

Some sterling volatility; Dollar firmer

The Bank of England voted to increase interest rates by 25bps, to 0.75%, yesterday. This was in line with the market consensus. The decision was unanimous, which was more hawkish than anticipated, with BoE watchers predicting a 7:2 split decision.

Sterling saw some initial support following the rate hike decision, with EUR/GBP trading down as low as 88.5p and cable (GBP/USD) moving up to \$1.313. However, some cautious sounding comments from Governor Carney regarding the future pace of policy tightening saw the main sterling pairs fall back to finish down on the day.

Elsewhere, the dollar has seen some support over the last 24 hours. This coincided with some renewed market concerns over US/China trade tensions. Meantime, the euro has adopted a somewhat softer tone.

In level terms, the firmer dollar and softer sterling mean that GBP/USD opens this morning trading just above the \$1.30 mark. The EUR/USD pair is changing hands below \$1.16, though it must be noted that there is strong support for the pair above \$1.15. Meanwhile, EUR/GBP continues to trade near 89p.

The focus in the day ahead will be on the US, with the July employment report due. The key non-farm payrolls are forecast to have increased by 190k, while the unemployment rate looks set to edge back down to 3.9%. Average earnings growth is expected to have held at a relatively modest 2.7%.

Overall, the US data could help to provide a supportive backdrop for the dollar today, as we head into the weekend.

Dara Turnbull, Economist, AIB

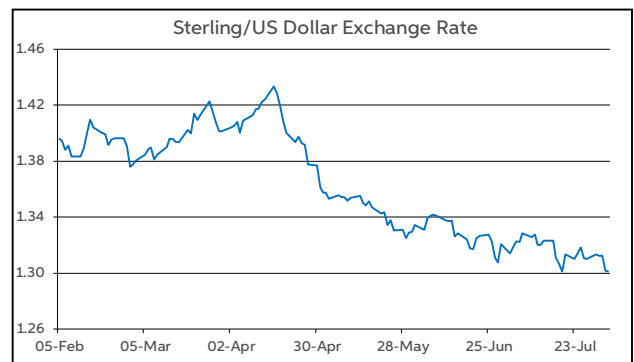
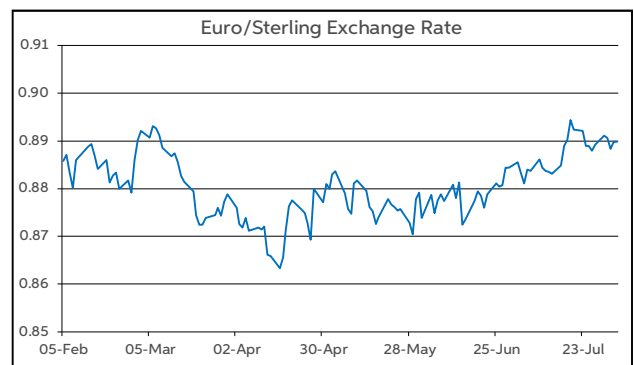
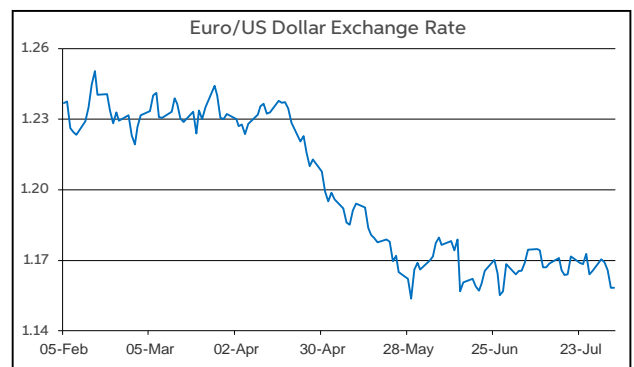
Opening Interest Rates						
	Base Rate	Short Term			Long Term	
		1-Mth	3-Mth	12-Mth	2-Yr	5-Yr
USD	1.875	2.08	2.34	2.83	2.89	2.99
EUR	0.00	-0.37	-0.32	-0.18	-0.14	0.33
GBP	0.50	0.71	0.81	1.06	1.14	1.42

Equity Indices				
	Latest Close	% Changes		
		on Day	End 2017 to Date	
Dow Jones	25326.16	-0.03	+2.46	
S&P 500	2827.22	+0.49	+5.75	
FTSE 100	7575.93	-1.01	-1.45	
DJ Stoxx 50	3469.21	-1.14	-0.99	
ISEQ	6727.08	-1.29	-4.42	
Nikkei	22525.18	+0.06	-1.05	

Today's Opening Rates			
		% Change	
		Day *	End 2017
EUR/USD	1.1577	-0.58	-3.49
EUR/GBP	0.8898	0.11	0.17
GBP/USD	1.3009	-0.70	-3.72
GBP/EUR	1.1235	-0.11	-0.17
USD/JPY	111.74	0.14	-0.83
EUR/JPY	129.35	-0.47	-4.31

* 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

Friday 03 August 2018
07:30 am



Euro

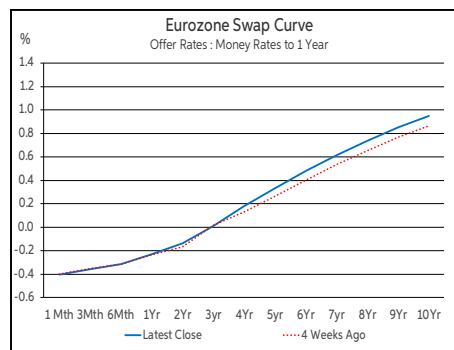
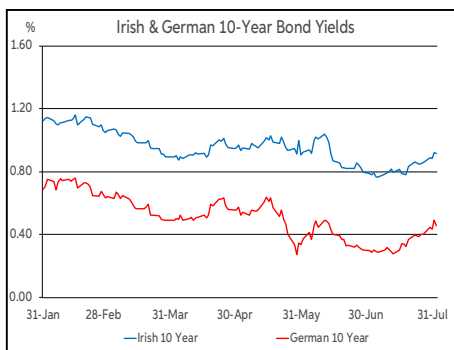
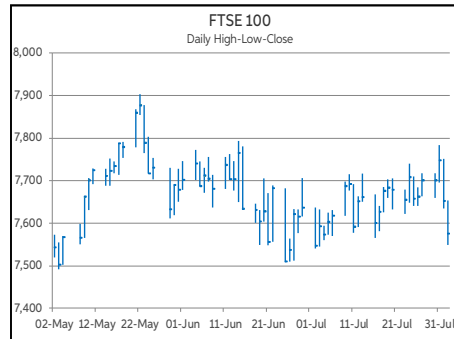
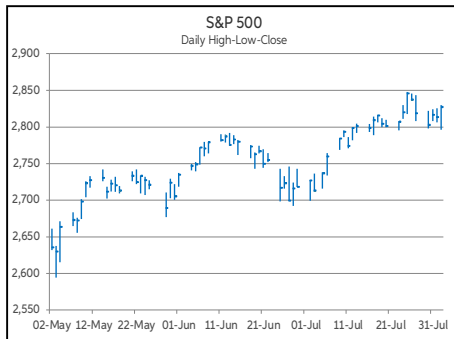
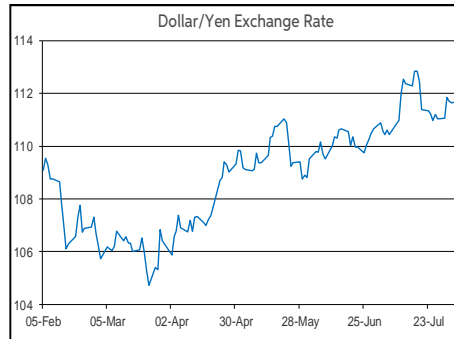
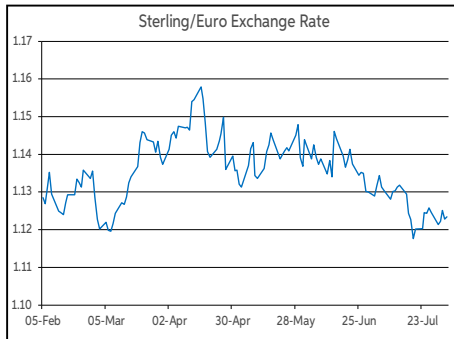
EUR/GBP	0.8898
EUR/USD	1.1577
EUR/JPY	129.35
EUR/SEK	10.3052
EUR/DKK	7.4516
EUR/NOK	9.5465
EUR/CHF	1.1533
EUR/AUD	1.573
EUR/HKD	9.0881
EUR/CAD	1.5082

Sterling

GBP/EUR	1.1234
GBP/USD	1.3009
GBP/CAD	1.6945
GBP/NZD	1.9341
GBP/JPY	145.34
GBP/SEK	11.578
GBP/DKK	8.3729
GBP/NOK	10.7249
GBP/CHF	1.2956
GBP/AUD	1.7672

Dollar

USD/JPY	111.72
USD/CAD	1.3024
USD/CHF	0.9963
USD/CNY	6.8742
USD/BRL	3.7499
USD/RUB	63.379
USD/INR	68.775
AUD/USD	0.7359
NZD/USD	0.6724



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 17
10 Year Yield %				
US	2.98	-2	+15	+58
Germany	0.46	-3	+17	+4
UK	1.38	-1	+12	+19
Ireland	0.92	-0	+15	N/A
Belgium	0.79	+0	+12	+17
France	0.78	-0	+14	+0
Italy	2.90	+13	+20	+91
Spain	1.44	+3	+14	-10
Portugal	1.78	-0	-1	-12
Greece	4.04	+14	+6	-0
5 Year Swap %				
US	2.97	-2	+11	+73
Eurozone	0.33	-2	+7	+2
UK	1.41	-2	+10	+38
2 Year Swap %				
US	2.85	-4	+7	+77
Eurozone	-0.14	-1	+3	+0
UK	1.13	-2	+7	+33
10 Year Government Bond Spreads to Benchmark bps				
Ireland	46	+3	-2	N/A
Belgium	33	+3	-5	+14
France	32	+3	-2	-4
Italy	245	+16	+4	+87
Spain	99	+6	-3	-14
Portugal	132	+3	-17	-16
Greece	358	+17	-10	-4

Commodities				
	Close	% Change		
		Day	4 Weeks	End 17
Brent Oil	73.45	+1.46	-5.09	+9.84
West Texas Oil	68.95	+0.22	-5.61	+14.04
CRB - All Commodity	192.65	+0.53	-1.81	-0.63
CRB - Food	335.92	-1.16	-3.19	-0.04
Gold \$	1208.4	-0.68	-3.96	-7.24

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