

## Main FX pairs remain in tight ranges

There was a generally cautious tone to the action on financial markets yesterday. Italian markets saw some respite from their recent 'political risk' induced difficulties. The main domestic equity index managed to register a modest gain (+0.5%) after the previous day's 1.5% fall. Italian bonds also saw some improvement, with the 10 year BTP yield falling (bond yields move inversely to prices) by 9bps. Indeed, Eurozone periphery debt, which had come under some pressure amid the sell off in Italian debt over recent days, also experienced more benign market conditions yesterday.

Meantime on currency markets, the action was confined to tight ranges. This was in a large part due to the fact that Tuesday's macro schedule was very quiet. The only releases of any note were from the UK. Public finance data for April came in better than expected and provided some good news for the economy and sterling. However, the CBI industrial survey data for May was weaker than expected, indicating the sector continued to struggle for momentum and this in turn was unhelpful to the currency.

Most of the main FX pairs open this morning similar to their levels from 24 hours earlier. This means that the dollar continues to hold sway. EUR/USD remains pinned down below the \$1.18 level, while GBP/USD opens just below the \$1.34 mark. EUR/GBP continues to trade within the 87-88p band. The overnight 'risk-off' tone to Asian markets has coincided with some gains for the yen.

Ahead today, there is a busier macro calendar and therefore the potential for some sensitivity on the currency front. For the euro, the flash PMIs for May are the main release. From a sterling perspective, the April CPI inflation data are the key highlight. On the dollar side, the Fed meeting minutes (after close in Europe) provide some event/headline risk for the currency.

**John Fahey, Senior Economist, AIB**

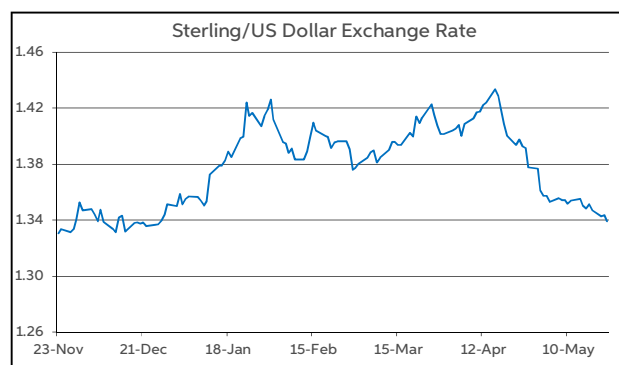
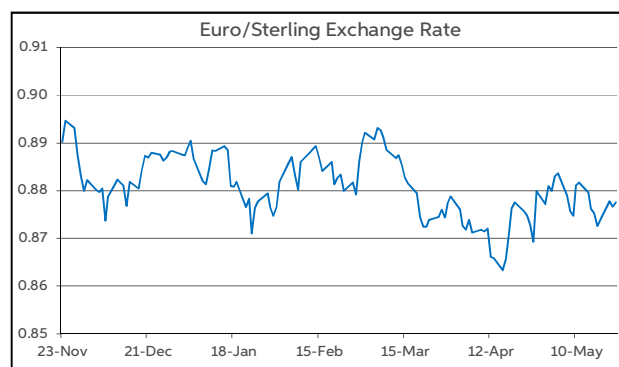
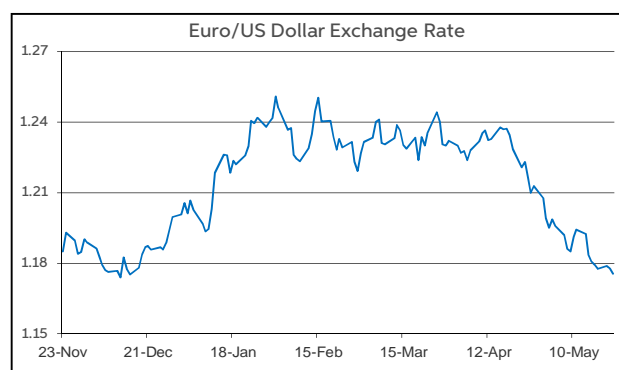
Opening Interest Rates						
	Base Rate	Short Term			Long Term	
		1-Mth	3-Mth	12-Mth	2-Yr	5-Yr
USD	1.625	1.97	2.33	2.76	2.82	2.97
EUR	0.00	-0.37	-0.33	-0.19	-0.12	0.41
GBP	0.50	0.50	0.62	0.93	1.06	1.43

Equity Indices				
	Latest Close	% Changes		
		on Day	End 2017 to Date	
Dow Jones	24834.41	-0.72	+0.47	
S&P 500	2724.44	-0.31	+1.90	
FTSE 100	7877.45	+0.23	+2.47	
DJ Stoxx 50	3587.25	+0.41	+2.38	
ISEQ	7196.68	+0.21	+2.25	
Nikkei	22689.74	-1.18	-0.33	

Today's Opening Rates			
		% Change	
		Day *	End 2017
EUR/USD	1.1753	-0.18	-2.03
EUR/GBP	0.8774	0.00	-1.23
GBP/USD	1.3393	-0.16	-0.88
GBP/EUR	1.1392	0.00	1.24
USD/JPY	110.39	-0.50	-2.02
EUR/JPY	129.77	-0.64	-4.00

\* 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

Wednesday 23 May 2018  
07:31 am



## Euro

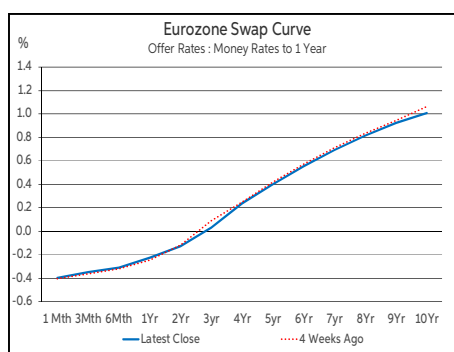
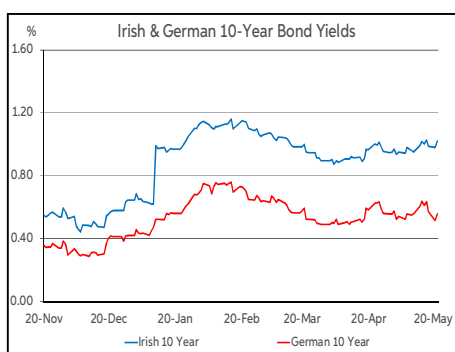
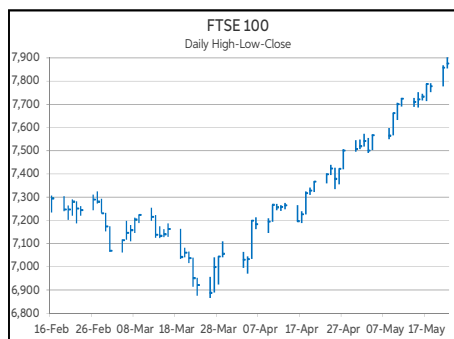
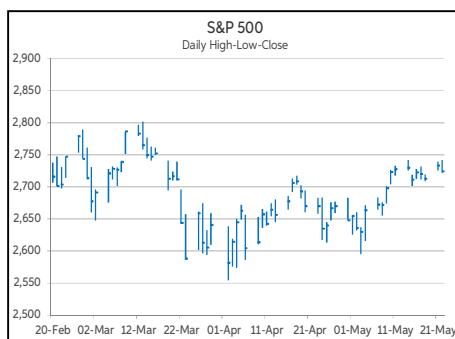
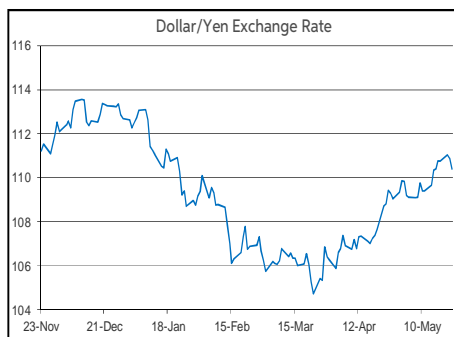
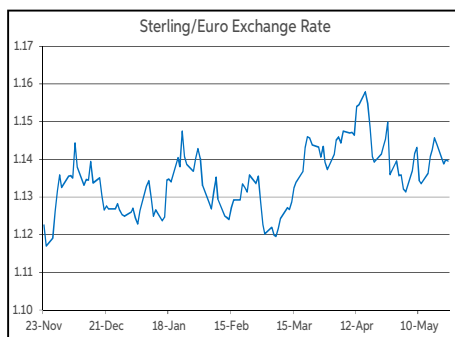
EUR/GBP	0.8774
EUR/USD	1.1753
EUR/JPY	129.77
EUR/SEK	10.2378
EUR/DKK	7.4476
EUR/NOK	9.5051
EUR/CHF	1.1667
EUR/AUD	1.5586
EUR/HKD	9.2252
EUR/CAD	1.5114

## Sterling

GBP/EUR	1.1392
GBP/USD	1.3393
GBP/CAD	1.7224
GBP/NZD	1.941
GBP/JPY	147.85
GBP/SEK	11.661
GBP/DKK	8.486
GBP/NOK	10.8331
GBP/CHF	1.3294
GBP/AUD	1.7762

## Dollar

USD/JPY	110.39
USD/CAD	1.2859
USD/CHF	0.9926
USD/CNY	6.3803
USD/BRL	3.6475
USD/RUB	61.2638
USD/INR	68.24
AUD/USD	0.754
NZD/USD	0.6899



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 17
<b>10 Year Yield %</b>				
US	3.06	+0	+6	+66
Germany	0.56	+4	-7	+14
UK	1.52	+5	-2	+34
Ireland	1.02	+4	+2	N/A
Belgium	0.88	+3	+1	+26
France	0.82	-1	-4	+4
Italy	2.31	-9	+55	+32
Spain	1.44	-7	+15	-10
Portugal	1.93	-5	+27	+4
Greece	4.33	-13	+39	+29
<b>5 Year Swap %</b>				
US	2.96	-2	+5	+72
Eurozone	0.40	-1	-2	+8
UK	1.41	+2	-3	+38
<b>2 Year Swap %</b>				
US	2.77	-1	+4	+69
Eurozone	-0.13	-1	-1	+1
UK	1.05	+1	-9	+25
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	46	+0	+10	N/A
Belgium	32	-1	+8	+13
France	26	-5	+4	-9
Italy	175	-13	+62	+18
Spain	88	-11	+22	-24
Portugal	138	-9	+34	-10
Greece	378	-17	+46	+15

Commodities				
	Close	% Change		
		Day	4 Weeks	End 17
Brent Oil	79.57	+0.44	+7.73	+18.99
West Texas Oil	72.09	-0.24	+6.55	+19.24
CRB - All Commodity	206.20	+0.25	+3.06	+6.36
CRB - Food	357.15	+1.70	+1.35	+6.28
Gold \$	1291.7	-0.10	-2.96	-0.84

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