

Dollar gains, sterling weakens

The action on currency markets yesterday saw the dollar holding a firmer tone. At the same time, the softening trend in sterling gathered some further momentum.

The dollar was supported by upside surprises from the US macro diary. This included the key release of the week—retail sales for June. Headline sales printed ahead of expectations at 0.4% m/m (f'cast for 0.1%). Meanwhile, the closely watched 'control' measure (tends to correspond closely to consumer spending component of GDP) rose by 0.7% in the month (f'cast for 0.3%).

There was also good news for the US economy contained in the industrial production report for June. While headline production missed slightly to the downside (in part due to weather related impact on utility output), the key manufacturing sector beat expectations, rising by 0.4% last month. The housing market also provided some encouraging newsflow, with homebuilder sentiment registering a consensus beating reading for July.

For sterling, on-going concerns regarding Brexit, associated with the upcoming change in the Prime Minister, acted as a drag. Data-wise, yesterday's batch of labour market updates were somewhat of a mixed bag. The unemployment rate remained at its multi-decade low (3.8%), employment growth was weaker than expected, while wage growth was better than anticipated.

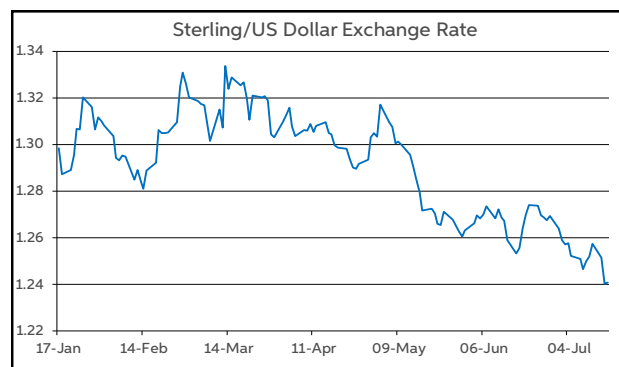
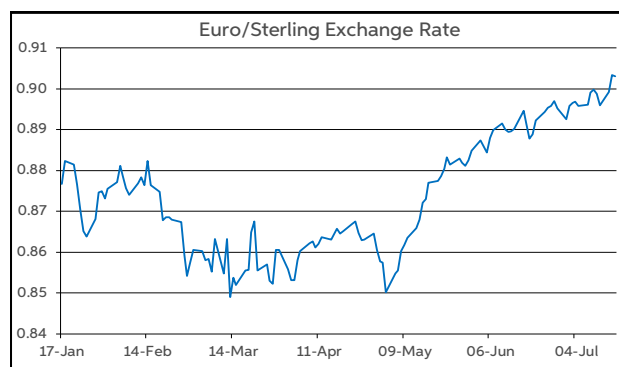
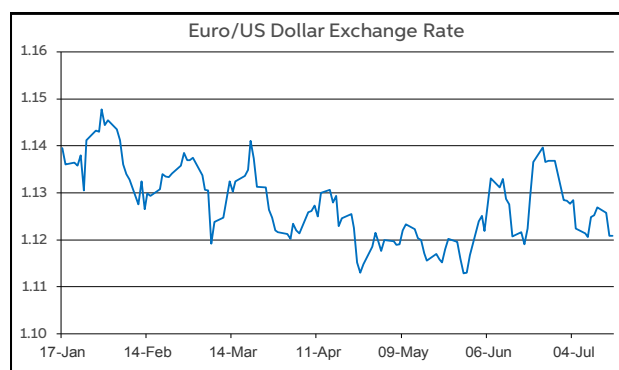
In level terms, all of the above is reflected in GBP/USD down at the \$1.24 level and EUR/USD trading at the lower end of its recent \$1.12-1.13 range. Elsewhere, EUR/GBP is above 90p, trading at its highest level since early January. Today's macro agenda is quieter. As a result, the main pairs may trade within relatively narrow ranges near to their current levels.

John Fahey, Senior Economist, AIB

Today's Opening Rates			
		% Change	
		Day *	End 2018
EUR/USD	1.1209	-0.44	-2.27
EUR/GBP	0.9032	0.40	0.53
GBP/USD	1.2409	-0.84	-2.73
GBP/EUR	1.1069	-0.40	-0.53
USD/JPY	108.19	0.21	-1.25
EUR/JPY	121.27	-0.25	-3.53

* 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	2.30	2.30	2.21	1.87	1.84
EUR	0.00	-0.39	-0.36	-0.29	-0.41	-0.25
GBP	0.75	0.72	0.77	0.88	0.77	0.85

Equity Indices				
	Latest Close	% Changes		
		on Day	End 2018 to Date	
Dow Jones	27335.63	-0.09	+17.18	
S&P 500	3004.04	-0.34	+19.83	
FTSE 100	7577.2	+0.60	+12.62	
DJ Stoxx 50	3521.36	+0.55	+17.32	
ISEQ	6380.36	+0.92	+16.43	
Nikkei	21469.18	-0.31	+7.27	

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

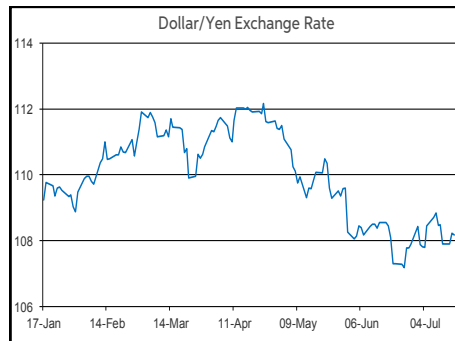
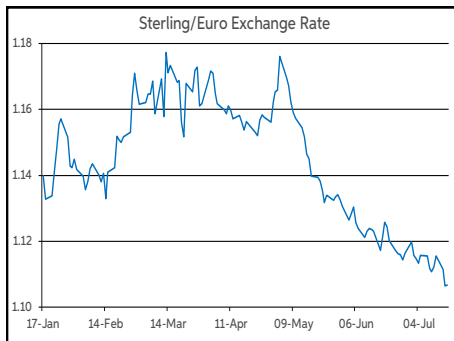
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite Lenny Hogan	Reuters Phone	AlBI 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Opening Levels

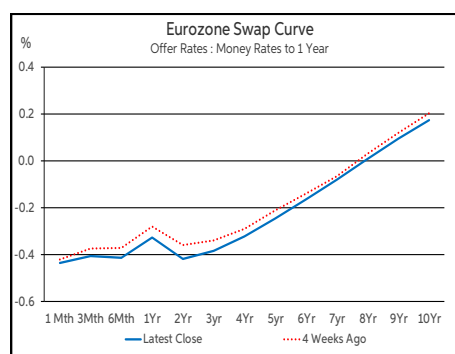
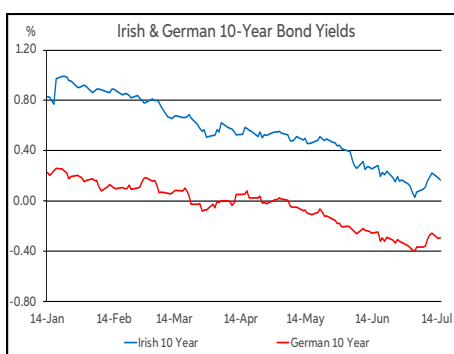
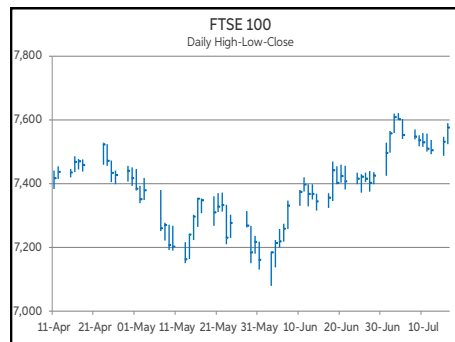
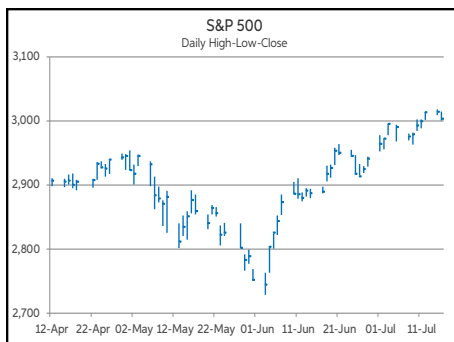
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07:25 am



Euro		Sterling		Dollar	
EUR/GBP	0.9032	GBP/EUR	1.1069	USD/JPY	108.19
EUR/USD	1.1209	GBP/USD	1.2409	USD/CAD	1.3064
EUR/JPY	121.27	GBP/CAD	1.6214	USD/CHF	0.9877
EUR/SEK	10.529	GBP/NZD	1.8484	USD/CNY	6.8823
EUR/DKK	7.4671	GBP/JPY	134.25	USD/BRL	3.7684
EUR/NOK	9.6208	GBP/SEK	11.656	USD/RUB	62.9125
EUR/CHF	1.1073	GBP/DKK	8.2661	USD/INR	68.8
EUR/AUD	1.5988	GBP/NOK	10.652	AUD/USD	0.7011
EUR/HKD	8.757	GBP/CHF	1.2258	NZD/USD	0.6711
EUR/CAD	1.4645	GBP/AUD	1.7697		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 18
10 Year Yield %				
US	2.10	+2	+5	-58
Germany	-0.29	+0	+3	-53
UK	0.82	+2	+1	-45
Ireland	0.17	-2	-3	N/A
Belgium	0.07	-1	-1	-69
France	0.00	-1	-1	-70
Italy	1.61	-3	-49	-111
Spain	0.47	-2	+9	-94
Portugal	0.54	-4	+2	-117
Greece	2.20	-8	-28	-210
5 Year Swap %				
US	1.83	+2	+3	-73
Eurozone	-0.25	-2	-4	-48
UK	0.84	-1	-3	-47
2 Year Swap %				
US	1.86	+1	-3	-78
Eurozone	-0.42	-2	-6	-28
UK	0.77	-1	-7	-40
10 Year Government Bond Spreads to Benchmark bps				
Ireland	46	-2	-6	N/A
Belgium	36	-2	-5	-16
France	29	-1	-4	-17
Italy	190	-3	-52	-58
Spain	77	-2	+6	-41
Portugal	83	-4	-1	-64
Greece	249	-8	-31	-157



Commodities				
	Close	% Change		
		Day	4 Weeks	End 18
Brent Oil	64.35	-3.20	+3.56	+19.61
West Texas Oil	57.44	-3.14	+6.65	+27.22
CRB - All Commodity	180.08	-1.64	+2.26	+6.06
CRB - Food	347.68	-1.00	-2.16	+7.23
Gold \$	1406.7	-0.55	+4.44	+9.65

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