

Politics still the focus

It was once again politics, rather than macro data, which provided the main focus for currency market moves in recent days. Some moderation in protectionist rhetoric from President Trump benefitted the dollar.

Elsewhere, progress by EU leaders in dealing with the migration issue was seen as reducing near-term risks of political instability, which provided some support to the euro. Although, headlines out of Germany over the weekend indicate the issue is far from resolved from a German domestic political perspective. Warnings of "huge and serious divergence" between the EU and UK positions from EU Chief Brexit Negotiator Barnier acted as a headwind to sterling at the end of the week.

In level terms, gains by both the dollar and euro mean that the EUR/USD pair opens this morning broadly unchanged from seven days ago, close to \$1.165. EUR/GBP is trading up around 88.5p, while cable (GBP/USD) has fallen below the \$1.32 level.

This week, markets will remain sensitive to political newsflow, especially in Germany. Data-wise, the main release comes in the US, with the key employment report for June due. Non-farm payrolls look set to have increased by a strong 195k in the month, while earnings growth is expected to have improved slightly. Further strong US labour market data could benefit the dollar.

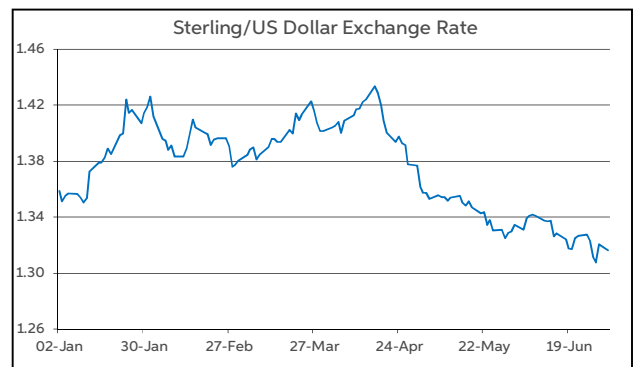
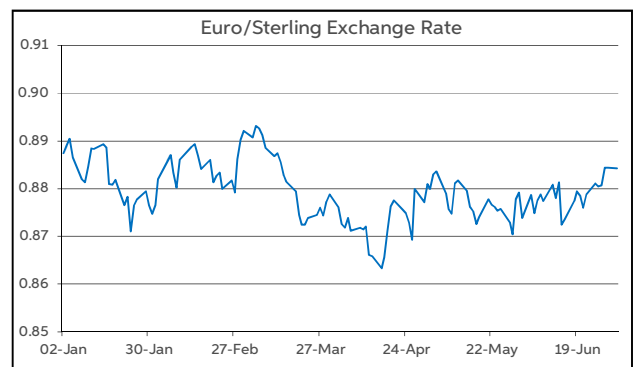
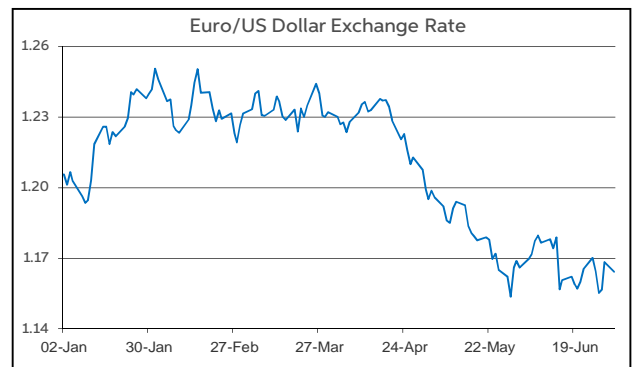
In the UK, the June PMIs are the key release. They are not anticipated to show much change. Thus, sterling reaction may be limited. For the euro, unemployment data for May is the main release of a light Eurozone schedule. Overall then, potential political developments aside, the main FX pairs could be largely range bound, especially with a market holiday in the US mid-week.

Dara Turnbull, Economist, AIB

Today's Opening Rates			
		% Change	
		Day *	End 2017
EUR/USD	1.1644	-0.09	-2.93
EUR/GBP	0.8844	-0.44	-0.44
GBP/USD	1.3162	0.37	-2.59
GBP/EUR	1.1302	0.44	0.44
USD/JPY	110.72	0.05	-1.73
EUR/JPY	128.94	-0.03	-4.62

* 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	1.875	2.09	2.34	2.76	2.78	2.86
EUR	0.00	-0.37	-0.32	-0.18	-0.17	0.26
GBP	0.50	0.50	0.67	0.96	1.02	1.31

Equity Indices			
	Latest Close	% Changes	
		on Day	End 2017 to Date
Dow Jones	24271.41	+0.23	-1.81
S&P 500	2718.37	+0.08	+1.67
FTSE 100	7636.93	+0.28	-0.66
DJ Stoxx 50	3395.6	+0.89	-3.09
ISEQ	6982.83	+0.43	-0.79
Nikkei	21811.93	-2.21	-4.19

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

Monday 02 July 2018
07:31 am



Euro

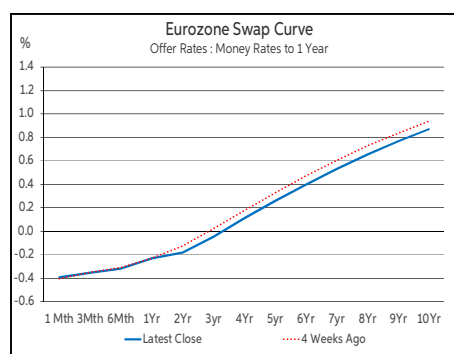
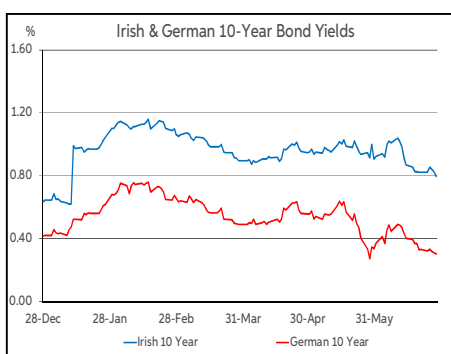
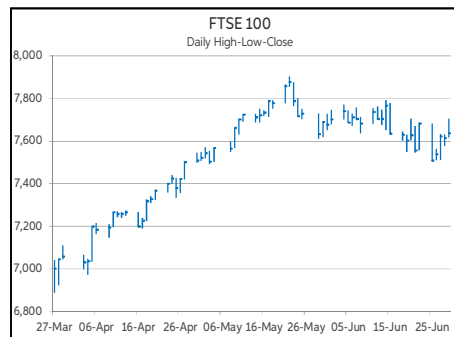
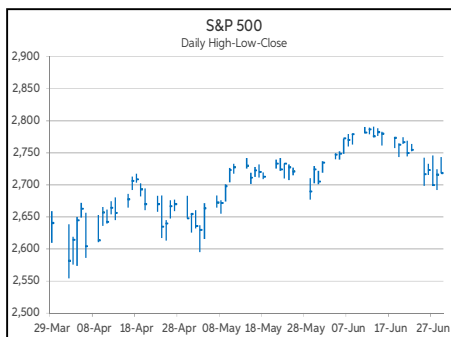
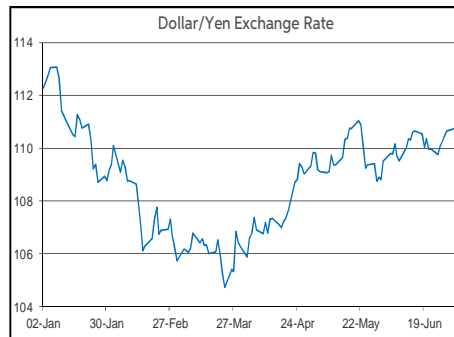
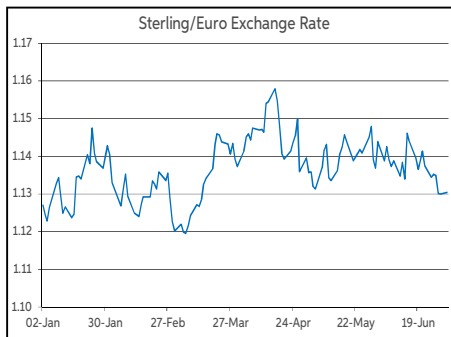
EUR/GBP	0.8844
EUR/USD	1.1644
EUR/JPY	128.94
EUR/SEK	10.4693
EUR/DKK	7.4507
EUR/NOK	9.533
EUR/CHF	1.1555
EUR/AUD	1.5793
EUR/HKD	9.1346
EUR/CAD	1.5347

Sterling

GBP/EUR	1.1302
GBP/USD	1.3162
GBP/CAD	1.7351
GBP/NZD	1.947
GBP/JPY	145.73
GBP/SEK	11.833
GBP/DKK	8.4229
GBP/NOK	10.777
GBP/CHF	1.3062
GBP/AUD	1.7855

Dollar

USD/JPY	110.72
USD/CAD	1.318
USD/CHF	0.9922
USD/CNY	6.6508
USD/BRL	3.8765
USD/RUB	63.0423
USD/INR	68.66
AUD/USD	0.7371
NZD/USD	0.676



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 17
10 Year Yield %				
US	2.86	+2	-4	+45
Germany	0.30	-1	-7	-12
UK	1.28	+2	+0	+10
Ireland	0.79	-3	-13	N/A
Belgium	0.69	-3	-8	+7
France	0.66	-3	-4	-11
Italy	2.66	-9	-0	+67
Spain	1.31	-4	-11	-24
Portugal	1.78	-4	-10	-12
Greece	3.90	-9	-53	-14
5 Year Swap %				
US	2.87	+2	+1	+62
Eurozone	0.26	-1	-7	-6
UK	1.30	+1	+3	+27
2 Year Swap %				
US	2.76	+1	+4	+68
Eurozone	-0.18	-1	-5	-4
UK	1.01	+0	+4	+21
10 Year Government Bond Spreads to Benchmark bps				
Ireland	49	-3	-6	N/A
Belgium	38	-2	-1	+19
France	36	-2	+3	+0
Italy	236	-9	+7	+79
Spain	100	-3	-4	-12
Portugal	148	-3	-3	+0
Greece	360	-8	-46	-2

Commodities				
	Close	% Change		
		Day	4 Weeks	End 17
Brent Oil	79.44	+2.04	+3.45	+18.80
West Texas Oil	74.13	+0.93	+12.64	+22.61
CRB - All Commodity	200.39	+0.75	-0.66	+3.36
CRB - Food	345.8	+0.00	-2.31	+2.90
Gold \$	1253.8	+0.41	-3.08	-3.75

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