

## Dollar remains soft

The recent softer tone to the dollar was maintained in the first day of full trading in 2018. This saw the EUR/USD rise very close to its 2017 high of \$1.2092, which it hit last September, before recovering some ground. Meanwhile, cable (GBP/USD) is changing hands at the \$1.36 level, around its 2017 high. The dollar has also fallen against the yen since Christmas, trading down near ¥112.

It is hard to pinpoint exactly what has been behind the slide of the dollar since Christmas. A rally in commodity prices, improving data outside of the US, doubts about the extent of Fed tightening in 2018 and a fall in US bond yields are all being cited.

Traders need to be wary, though, as the recent changes to corporate tax rates in the US could spark dollar buying, if American companies start to bring back cash from overseas. Much attention in the coming days will be on whether the key support around the \$1.20-1.21 level can hold for the dollar against the euro.

Elsewhere, sterling was broadly stable against the euro yesterday, trading close to the 89p level over the course of the day. Stock markets started the year off in mixed fashion, with modest losses by European indices, but small gains for the US equities.

Today will see a number of second-order US data releases, as well as the minutes of the December FOMC meeting where two Committee members voted against a rate hike. Markets will be looking for signs on whether rates could be hiked again in March.

Markets moves may be limited, though, ahead of the key US December employment report, which is due on Friday. This could prove an important report for the dollar in particular.

**John Fahey, Senior Economist, AIB**

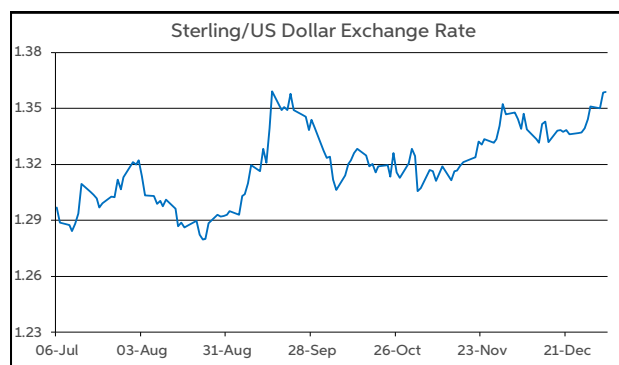
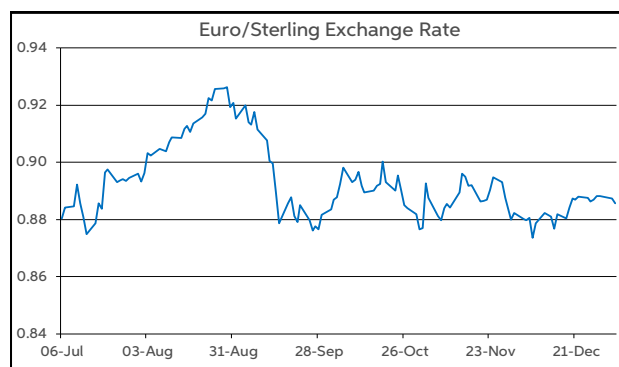
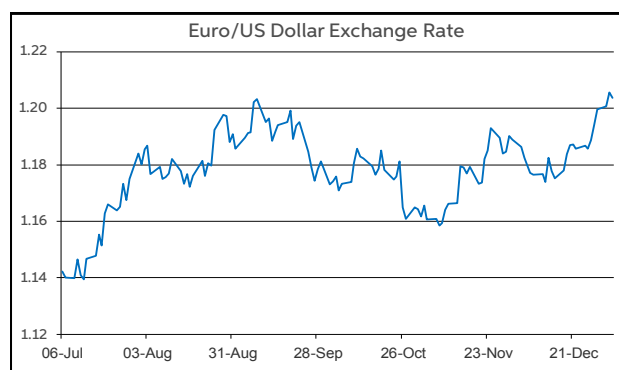
Opening Interest Rates						
	Base Rate	Short Term			Long Term	
		1-Mth	3-Mth	12-Mth	2-Yr	5-Yr
USD	1.375	1.56	1.70	2.11	2.10	2.28
EUR	0.00	-0.37	-0.33	-0.19	-0.15	0.32
GBP	0.50	0.50	0.52	0.77	0.81	1.10

Equity Indices				
	Latest Close	% Changes		
		on Day	End 2016 to Date	
Dow Jones	24824.01	+0.42	+25.61	
S&P 500	2695.81	+0.83	+20.41	
FTSE 100	7648.1	-0.52	+7.07	
DJ Stoxx 50	3490.19	-0.39	+6.07	
ISEQ	7054.55	+0.23	+8.24	
Nikkei	22764.94	+0.00	+19.10	

Today's Opening Rates			
		% Change	
		Day *	End 2016
EUR/USD	1.2036	0.12	14.49
EUR/GBP	0.8853	-0.42	3.93
GBP/USD	1.3593	0.53	10.19
GBP/EUR	1.129	0.42	-3.78
USD/JPY	112.34	-0.29	-3.88
EUR/JPY	135.24	-0.19	9.83

\* 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

CONTACTS		
<b>AIB Customer Treasury Services</b> business.treasury@aib.ie aib.corporatetreasury@aib.ie fxcentre.aib.ie	<b>Customer Treasury Services GB</b> treasury.gb@aib.ie  aibgb.co.uk/fxcentre	<b>Customer Treasury Services NI</b> FTBtreasury@aib.ie  firsttrustbank.co.uk/fxcentre

# Opening Levels

Wednesday 03 January 2018  
07:48 am



## Euro

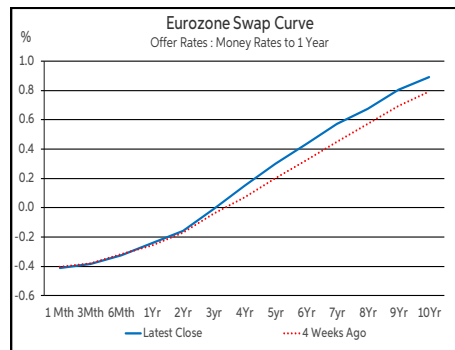
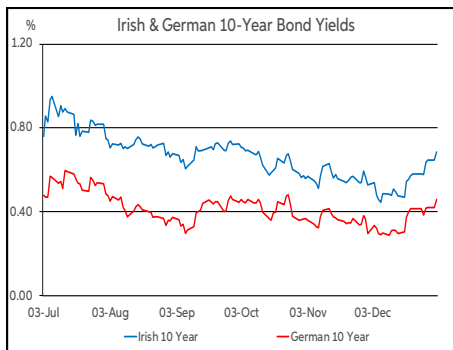
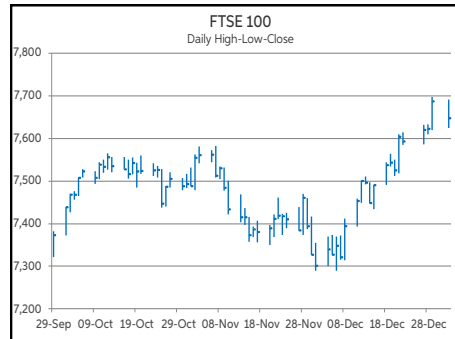
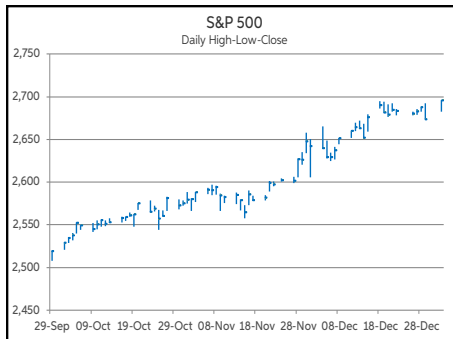
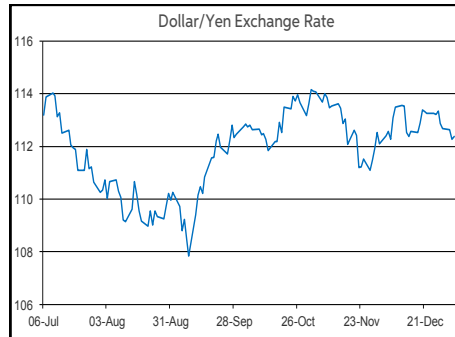
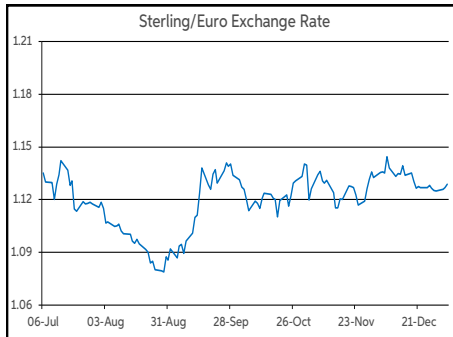
EUR/GBP	0.8853
EUR/USD	1.2036
EUR/JPY	135.24
EUR/SEK	9.85
EUR/DKK	7.4436
EUR/NOK	9.7974
EUR/CHF	1.1707
EUR/AUD	1.5399
EUR/HKD	9.4082
EUR/CAD	1.507

## Sterling

GBP/EUR	1.129
GBP/USD	1.3593
GBP/CAD	1.702
GBP/NZD	1.9161
GBP/JPY	152.7
GBP/SEK	11.1239
GBP/DKK	8.4049
GBP/NOK	11.0633
GBP/CHF	1.3221
GBP/AUD	1.739

## Dollar

USD/JPY	112.34
USD/CAD	1.252
USD/CHF	0.9725
USD/CNY	6.5046
USD/BRL	3.2588
USD/RUB	57.53
USD/INR	63.505
AUD/USD	0.7816
NZD/USD	0.7092



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 17
<b>10 Year Yield %</b>				
US	2.46	+6	+11	+6
Germany	0.46	+4	+14	+4
UK	1.27	+9	+1	+9
<b>5 Year Swap %</b>				
US	2.26	+1	+6	+1
Eurozone	0.30	-2	+10	-2
UK	1.08	+5	-2	+5
<b>2 Year Swap %</b>				
US	2.07	+0	+7	-2
Eurozone	-0.16	-2	+1	-2
UK	0.80	+1	-4	-0
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	23	+0	+7	+0
Belgium	22	+2	+4	+2
France	34	+0	+4	-2
Italy	163	+5	+25	+5
Spain	114	+2	+6	+2
Portugal	153	+5	-2	+5
Greece	358	-4	-81	-4

Commodities				
	Close	% Change		
		Day	4 Weeks	End 17
Brent Oil	66.57	-0.45	+5.90	-0.45
West Texas Oil	60.37	-0.15	+4.70	-0.15
CRB - All Commodity	194.72	+0.44	+3.87	+0.44
CRB - Food	337.44	+1.40	-2.18	+0.42
Gold \$	1317.8	+1.17	+4.02	+1.17

This publication is for information purposes and is not an invitation to deal. The information is believed to be reliable but is not guaranteed. Any expressions of opinions are subject to change without notice. This publication is not to be reproduced in whole or in part without prior permission. In the Republic of Ireland it is distributed by Allied Irish Banks, p.l.c. In the UK it is distributed by Allied Irish Banks, p.l.c. and Allied Irish Bank (GB). In Northern Ireland it is distributed by First Trust Bank. In the United States of America it is distributed by Allied Irish Banks, p.l.c. Allied Irish Banks, p.l.c. is regulated by the Central Bank of Ireland. Allied Irish Bank (GB) and First Trust Bank are trade marks used under licence by AIB Group (UK) p.l.c. (a wholly owned subsidiary of Allied Irish Banks, p.l.c.), incorporated in Northern Ireland. Registered Office 92 Ann Street, Belfast BT1 3HH. Registered Number NI018800. Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. In the United States of America, Allied Irish Banks, p.l.c., New York Branch, is a branch licensed by the New York State Department of Financial Services. Deposits and other investment products are not FDIC insured, they are not guaranteed by any bank and they may lose value. Please note that telephone calls may be recorded in line with market practice.