

Dollar higher despite Fed cut

As expected, the Fed last night voted to cut rates by 25bps for the first time since 2008, putting the fed funds target range at 2.00-2.25%. However, the focus was on Chair Powell's press conference, in which he adopted a less dovish tone than anticipated. He stated that the cut was a "mid-cycle adjustment" rather than "the beginning of a lengthy easing cycle". These comments saw the dollar make some gains, while US equities came under pressure.

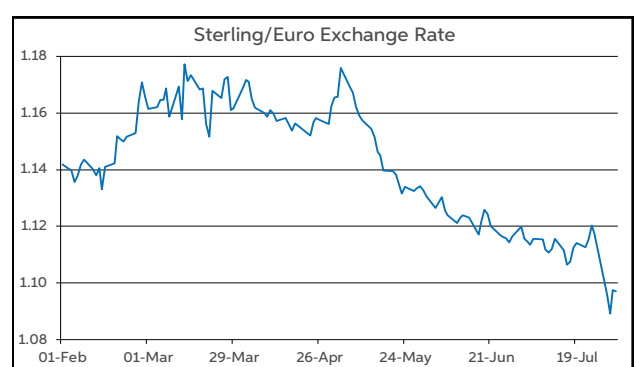
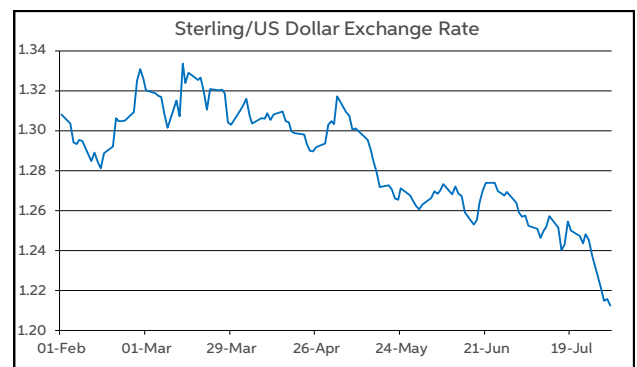
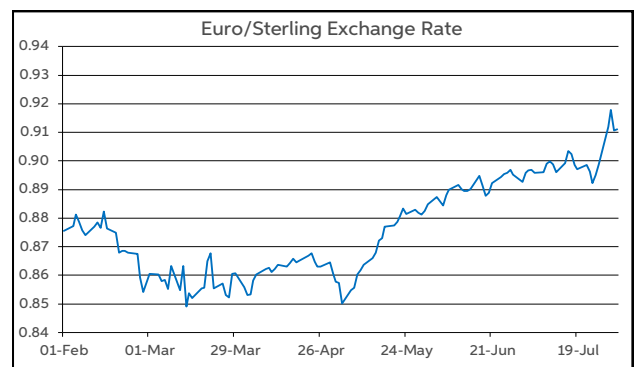
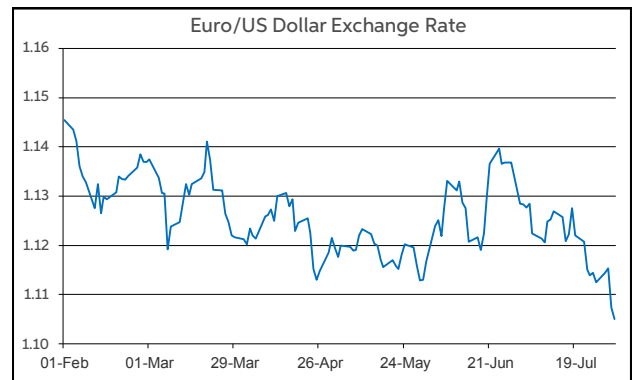
Data-wise, yesterday's packed Eurozone schedule saw GDP growth confirmed at 0.2% in Q2, while HICP inflation moderated to just 1.1% in July. However, as the data were in-line with expectations, euro impact was limited. Elsewhere, sterling saw some slight support, though there was no standout reason for this.

In level terms, the firmer dollar sees EUR/USD open this morning at an over 2-year low level, close to the midpoint of the \$1.10-1.11 range. The support for sterling sees cable (GBP/USD) trading only slightly lower, in the bottom half of the \$1.21-1.22 band, while EUR/GBP is changing hands down at the 91p threshold.

Today, the BoE's policy meeting could be a non-event for sterling. Rates are likely on hold until the final outcome of Brexit becomes clearer. However, Governor Carney's press conference will attract attention given his recent comments suggesting that ongoing uncertainty may warrant rate cuts "in some jurisdictions". The BoE's August inflation report will also be published today.

On the data-front, it is anticipated that the UK manufacturing PMI moved further below the key 50 level separating expansion from contraction in July. In contrast, the US manufacturing ISM looks to have edged slightly higher in the month. Overall though, barring major surprises, currency impact may be limited.

Conor Beakey, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2018
EUR/USD	1.1048	-0.96	-3.67
EUR/GBP	0.911	-0.69	1.40
GBP/USD	1.2124	-0.28	-4.96
GBP/EUR	1.0972	0.69	-1.38
USD/JPY	109.2	0.62	-0.33
EUR/JPY	120.66	-0.33	-4.02

* 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	2.375	2.22	2.27	2.19	1.91	1.82
EUR	0.00	-0.39	-0.37	-0.30	-0.44	-0.34
GBP	0.75	0.71	0.77	0.85	0.68	0.68

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

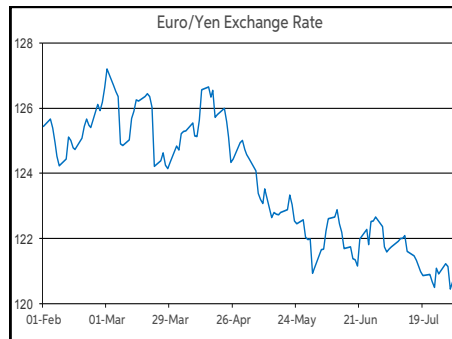
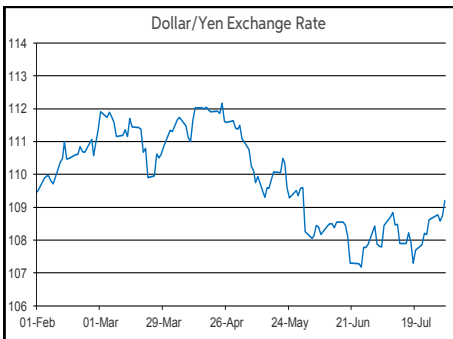
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite Lenny Hogan	Reuters Phone	AIB 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Opening Levels

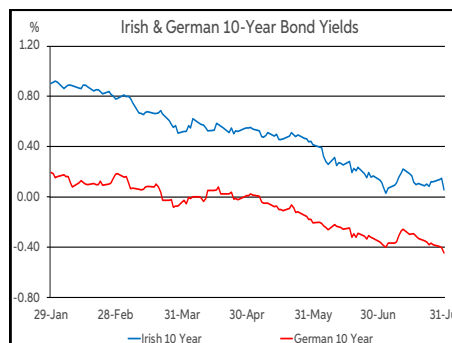
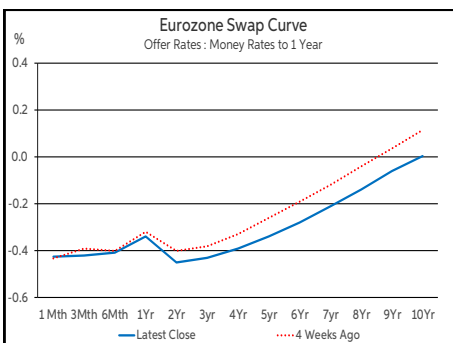
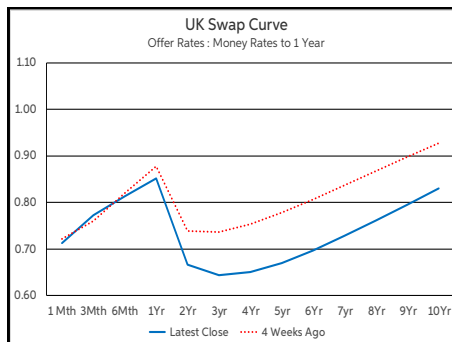
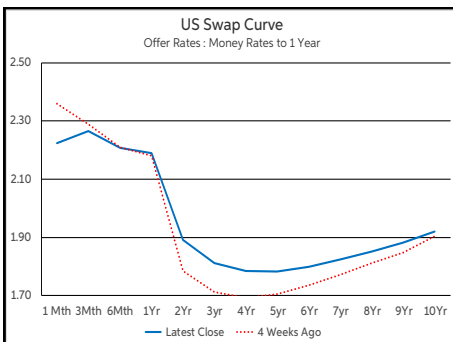
Thursday 01 August 2019
07:12 am



Euro		Sterling		Dollar	
EUR/GBP	0.911	GBP/EUR	1.0972	USD/JPY	109.2
EUR/USD	1.1048	GBP/USD	1.2124	USD/CAD	1.3208
EUR/JPY	120.66	GBP/CAD	1.6013	USD/CHF	0.9963
EUR/SEK	10.6952	GBP/NZD	1.849	USD/CNY	6.8994
EUR/DKK	7.4672	GBP/JPY	132.39	USD/BRL	3.813
EUR/NOK	9.7988	GBP/SEK	11.7363	USD/RUB	63.6496
EUR/CHF	1.1009	GBP/DKK	8.1928	USD/INR	69.0286
EUR/AUD	1.6135	GBP/NOK	10.7543	AUD/USD	0.6846
EUR/HKD	8.6466	GBP/CHF	1.2079	NZD/USD	0.6554
EUR/CAD	1.4592	GBP/AUD	1.7705		



	Close	Change bps		
		Day	4 Weeks	End 18
10 Year Yield %				
US	2.01	-5	+5	-68
Germany	-0.45	-4	-6	-68
UK	0.61	-3	-8	-66
Ireland	0.06	-9	-1	N/A
Belgium	-0.13	-4	-8	-88
France	-0.19	-4	-9	-89
Italy	1.53	-5	-7	-119
Spain	0.27	-7	+6	-114
Portugal	0.33	-6	+4	-137
Greece	2.01	-2	-1	-229
5 Year Swap %				
US	1.78	-1	+8	-78
Eurozone	-0.34	-3	-8	-57
UK	0.67	-4	-11	-65
2 Year Swap %				
US	1.89	+3	+11	-75
Eurozone	-0.45	-3	-5	-31
UK	0.67	-2	-7	-50
10 Year Government Bond Spreads to Benchmark bps				
Ireland	51	-5	+5	N/A
Belgium	32	+0	-2	-20
France	26	-0	-3	-21
Italy	197	-1	-1	-51
Spain	72	-2	+12	-46
Portugal	78	-2	+10	-69
Greece	245	+2	+5	-161



	Commodities			
	% Change			
	Close	Day	4 Weeks	End 18
Brent Oil	65.17	+0.70	+2.12	+21.13
West Texas Oil	58.53	+0.84	+2.58	+29.63
Gold \$	1414.1	-1.19	-0.37	+10.22

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