

## Powell comments weigh on dollar

Yesterday's currency market action saw the dollar lose some ground. Fed Chair Powell's relatively dovish congressional testimony prompted the move in the currency. Buoyed by hopes of lower rates, equities also moved higher. The S&P 500 briefly hit a new record high, crossing the 3,000 level for the first time ever.

Powell again stated that the central bank stands ready to "act as appropriate" to sustain the expansion. He flagged the slowing global economy, as well as ongoing trade tensions, as risks to growth. He also confirmed June's payroll figure did not change the central bank's policy outlook. Markets took his comments as a clear signal that the FOMC will cut rates by 25bps in July.

Data-wise, the estimate of UK GDP for the 3-months to May beat expectations. An upward revision in March's data saw growth come in at 0.3% in the period (f'cast +0.1%). Sterling impact, though, was minimal as markets remain focussed on Brexit.

In level terms, the slightly softer dollar sees EUR/USD open this morning in the upper half of the \$1.12-1.13 range, while cable (GBP/USD) is back above the \$1.25 threshold. Elsewhere, EUR/GBP remains close to the 90p level.

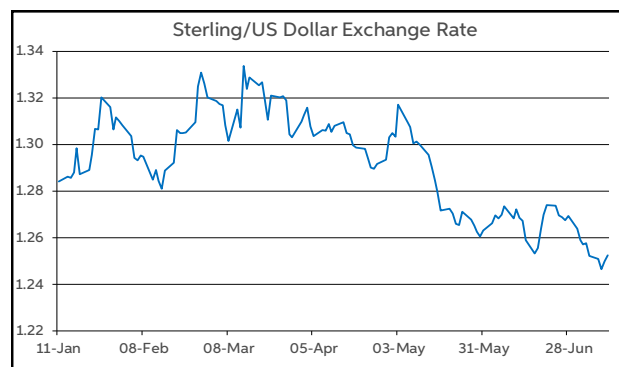
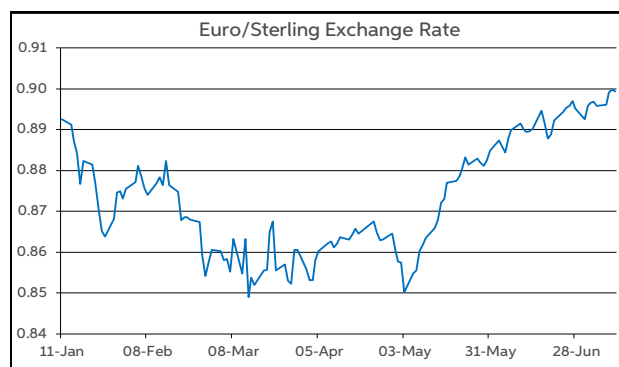
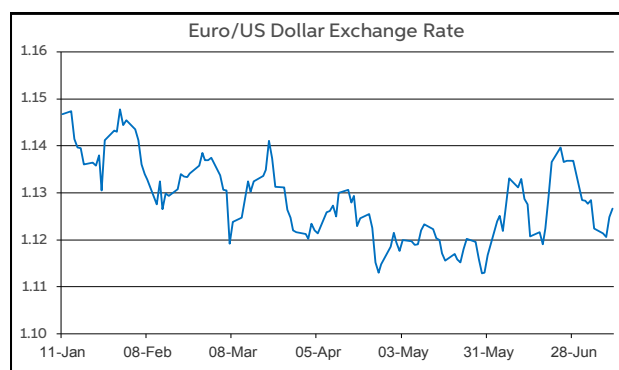
Today, the Eurozone and UK schedules are barren. Therefore, the euro and sterling could struggle for direction. We do get the ECB's account of its June policy meeting, though it has been overtaken by recent speeches from Governing Council members. In the US, Powell is due to appear for the second part of his congressional testimony. However, fresh policy insights are unlikely. Data-wise, June CPI is due. Headline inflation is expected to moderate to 1.6%, in part due to lower oil prices. However, barring a significant surprise, we do not anticipate much of a dollar reaction.

**Conor Beakey, Economist, AIB**

Today's Opening Rates			
		% Change	
		Day *	End 2018
EUR/USD	1.1267	0.55	-1.76
EUR/GBP	0.8993	-0.03	0.10
GBP/USD	1.2526	0.59	-1.81
GBP/EUR	1.1113	0.03	-0.10
USD/JPY	107.94	-0.85	-1.48
EUR/JPY	121.64	-0.29	-3.24

\* v Previous Day's European Open

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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	2.29	1.84	1.81
EUR	0.00	-0.39	-0.36	-0.26	-0.40	-0.22
GBP	0.75	0.72	0.78	0.91	0.76	0.83

Equity Indices				
	Latest Close	% Changes		
		on Day	End 2018 to Date	
Dow Jones	26860.2	+0.29	+15.14	
S&P 500	2993.07	+0.45	+19.40	
FTSE 100	7530.69	-0.08	+11.93	
DJ Stoxx 50	3501.52	-0.23	+16.66	
ISEQ	6235.05	-0.50	+13.78	
Nikkei	21637.62	+0.48	+8.11	

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

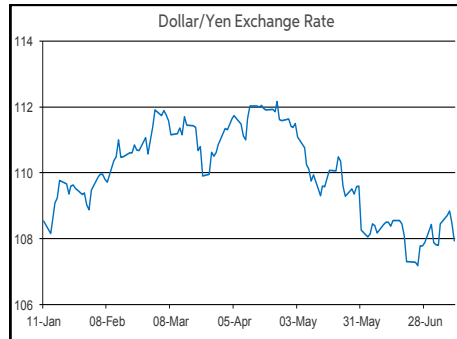
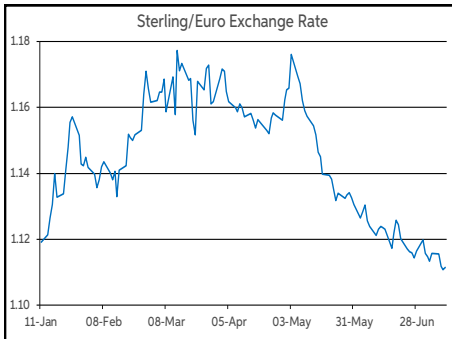
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite Lenny Hogan	Reuters Phone	AIB 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

# Opening Levels

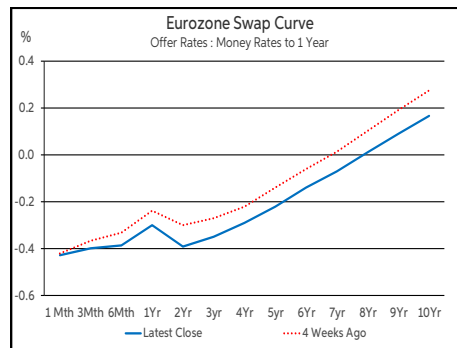
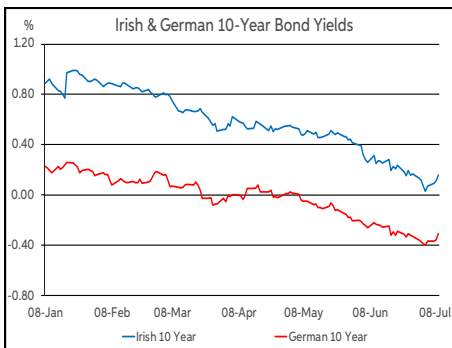
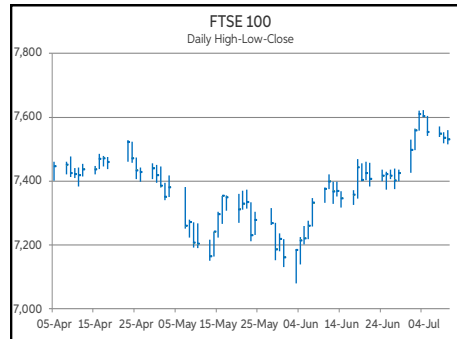
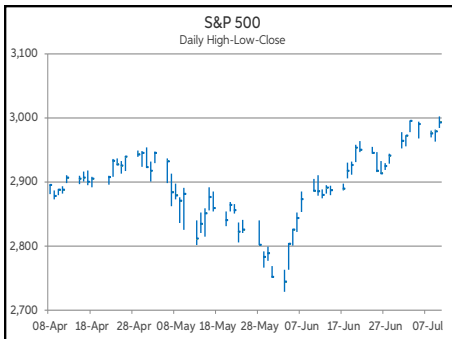
Thursday 11 July 2019  
07:17 am



Euro		Sterling		Dollar	
EUR/GBP	0.8993	GBP/EUR	1.1113	USD/JPY	107.94
EUR/USD	1.1267	GBP/USD	1.2526	USD/CAD	1.3056
EUR/JPY	121.64	GBP/CAD	1.6355	USD/CHF	0.9864
EUR/SEK	10.5985	GBP/NZD	1.8793	USD/CNY	6.8667
EUR/DKK	7.4641	GBP/JPY	135.21	USD/BRL	3.7538
EUR/NOK	9.6458	GBP/SEK	11.7808	USD/RUB	63.0945
EUR/CHF	1.1117	GBP/DKK	8.2966	USD/INR	68.362
EUR/AUD	1.6164	GBP/NOK	10.7242	AUD/USD	0.697
EUR/HKD	8.8064	GBP/CHF	1.2358	NZD/USD	0.6664
EUR/CAD	1.4711	GBP/AUD	1.7969		



	Close	Change bps		
		Day	4 Weeks	End 18
<b>10 Year Yield %</b>				
US	2.06	-1	-6	-62
Germany	-0.31	+5	-7	-55
UK	0.75	+4	-11	-51
Ireland	0.16	+5	-11	N/A
Belgium	0.05	+5	-12	-71
France	-0.02	+4	-13	-72
Italy	1.73	+0	-70	-99
Spain	0.43	+2	-14	-98
Portugal	0.49	+3	-15	-121
Greece	2.25	+8	-48	-205
<b>5 Year Swap %</b>				
US	1.79	-4	-7	-77
Eurozone	-0.22	+1	-8	-45
UK	0.82	+2	-12	-50
<b>2 Year Swap %</b>				
US	1.85	-7	-7	-79
Eurozone	-0.39	-1	-9	-25
UK	0.76	+1	-12	-41
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	47	+0	-4	N/A
Belgium	36	-0	-5	-16
France	29	-1	-6	-18
Italy	204	-5	-63	-44
Spain	74	-2	-6	-44
Portugal	80	-1	-8	-67
Greece	255	+3	-40	-151



	Close	% Change		
		Day	4 Weeks	End 18
Brent Oil	67.01	+4.44	+11.74	+24.55
West Texas Oil	60.28	+4.71	+17.90	+33.51
CRB - All Commodity	184.17	+1.92	+6.31	+8.46
CRB - Food	347.05	+0.52	-2.36	+7.04
Gold \$	1419.2	+1.52	+6.39	+10.62

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