

## Sterling weaker ahead of election

There was a relatively subdued tone on financial markets yesterday. This reflected a lack of 'top-tier' data. OPEC's announcement that it was extending its output cap by 9-months saw oil prices fall by over 4% on the day. This likely reflects some disappointment around the details of the deal (incl. duration of extension).

The lack of any major macro news meant that the main equity indices have seen little change. The Euro Stoxx 50 was flat on the day, while in the US, the S&P 500 recorded a modest 0.4% gain.

Yesterday's main data release, the second reading of UK Q1 GDP, surprised to the downside. Growth was revised down to 0.2% from 0.3%. The underlying data were mixed. Consumer spending weakened, but business investment improved following Q4's 0.9% decline. The data were unhelpful to sterling, although overall reaction to the figures was muted.

However, the UK currency does open this morning holding a weaker tone, not helped by opinion polls showing a further tightening in the Conservative's lead ahead of the June 8th vote.

Cable (GBP/USD) has fallen below \$1.29, while EUR/GBP is trading up near the 87p mark. Meanwhile, the euro lost some ground yesterday. The EUR/USD pair is currently trading just below \$1.12, while EUR/JPY has moved back below ¥125.

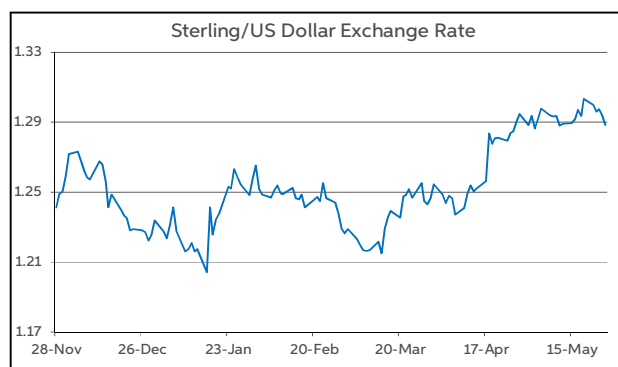
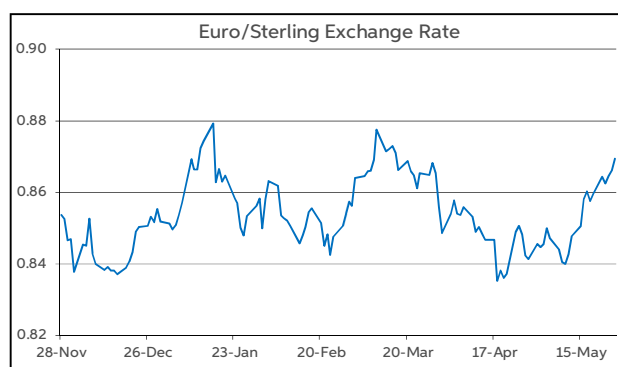
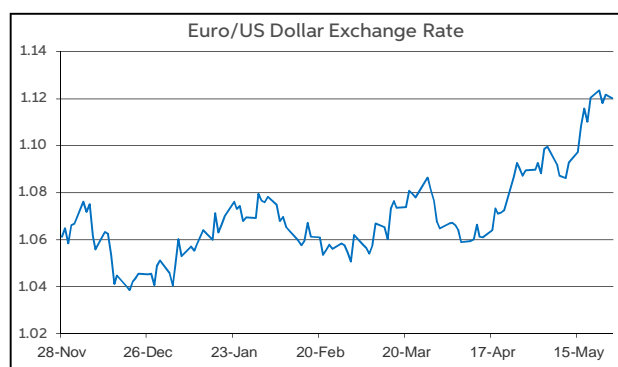
Turning to the day ahead, the schedule remains sparse. Indeed, the second reading of US Q1 GDP is the main release of note. Annualised growth is expected to see a small upward revision from 0.7% to 0.9%. However, it is unlikely to have much impact on the dollar. Overall then, we could see FX markets adopt a more subdued tone as we head into the weekend.

**Dara Turnbull, Economist, AIB**

		% Change	
		Day *	End 2016
EUR/USD	1.1196	-0.38	6.50
EUR/GBP	0.8693	0.43	2.05
GBP/USD	1.2879	-0.80	4.40
GBP/EUR	1.1501	-0.43	-2.01
USD/JPY	111.45	-0.14	-4.64
EUR/JPY	124.79	-0.53	1.34

\* v Previous Day's European Open

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	Base Rate	Short Term			Long Term	
		1-Mth	3-Mth	12-Mth	2-Yr	5-Yr
USD	0.875	1.04	1.20	1.72	1.54	1.87
EUR	0.00	-0.37	-0.33	-0.13	-0.14	0.20
GBP	0.25	0.25	0.30	0.65	0.55	0.80

	Latest Close	% Changes	
		on Day	End 2016 to Date
Dow Jones	21082.95	+0.34	+6.68
S&P 500	2415.07	+0.44	+7.87
FTSE 100	7517.71	+0.04	+5.25
DJ Stoxx 50	3584.55	-0.06	+8.94
ISEQ	6971.76	-0.00	+6.97
Nikkei	19686.84	-0.64	+2.99

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	James Murray				

# Opening Levels

Friday 26 May 2017  
07:29 am



## Euro

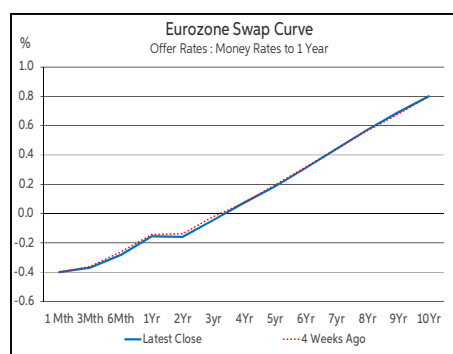
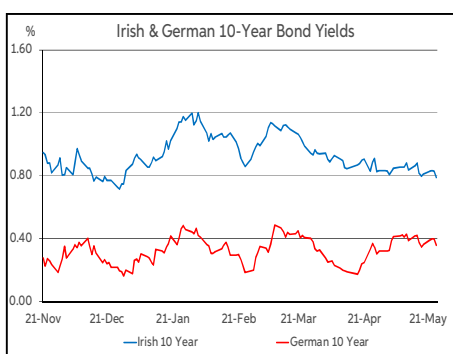
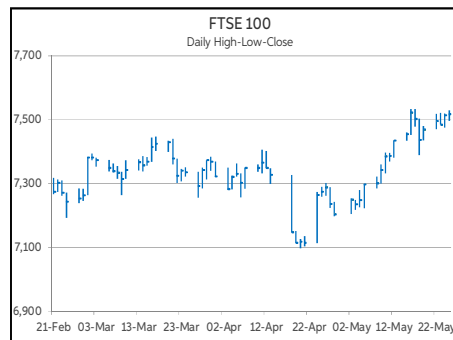
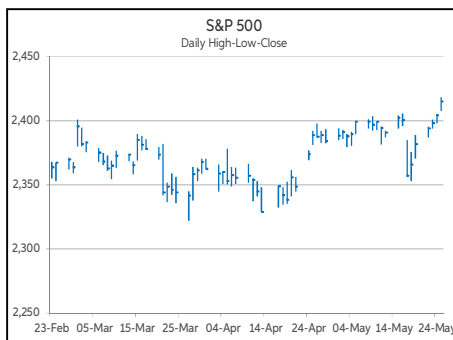
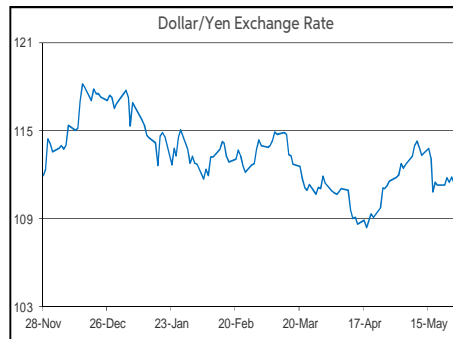
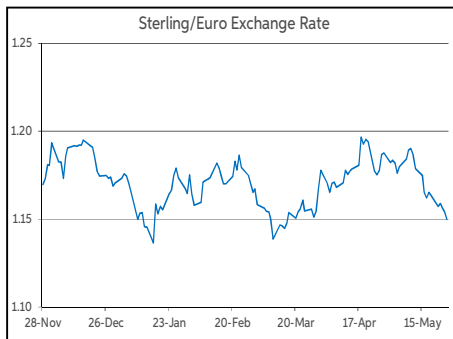
EUR/GBP	0.8692
EUR/USD	1.1196
EUR/JPY	124.78
EUR/SEK	9.7341
EUR/DKK	7.4413
EUR/NOK	9.414
EUR/CHF	1.0904
EUR/AUD	1.5054
EUR/HKD	8.725
EUR/CAD	1.5088

## Sterling

GBP/EUR	1.1499
GBP/USD	1.2879
GBP/CAD	1.7358
GBP/NZD	1.8291
GBP/JPY	143.51
GBP/SEK	11.1962
GBP/DKK	8.5568
GBP/NOK	10.8186
GBP/CHF	1.254
GBP/AUD	1.7316

## Dollar

USD/JPY	111.43
USD/CAD	1.3474
USD/CHF	0.9736
USD/CNY	6.86
USD/BRL	3.2744
USD/RUB	56.899
USD/INR	64.5925
AUD/USD	0.7437
NZD/USD	0.704



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 16
<b>10 Year Yield %</b>				
US	2.25	+0	-4	-19
Germany	0.36	-4	+6	+16
UK	1.04	-3	-2	-19
<b>5 Year Swap %</b>				
US	1.84	-1	-10	-11
Eurozone	0.19	-5	-1	+11
UK	0.79	-2	+0	-9
<b>2 Year Swap %</b>				
US	1.50	-0	-5	+6
Eurozone	-0.16	-3	-2	+0
UK	0.54	-2	-2	-6
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	43	+0	-10	-12
Belgium	37	+1	-10	+5
France	43	-0	-2	-4
Italy	174	+2	-19	+14
Spain	119	+0	-11	+2
Portugal	281	+3	-33	-72
Greece	553	-2	-40	-115

Commodities				
	Close	% Change		
		Day	4 Weeks	End 16
Brent Oil	51.46	-4.63	+0.04	-9.43
West Texas Oil	48.57	-4.75	-0.80	-9.64
CRB - All Commodity	181.15	-1.50	+0.37	-5.90
CRB - Food	347.11	-0.38	+5.75	+2.47
Gold \$	1256.2	-0.23	-0.74	+9.02

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