

Fed's Powell in the spotlight

Currency market action over the past 24 hours has seen sterling come under some pressure. The currency fell to 6-month and 2-year lows against the euro and the dollar respectively.

The action in the currency could have been prompted by Brexit-related developments in the UK. An attempt by MPs to block a no-deal at end-October failed yesterday. At the same time, Labour clarified its position on the circumstances under which it would hold another referendum.

In level terms, the weaker sterling tone is reflected in EUR/GBP opening up this morning at the 90p level, while cable (GBP/USD) has fallen under the \$1.25 threshold and is changing hands near to the midpoint of the \$1.24-1.25 band. Meanwhile, EUR/USD remains near to the \$1.12 level.

Today, a key focus will be Fed Chair Powell's semi-annual congressional testimony. Markets will hope to gain an insight into the level of support within the FOMC for near-term rate cuts. His appearance poses some two-way risk for the dollar. A very dovish message could see the currency move lower. However, the dollar could rise if his comments point to a more limited degree of policy easing. Meantime, the Fed's minutes from its June policy meeting will be published after close in Europe, though they will likely be overtaken by Powell's appearance.

On this side of the Atlantic, the Eurozone data calendar is barren, meaning the euro could struggle for direction today. In the UK, we get the estimate of GDP for the 3-months to May. Growth is forecast to have eased to 0.1% in the period as the impact of Brexit related stockpiling continues to unwind. However, barring a major surprise, sterling impact could be limited.

Conor Beakey, Economist, AIB

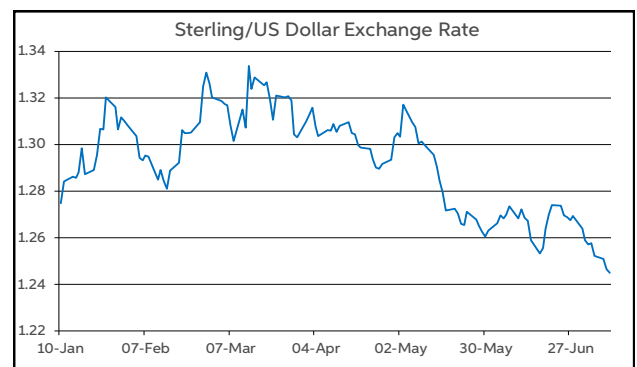
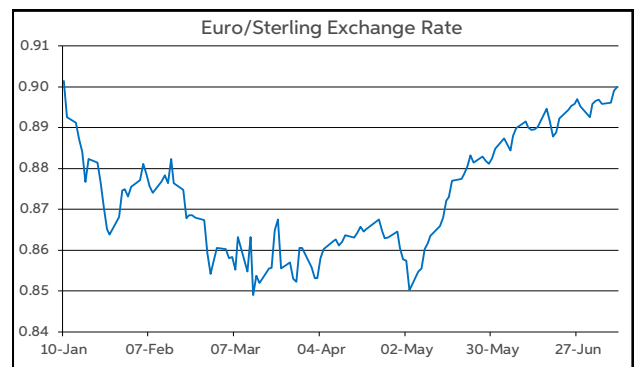
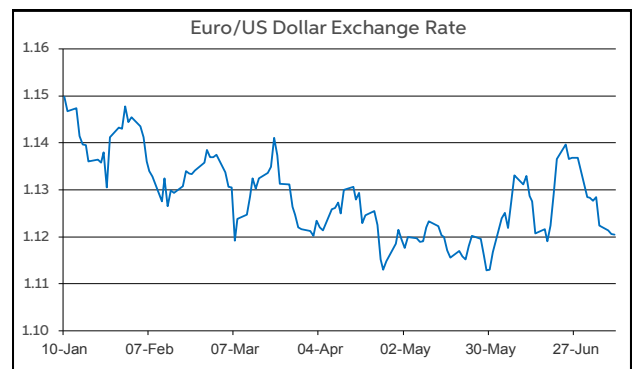
Opening Interest Rates						
	Base Rate	Short Term			Long Term	
		1-Mth	3-Mth	12-Mth	2-Yr	5-Yr
USD	2.375	2.37	2.34	2.27	1.93	1.86
EUR	0.00	-0.39	-0.36	-0.26	-0.39	-0.24
GBP	0.75	0.72	0.77	0.89	0.75	0.80

Equity Indices			
	Latest Close	% Changes	
		on Day	End 2018 to Date
Dow Jones	26783.49	-0.08	+14.82
S&P 500	2979.63	+0.12	+18.86
FTSE 100	7536.47	-0.17	+12.01
DJ Stoxx 50	3509.75	-0.40	+16.94
ISEQ	6266.24	-0.79	+14.35
Nikkei	21584.18	+0.09	+7.84

Today's Opening Rates			
		% Change	
		Day *	End 2018
EUR/USD	1.1205	-0.10	-2.30
EUR/GBP	0.9002	0.40	0.20
GBP/USD	1.2446	-0.53	-2.44
GBP/EUR	1.1104	-0.40	-0.20
USD/JPY	108.86	0.14	-0.64
EUR/JPY	122.02	0.05	-2.94

* 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

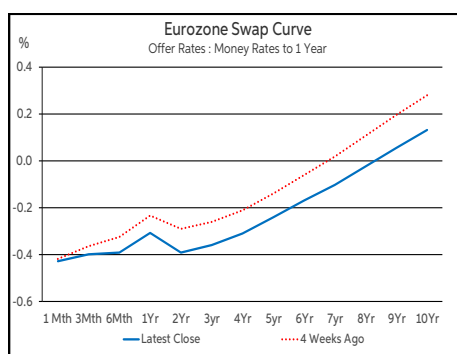
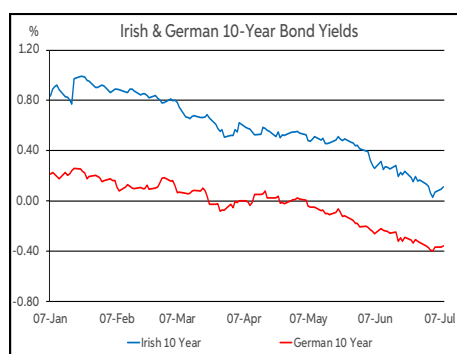
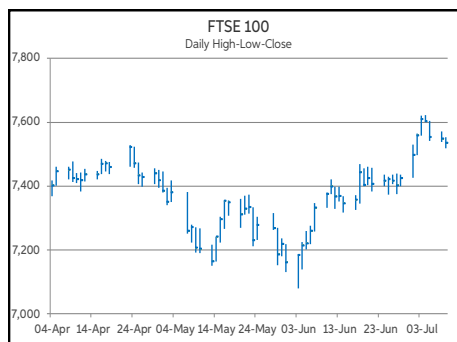
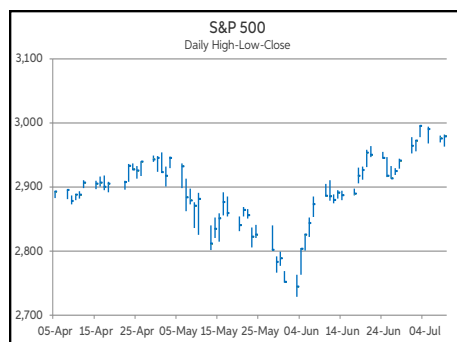
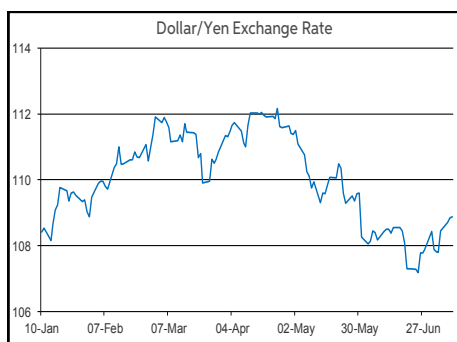
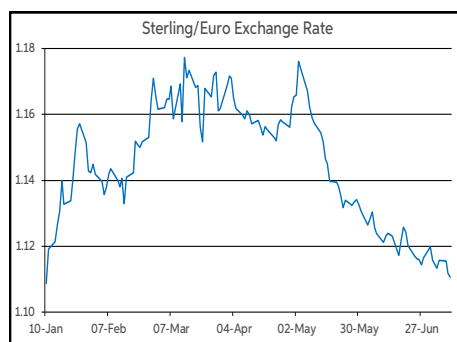
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Opening Levels

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07:18 am



Euro		Sterling		Dollar	
EUR/GBP	0.9002	GBP/EUR	1.1104	USD/JPY	108.86
EUR/USD	1.1205	GBP/USD	1.2446	USD/CAD	1.3131
EUR/JPY	122.02	GBP/CAD	1.634	USD/CHF	0.9927
EUR/SEK	10.619	GBP/NZD	1.8843	USD/CNY	6.882
EUR/DKK	7.4632	GBP/JPY	135.49	USD/BRL	3.8
EUR/NOK	9.6939	GBP/SEK	11.7885	USD/RUB	63.7962
EUR/CHF	1.1125	GBP/DKK	8.2897	USD/INR	68.515
EUR/AUD	1.6193	GBP/NOK	10.7684	AUD/USD	0.692
EUR/HKD	8.7552	GBP/CHF	1.2358	NZD/USD	0.6603
EUR/CAD	1.4715	GBP/AUD	1.7986		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 18
10 Year Yield %				
US	2.07	+2	-7	-61
Germany	-0.36	+1	-12	-59
UK	0.72	+1	-14	-55
Ireland	0.11	+2	-14	N/A
Belgium	0.01	+2	-17	-75
France	-0.06	+1	-17	-76
Italy	1.73	-5	-63	-99
Spain	0.41	-2	-16	-100
Portugal	0.46	-1	-16	-125
Greece	2.17	+14	-57	-213
5 Year Swap %				
US	1.83	+2	-10	-73
Eurozone	-0.24	+1	-10	-47
UK	0.78	-1	-14	-53
2 Year Swap %				
US	1.91	+2	-6	-73
Eurozone	-0.39	+1	-10	-25
UK	0.74	-1	-12	-43
10 Year Government Bond Spreads to Benchmark bps				
Ireland	47	+0	-2	N/A
Belgium	36	+1	-5	-16
France	30	+0	-5	-17
Italy	208	-6	-51	-40
Spain	77	-3	-4	-41
Portugal	82	-2	-4	-65
Greece	252	+12	-45	-154

Commodities				
	Close	% Change		
		Day	4 Weeks	End 18
Brent Oil	64.16	+0.08	+3.00	+19.26
West Texas Oil	57.57	+0.38	+8.01	+27.51
CRB - All Commodity	180.71	+0.01	+3.34	+6.42
CRB - Food	346.53	+0.00	-2.24	+6.88
Gold \$	1398.0	+0.16	+5.34	+8.97

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