

Yen sees further support

Financial markets retained their subdued tone yesterday. This was evident in the main equity indices. Both the Euro Stoxx 50 and the S&P 500 were broadly unchanged on the day, though the latter index did close at a new all-time high above 2,750.

Data-wise, there were further indications yesterday that the Eurozone economy had a strong finish to 2017. German industrial production jumped by 3.4% in December (above f'cast +1.8%). Meantime, the eurozone unemployment rate declined further to 8.7% in November, a near nine-year high. However, euro impact from the data was minimal, continuing the recent trend of markets seeming to overlook strong macro data from the currency bloc.

Of the currency moves which did register yesterday, the dollar made some modest gains, continuing to regain ground lost over the end 2017/start 2018 period. However, the currency still remains down by around 1.5% against the euro and sterling versus mid-December. Elsewhere, the yen retained its firmer tone, benefitting from the BoJ's surprise decision to trim its purchases of long-dated bonds as part of its QE programme.

In level terms, EUR/USD moved down into the lower half of the \$1.19-1.20 band, while cable (GBP/USD) edged down towards \$1.35. The firmer yen saw USD/JPY move down to below ¥112, while EUR/JPY fell to around ¥133.5. The EUR/GBP pair continued to trade in a narrow range just above the 88p mark.

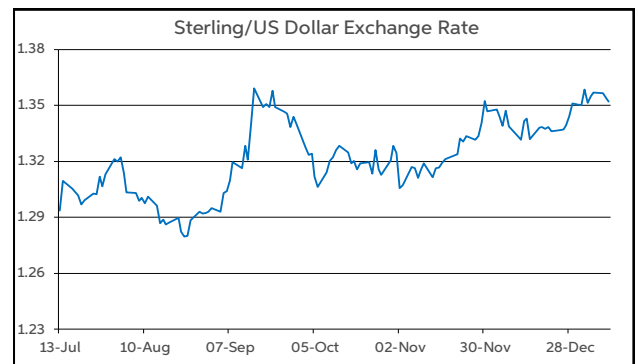
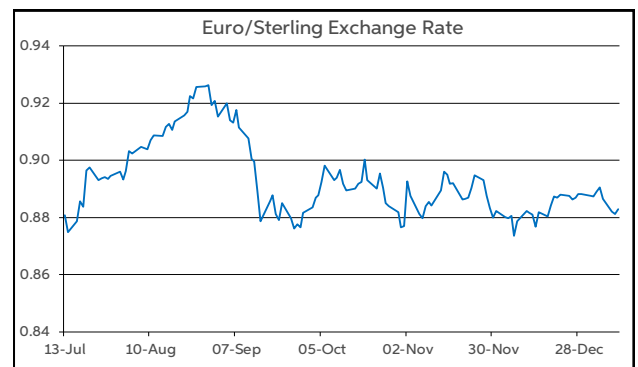
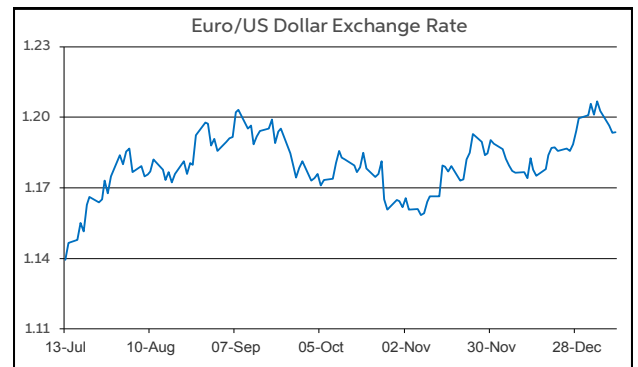
Turning to the day ahead, the focus from a data perspective will be on the UK. The schedule there includes industrial production and goods trade data for November. Modest improvements are forecast in both, though sterling impact is likely to be limited. Overall then, we could see FX markets hold a subdued tone today.

Dara Turnbull, Economist, AIB

Today's Opening Rates			
		% Change	
		Day *	End 2017
EUR/USD	1.1934	-0.26	-0.52
EUR/GBP	0.8829	0.19	-0.61
GBP/USD	1.3519	-0.40	0.05
GBP/EUR	1.1324	-0.19	0.61
USD/JPY	111.89	-0.70	-0.69
EUR/JPY	133.55	-0.93	-1.21

* 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	1.375	1.55	1.70	2.15	2.18	2.38
EUR	0.00	-0.37	-0.33	-0.19	-0.15	0.32
GBP	0.50	0.50	0.52	0.77	0.83	1.10

Equity Indices				
	Latest Close	% Changes		
		on Day	End 2017 to Date	
Dow Jones	25385.8	+0.41	+2.70	
S&P 500	2751.29	+0.13	+2.91	
FTSE 100	7731.02	+0.45	+0.56	
DJ Stoxx 50	3622.87	+0.18	+3.39	
ISEQ	7178.92	-0.07	+2.00	
Nikkei	23788.2	-0.26	+4.49	

All rates quoted are indicative market rates

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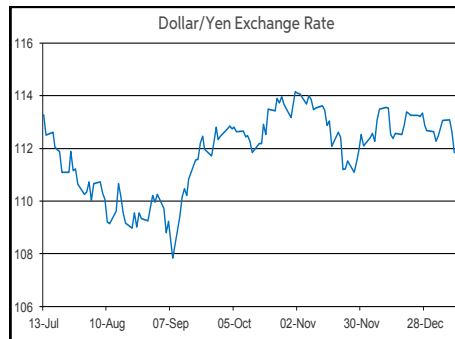
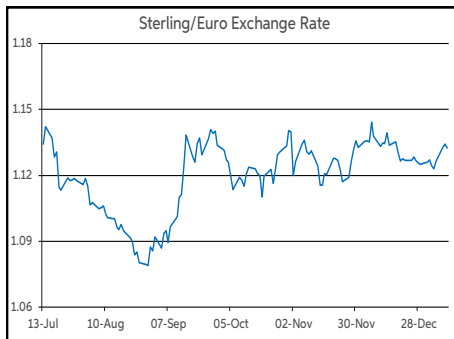
CONTACTS		
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Opening Levels

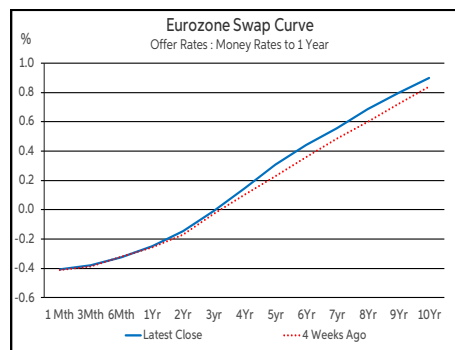
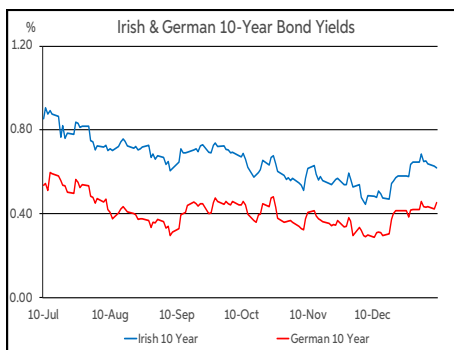
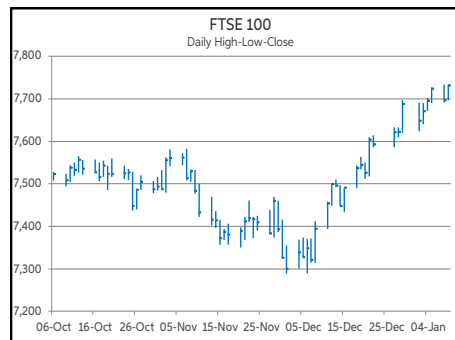
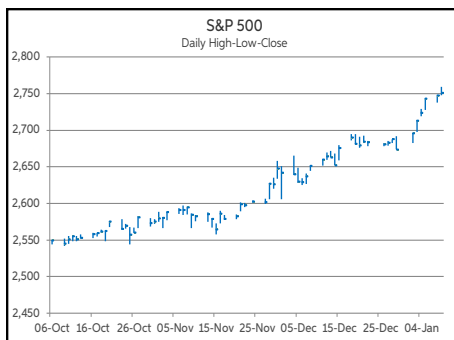
Wednesday 10 January 2018
07:29 am



Euro		Sterling		Dollar	
EUR/GBP	0.8829	GBP/EUR	1.1324	USD/JPY	111.89
EUR/USD	1.1934	GBP/USD	1.3519	USD/CAD	1.246
EUR/JPY	133.55	GBP/CAD	1.6848	USD/CHF	0.9826
EUR/SEK	9.8202	GBP/NZD	1.8831	USD/CNY	6.5228
EUR/DKK	7.4467	GBP/JPY	151.28	USD/BRL	3.2482
EUR/NOK	9.6298	GBP/SEK	11.1187	USD/RUB	56.8765
EUR/CHF	1.1729	GBP/DKK	8.4344	USD/INR	63.745
EUR/AUD	1.5248	GBP/NOK	10.9076	AUD/USD	0.7826
EUR/HKD	9.3366	GBP/CHF	1.3285	NZD/USD	0.7176
EUR/CAD	1.4872	GBP/AUD	1.7272		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 17
10 Year Yield %				
US	2.55	+7	+15	+15
Germany	0.45	+3	+14	+4
UK	1.28	+5	+5	+10
5 Year Swap %				
US	2.33	+0	+10	+9
Eurozone	0.31	+1	+8	-1
UK	1.10	+2	+2	+6
2 Year Swap %				
US	2.14	-1	+11	+6
Eurozone	-0.15	-1	+2	-0
UK	0.82	-0	-0	+1
10 Year Government Bond Spreads to Benchmark bps				
Ireland	17	-4	-0	-6
Belgium	22	+0	+3	+3
France	34	+1	+1	-2
Italy	157	+2	+18	-0
Spain	104	-0	-10	-8
Portugal	138	-5	-13	-10
Greece	314	-11	-87	-48



Commodities				
	% Change			
	Close	Day	4 Weeks	End 17
Brent Oil	68.82	+1.53	+8.65	+2.92
West Texas Oil	62.92	+1.93	+10.15	+4.07
CRB - All Commodity	194.16	+0.64	+5.86	+0.15
CRB - Food	342.98	+0.83	+1.36	+2.07
Gold \$	1312.8	-0.60	+5.51	+0.78

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