

## No surprises expected from the Fed

The last trading day of July saw currency markets in somewhat of a summer lull. This came despite a very packed schedule of data releases. The macro agenda included Eurozone Q2 GDP (slightly lower vs f'cast), Eurozone core inflation for June (surprising modestly to the upside), US Q2 employment cost index (softer than expected quarterly growth, although registered its best yearly increase since 2008) and US consumer confidence for July (beating expectations). However, the respective currencies displayed limited reaction or interest to the macro newsflow.

Indeed, the month generally has been relatively uneventful, with tight range trading summarising the action for most of the main FX pairs. Overall, the month comes to a close with sterling down around 1% on the exchanges from where it started it. This is reflected in EUR/GBP trading just above the 89p mark and GBP/USD down straddling the \$1.31 level.

Meanwhile, EUR/USD has finished the month just below \$1.17, having mostly traded in a narrow \$1.16-\$1.175 range over the period. Elsewhere, the yen has ended the month under some downward pressure, as the market continues to digest the recent policy tweaks from the BoJ, with USD/JPY up at ¥112.

Ahead today, the August diary kicks off with a key central bank event. The US Fed concludes (after close in Europe) its two-day policy meeting. Although, there are no expectations for any policy changes or major new insights from the FOMC. The Fed has already indicated that it will hike twice more this year, with the market pricing in the next hike for September. Therefore, the market will look to the meeting statement for further validation of this view. As a result, from a currency perspective, we may not see much dollar reaction to the Fed.

**John Fahey, Economist, AIB**

### Today's Opening Rates

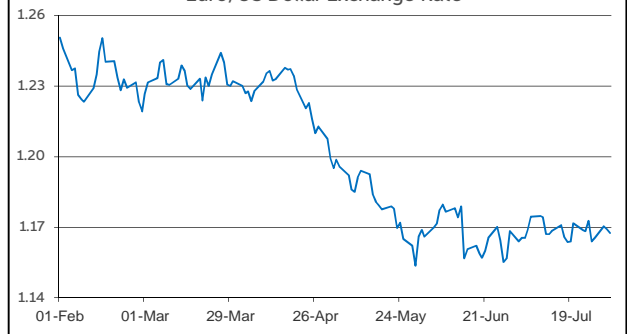
		% Change	
		Day *	End 2017
EUR/USD	1.1676	-0.33	-2.67
EUR/GBP	0.8913	-0.10	0.34
GBP/USD	1.3099	-0.24	-3.06
GBP/EUR	1.1217	0.10	-0.34
USD/JPY	112.05	0.94	-0.55
EUR/JPY	130.83	0.57	-3.22

\* v Previous Day's European Open

See Next Page for More Rates



Euro/US Dollar Exchange Rate



Euro/Sterling Exchange Rate



Sterling/US Dollar Exchange Rate



### Opening Interest Rates

	Base Rate	Short Term			Long Term	
		1-Mth	3-Mth	12-Mth	2-Yr	5-Yr
USD	1.875	2.08	2.35	2.83	2.88	2.97
EUR	0.00	-0.37	-0.32	-0.18	-0.14	0.35
GBP	0.50	0.68	0.80	1.05	1.13	1.39

### Equity Indices

	Latest Close	% Changes	
		on Day	End 2017 to Date
Dow Jones	25415.19	+0.43	+2.82
S&P 500	2816.29	+0.49	+5.34
FTSE 100	7748.76	+0.62	+0.79
DJ Stoxx 50	3525.49	+0.38	+0.61
ISEQ	6831.98	-0.11	-2.93
Nikkei	22746.7	+0.86	-0.08

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

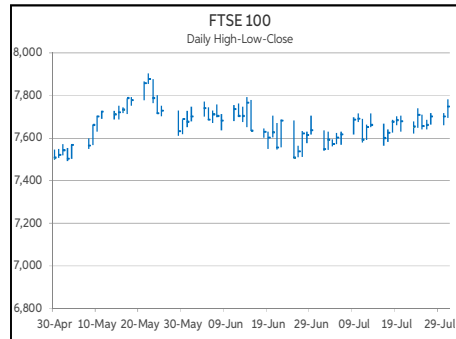
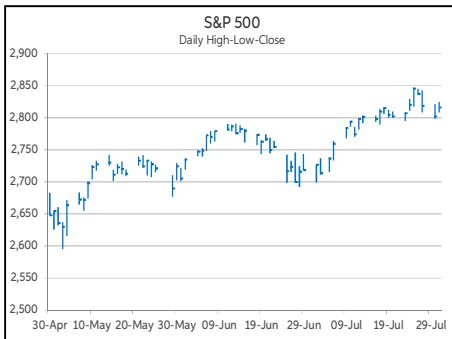
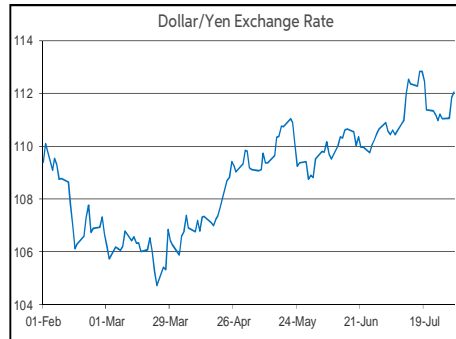
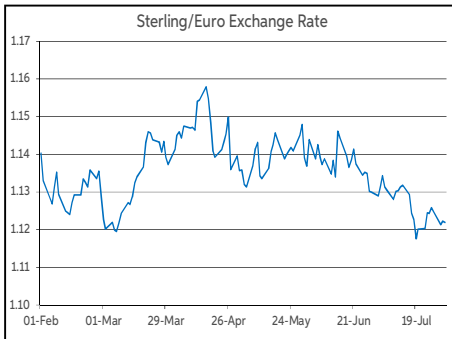
FX Spot	Karl Cooke Shane Gargan Adrian Flanagan Enda Homan	FX Options	Mark Tuite Lenny Hogan	Reuters Phone	AIB 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

# Opening Levels

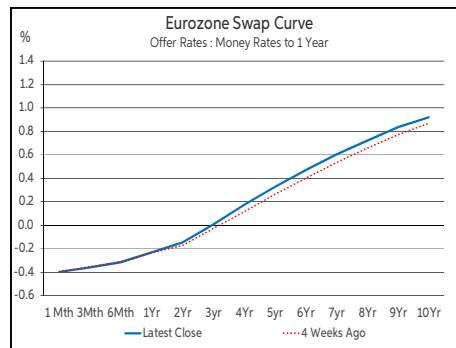
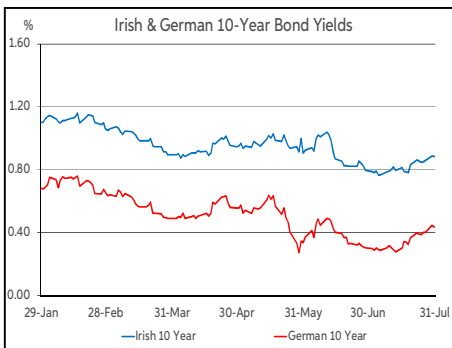
Wednesday 01 August 2018  
07:28 am



Euro		Sterling		Dollar	
EUR/GBP	0.8913	GBP/EUR	1.1217	USD/JPY	112.05
EUR/USD	1.1676	GBP/USD	1.3099	USD/CAD	1.3021
EUR/JPY	130.83	GBP/CAD	1.7058	USD/CHF	0.9929
EUR/SEK	10.2849	GBP/NZD	1.9291	USD/CNY	6.8214
EUR/DKK	7.4506	GBP/JPY	146.77	USD/BRL	3.7542
EUR/NOK	9.5392	GBP/SEK	11.5358	USD/RUB	62.5905
EUR/CHF	1.1593	GBP/DKK	8.3585	USD/INR	68.6
EUR/AUD	1.5764	GBP/NOK	10.6992	AUD/USD	0.7405
EUR/HKD	9.1635	GBP/CHF	1.3006	NZD/USD	0.6789
EUR/CAD	1.5206	GBP/AUD	1.7686		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 17
<b>10 Year Yield %</b>				
US	2.96	-1	+13	+56
Germany	0.44	-1	+15	+2
UK	1.33	-3	+9	+15
Ireland	0.88	-0	+10	N/A
Belgium	0.73	-1	+8	+12
France	0.72	-2	+9	-5
Italy	2.71	-6	+9	+72
Spain	1.38	-4	+10	-16
Portugal	1.74	-2	+0	-16
Greece	3.92	+7	+1	-13
<b>5 Year Swap %</b>				
US	2.94	-3	+6	+70
Eurozone	0.33	-0	+6	+1
UK	1.38	-2	+10	+34
<b>2 Year Swap %</b>				
US	2.85	-2	+6	+77
Eurozone	-0.15	-1	+2	-1
UK	1.12	-0	+11	+32
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	45	+1	-4	N/A
Belgium	29	+0	-7	+10
France	29	-1	-6	-7
Italy	228	-5	-6	+70
Spain	94	-3	-4	-18
Portugal	130	-1	-15	-17
Greece	348	+8	-14	-14



Commodities				
	Close	% Change		
		Day	4 Weeks	End 17
Brent Oil	74.25	-0.96	-4.51	+11.04
West Texas Oil	69.88	-1.84	-5.81	+15.58
CRB - All Commodity	194.53	-0.63	-1.49	+0.34
CRB - Food	340.65	+0.39	-1.71	+1.37
Gold \$	1224.3	+0.16	-2.33	-6.02

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.