

## No surprises from the Fed; BoE in focus today

There were no surprises from the Fed last night, with the Central Bank leaving interest rates unchanged. The tone of the meeting statement was hawkish, with the FOMC upgrading its view of the economy's performance from "solid" to "strong".

The Fed's comments simply served to reinforce the market's expectation of a September rate hike in the US. As a result, dollar reaction to yesterday's FOMC meeting was very muted.

Overall, the main currency pairs have continued to trade within their recent narrow ranges over the past 24 hours. The EUR/USD pair opens this morning trading back down in the lower half of the \$1.16-1.17 band. Cable (GBP/USD) is changing hands just below the \$1.31 level. Elsewhere, the EUR/GBP pair continues to trade in a tight range either side of the 89p level.

The busy fortnight of major central bank meetings finishes today, with the latest instalment of the so-called BoE 'Super Thursday'. This includes the release of the meeting statement, minutes, Inflation Report and a press conference from BoE Governor Carney.

The expectation heading into the meeting is that the Central Bank will hike interest rates by 25bps, from 0.50% to 0.75%. Such a move should help to provide some support to sterling.

Although, given that a rate increase is generally anticipated, there may be more interest for markets around the BoE's guidance on future rate hikes. Markets are only expecting one BoE hike in 2019 and another in 2020. Thus, BoE watchers will be looking for validation of these expectations today.

### Dara Turnbull, Economist, AIB

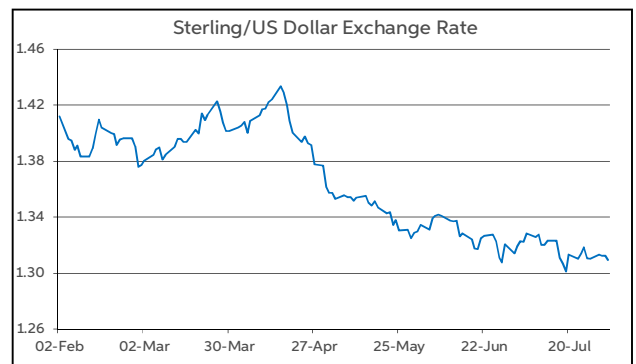
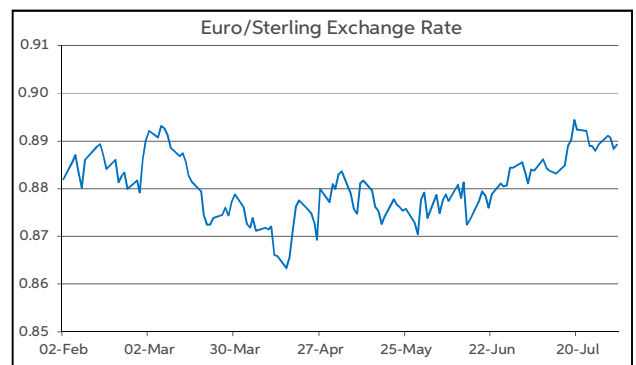
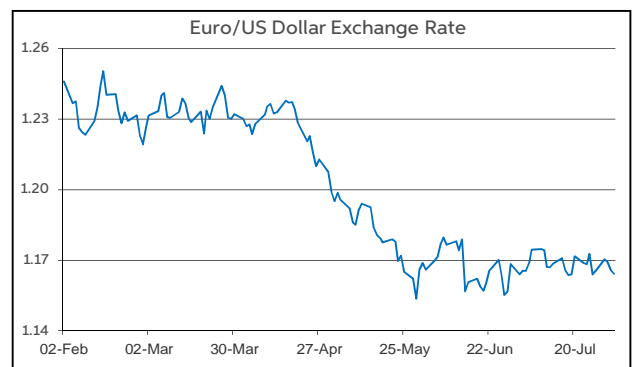
Opening Interest Rates						
	Base Rate	Short Term			Long Term	
		1-Mth	3-Mth	12-Mth	2-Yr	5-Yr
USD	1.875	2.08	2.35	2.83	2.87	2.98
EUR	0.00	-0.37	-0.32	-0.18	-0.13	0.35
GBP	0.50	0.69	0.80	1.06	1.15	1.43

Equity Indices				
	Latest Close	% Changes		
		on Day	End 2017 to Date	
Dow Jones	25333.82	-0.32	+2.49	
S&P 500	2813.36	-0.10	+5.23	
FTSE 100	7652.91	-1.24	-0.45	
DJ Stoxx 50	3509.23	-0.46	+0.15	
ISEQ	6815.26	-0.24	-3.17	
Nikkei	22512.53	-1.03	-1.11	

Today's Opening Rates			
		% Change	
		Day *	End 2017
EUR/USD	1.164	-0.33	-2.97
EUR/GBP	0.8889	-0.21	0.07
GBP/USD	1.3092	-0.08	-3.11
GBP/EUR	1.1244	0.21	-0.07
USD/JPY	111.6	-0.33	-0.95
EUR/JPY	129.93	-0.63	-3.88

\* 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

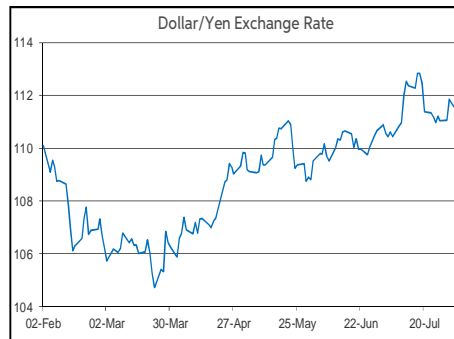
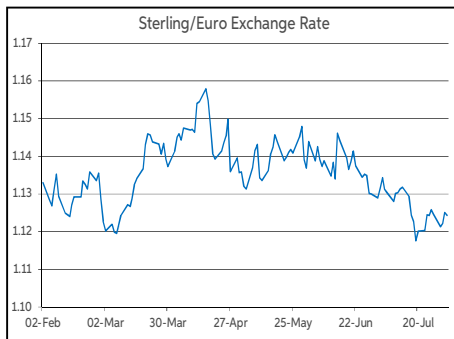
FX Spot	Karl Cooke Shane Gargan Adrian Flanagan Enda Homan	FX Options	Mark Tuite Lenny Hogan	Reuters Phone	AIB 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

# Opening Levels

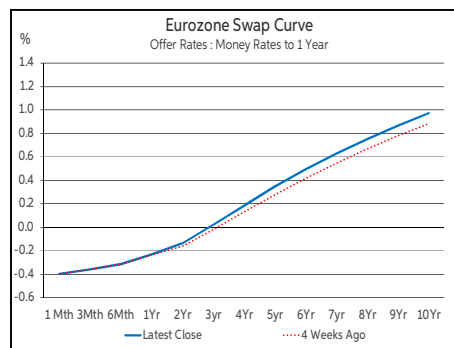
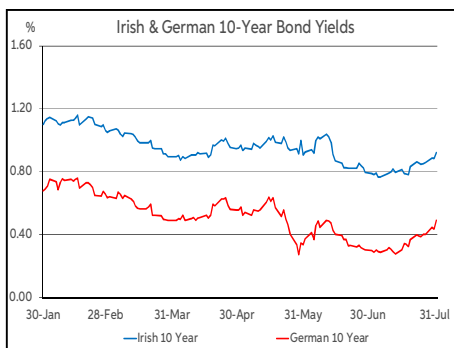
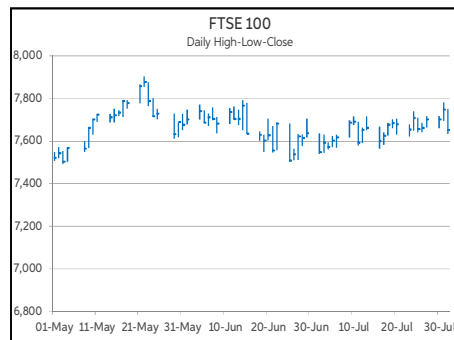
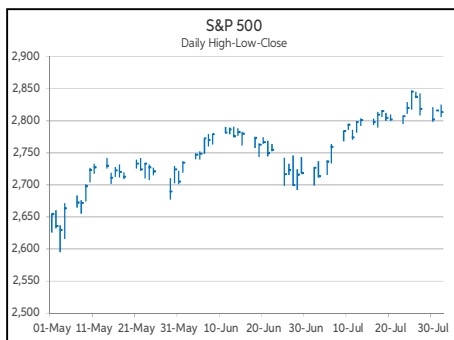
Thursday 02 August 2018  
07:28 am



Euro		Sterling		Dollar	
EUR/GBP	0.8889	GBP/EUR	1.1244	USD/JPY	111.6
EUR/USD	1.164	GBP/USD	1.3092	USD/CAD	1.3011
EUR/JPY	129.92	GBP/CAD	1.703	USD/CHF	0.993
EUR/SEK	10.2686	GBP/NZD	1.9321	USD/CNY	6.8128
EUR/DKK	7.4512	GBP/JPY	146.11	USD/BRL	3.7489
EUR/NOK	9.5369	GBP/SEK	11.5433	USD/RUB	63.0072
EUR/CHF	1.156	GBP/DKK	8.3787	USD/INR	68.355
EUR/AUD	1.5763	GBP/NOK	10.7252	AUD/USD	0.7384
EUR/HKD	9.1367	GBP/CHF	1.3002	NZD/USD	0.6773
EUR/CAD	1.5151	GBP/AUD	1.7729		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 17
<b>10 Year Yield %</b>				
US	3.00	+4	+17	+60
Germany	0.49	+5	+19	+7
UK	1.39	+6	+11	+21
Ireland	0.92	+4	+13	N/A
Belgium	0.79	+6	+12	+17
France	0.78	+6	+14	+1
Italy	2.78	+6	+14	+79
Spain	1.41	+3	+13	-13
Portugal	1.78	+4	+5	-12
Greece	3.91	-1	-0	-14
<b>5 Year Swap %</b>				
US	2.98	+0	+9	+73
Eurozone	0.35	+1	+7	+3
UK	1.42	+2	+10	+38
<b>2 Year Swap %</b>				
US	2.86	-1	+6	+78
Eurozone	-0.14	+0	+2	+0
UK	1.14	+1	+8	+33
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	43	-2	-6	N/A
Belgium	30	+0	-7	+10
France	29	+0	-4	-7
Italy	229	+1	-5	+71
Spain	92	-2	-6	-20
Portugal	129	-1	-14	-19
Greece	342	-7	-19	-21



Commodities				
	Close	% Change		
		Day	4 Weeks	End 17
Brent Oil	72.39	-2.51	-7.48	+8.25
West Texas Oil	68.8	-1.55	-7.27	+13.79
CRB - All Commodity	191.64	-1.49	-2.96	-1.15
CRB - Food	337.08	-3.57	-2.74	+0.31
Gold \$	1216.6	-0.62	-3.27	-6.60

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