

## Momentum remains with the dollar

A sparse macro schedule meant currency markets had time to dwell on a raft of political news yesterday. From a euro perspective, Italian political headlines provided an unhelpful backdrop for the currency. News reports detailing the inability of the main Italian political parties to form a new government and thus increasing the prospect of fresh elections was a source of concern for markets in general. Italian bonds underperformed their Eurozone peers. The yield on the 10 year BTP was up around 10bps on the day.

From a sterling viewpoint, Brexit related issues remained very much under the market spotlight. The UK government's lack of a clear and unified position on what sort of customs arrangement it wants post-Brexit acted as a headwind to the currency.

Meanwhile, the dollar rally continued to gather momentum yesterday. Comments from Fed Chair Powell served to highlight a key supporting factor for the currency at the moment (i.e. Fed is on a steady tightening cycle, whereas outlook for other central banks is less certain). Meantime, the news that President Trump was pulling the US out of the Iran nuclear deal had minimal impact on the dollar, as this decision had been expected.

In level terms, all of the above is reflected in EUR/USD falling below the \$1.19 mark, trading as low as \$1.183, its lowest level since mid-December. GBP/USD flirted to the downside of \$1.35, although its opens this morning just above this level. Elsewhere, EUR/GBP has edged down towards 87.5p.

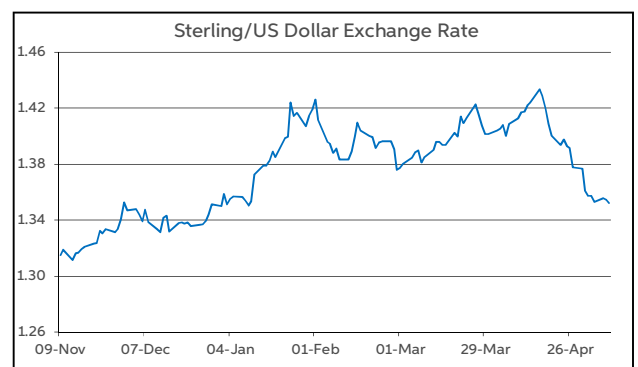
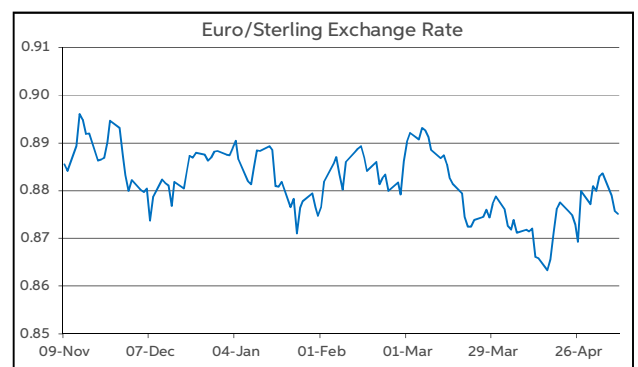
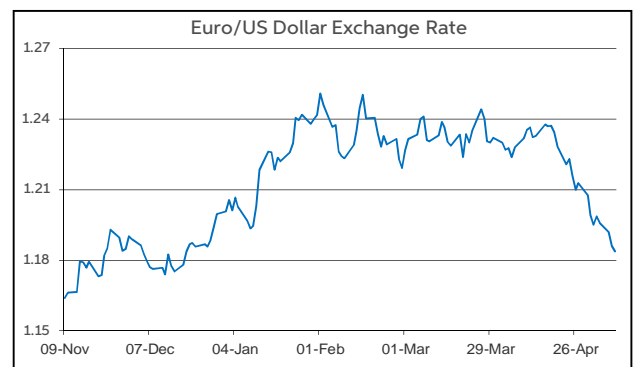
Today, the macro agenda is even quieter than yesterday's. As a result, barring any further political developments, the main pairs may spend the day trading in tight ranges near their current levels.

**John Fahey, Senior Economist, AIB**

Today's Opening Rates			
		% Change	
		Day *	End 2017
EUR/USD	1.1838	-0.62	-1.32
EUR/GBP	0.8752	-0.45	-1.47
GBP/USD	1.3523	-0.17	0.08
GBP/EUR	1.1421	0.46	1.50
USD/JPY	109.57	0.49	-2.75
EUR/JPY	129.72	-0.15	-4.04

\* v Previous Day's European Open

See Next Page for More Rates ▶▶▶



Opening Interest Rates						
	Base Rate	Short Term			Long Term	
		1-Mth	3-Mth	12-Mth	2-Yr	5-Yr
USD	1.625	1.93	2.35	2.77	2.78	2.94
EUR	0.00	-0.37	-0.33	-0.19	-0.14	0.40
GBP	0.50	0.51	0.67	0.95	1.05	1.37

Equity Indices			
	Latest Close	% Changes	
		on Day	End 2017 to Date
Dow Jones	24360.21	+0.01	-1.45
S&P 500	2671.92	-0.03	-0.06
FTSE 100	7565.75	-0.02	-1.59
DJ Stoxx 50	3557.88	-0.18	+1.54
ISEQ	6949.35	+1.23	-1.26
Nikkei	22408.88	-0.44	-1.56

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

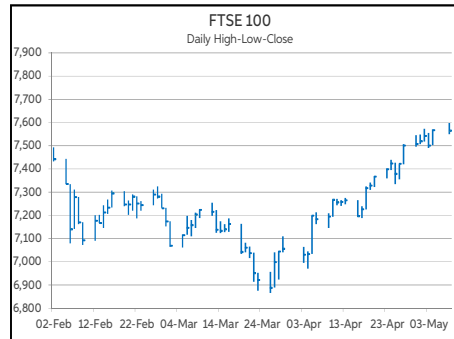
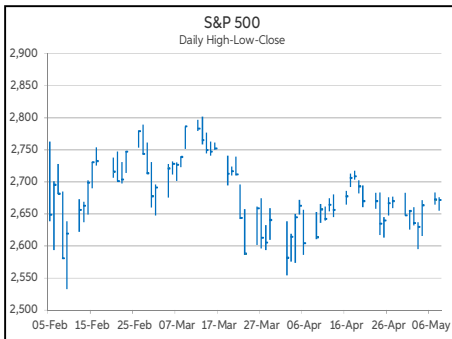
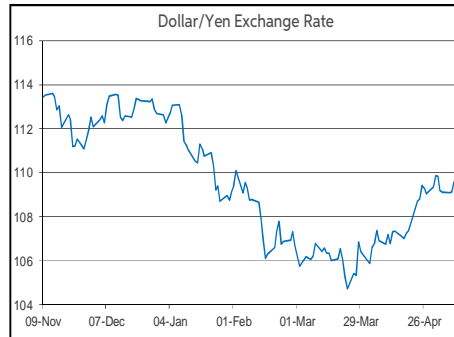
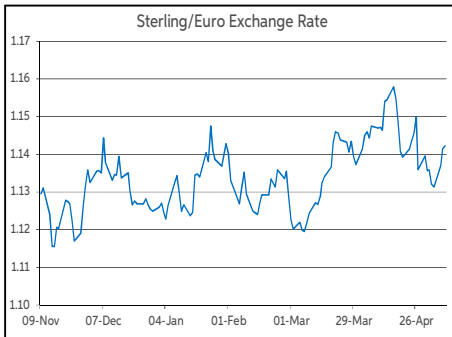
FX Spot	Karl Cooke Shane Gargan Adrian Flanagan Enda Homan	FX Options	Mark Tuite Lenny Hogan	Reuters Phone	AIB 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

# Opening Levels

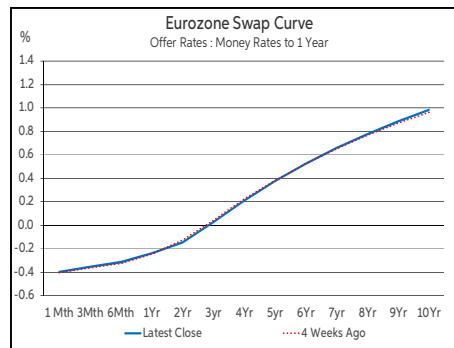
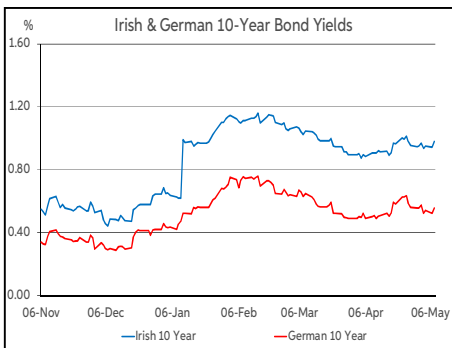
Wednesday 09 May 2018  
07:25 am



Euro		Sterling		Dollar	
EUR/GBP	0.8752	GBP/EUR	1.1421	USD/JPY	109.57
EUR/USD	1.1838	GBP/USD	1.3523	USD/CAD	1.2949
EUR/JPY	129.72	GBP/CAD	1.7518	USD/CHF	1.0031
EUR/SEK	10.4566	GBP/NZD	1.9425	USD/CNY	6.3758
EUR/DKK	7.4488	GBP/JPY	148.17	USD/BRL	3.5632
EUR/NOK	9.6523	GBP/SEK	11.9444	USD/RUB	63.1787
EUR/CHF	1.1879	GBP/DKK	8.5088	USD/INR	67.37
EUR/AUD	1.5932	GBP/NOK	11.0275	AUD/USD	0.743
EUR/HKD	9.2918	GBP/CHF	1.3568	NZD/USD	0.696
EUR/CAD	1.5334	GBP/AUD	1.8199		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 17
<b>10 Year Yield %</b>				
US	2.97	+2	+17	+57
Germany	0.56	+3	+5	+14
UK	1.40	+2	-1	+22
Ireland	0.98	+4	+7	N/A
Belgium	0.83	+5	+2	+22
France	0.79	+5	+4	+2
Italy	1.86	+11	+6	-14
Spain	1.30	+4	+6	-24
Portugal	1.71	+8	+2	-18
Greece	4.11	+7	+10	+6
<b>5 Year Swap %</b>				
US	2.91	+0	+18	+67
Eurozone	0.38	+0	-1	+6
UK	1.36	+2	-3	+32
<b>2 Year Swap %</b>				
US	2.74	-3	+15	+65
Eurozone	-0.15	-1	-2	-1
UK	1.04	+1	-10	+23
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	42	+1	+3	N/A
Belgium	27	+2	-3	+8
France	24	+2	-1	-12
Italy	130	+8	+2	-28
Spain	75	+1	+1	-38
Portugal	116	+5	-3	-32
Greece	355	+4	+5	-7



Commodities				
	Close	% Change		
		Day	4 Weeks	End 17
Brent Oil	74.85	-1.73	+5.36	+11.93
West Texas Oil	68.83	-2.70	+5.12	+13.84
CRB - All Commodity	202.09	-0.76	+2.52	+4.24
CRB - Food	354.66	-0.88	+4.31	+5.54
Gold \$	1314.9	+0.02	-1.95	+0.94

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