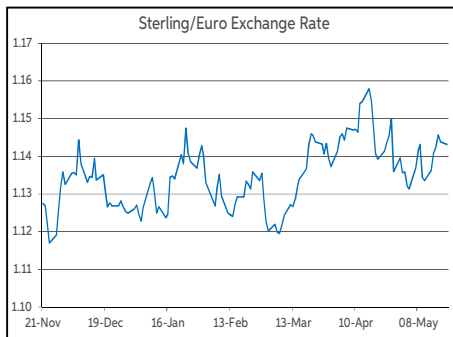
EUR/GBP	0.8743
EUR/USD	1.1742
EUR/JPY	130.71
EUR/SEK	10.2924
EUR/DKK	7.4472
EUR/NOK	9.5376
EUR/CHF	1.1729
EUR/AUD	1.562
EUR/HKD	9.2184
EUR/CAD	1.5112

## Sterling

GBP/EUR	1.1433
GBP/USD	1.3427
GBP/CAD	1.7281
GBP/NZD	1.9485
GBP/JPY	149.46
GBP/SEK	11.766
GBP/DKK	8.5142
GBP/NOK	10.9078
GBP/CHF	1.3413
GBP/AUD	1.7858

## Dollar

USD/JPY	111.31
USD/CAD	1.2869
USD/CHF	0.9988
USD/CNY	6.3809
USD/BRL	3.7368
USD/RUB	62.3779
USD/INR	68.09
AUD/USD	0.7516
NZD/USD	0.6888



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 17
<b>10 Year Yield %</b>				
US	3.06	-6	+10	+65
Germany	0.57	-6	-1	+15
UK	1.50	-6	+2	+31
<b>5 Year Swap %</b>				
US	2.95	-7	+5	+71
Eurozone	0.40	-6	-2	+9
UK	1.39	-6	-1	+35
<b>2 Year Swap %</b>				
US	2.76	-5	+4	+68
Eurozone	-0.13	-2	+0	+1
UK	1.04	-3	-7	+24
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	42	+2	+3	N/A
Belgium	28	+2	+3	+9
France	25	+2	+2	-11
Italy	165	+17	+46	+7
Spain	85	+9	+17	-27
Portugal	127	+14	+23	-20
Greece	388	+14	+49	+26

Commodities				
	Close	% Change		
		Day	4 Weeks	End 17
Brent Oil	78.51	-1.00	+6.01	+17.41
West Texas Oil	71.23	-0.34	+4.35	+17.81
CRB - All Commodity	203.69	+0.06	+0.88	+5.07
CRB - Food	356.15	+2.32	+1.80	+5.98
Gold \$	1293.5	+0.12	-3.15	-0.70

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