

EUR/USD back below \$1.13

Currency market action yesterday saw the dollar make some gains against the euro and sterling. For the euro, dovish talk from the ECB's Phillip Lane, as well as a potential escalation of trade tensions between US and EU, was unhelpful.

Meantime, sterling was not aided by the UK manufacturing PMI for June. The index dropped to a 6-year low, as the slowdown in global trade and ongoing Brexit uncertainty weighed on activity.

Similarly, the US manufacturing ISM also declined in June. Although, it managed to beat expectations, coming in at 51.7 (f'cast 51.0). As a result, the reading provided some support to the dollar.

In level terms, the firmer tone to the dollar is reflected in EUR/USD falling back below the \$1.13 threshold, while GBP/USD is just under the midpoint of the \$1.26-1.27 range. Meantime, EUR/GBP remains in the lower half of the 89-90p band.

Elsewhere, the major equity indices performed solidly yesterday as markets reacted to the weekend's developments at the G-20 summit. The S&P 500 closed up 0.8%. Overnight, the Reserve Bank of Australia cut rates by 25bps, which leaves the policy rate at 1.0%. Although, as this move had been expected, there was no notable reaction from the Aussie dollar.

Today, the macro data calendar is devoid of any potential market moving releases. Therefore, the main pairs could trade within relatively narrow ranges. At the same time, markets will keep a close eye on events in Brussels. EU leaders will again meet this morning in an attempt to divvy out the soon-to-be vacated EU leadership positions, including the ECB presidency.

Conor Beakey, Economist, AIB

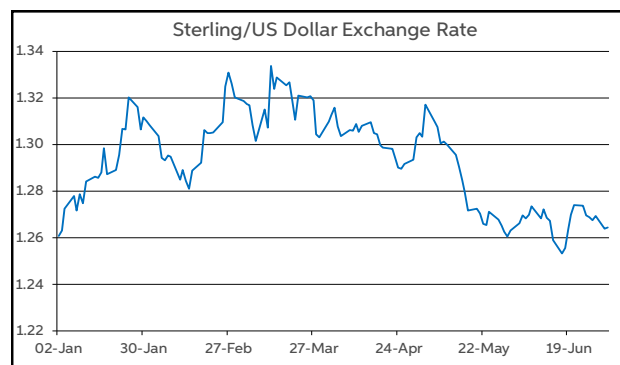
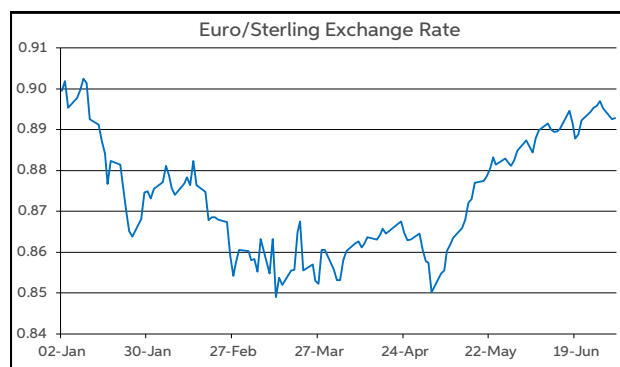
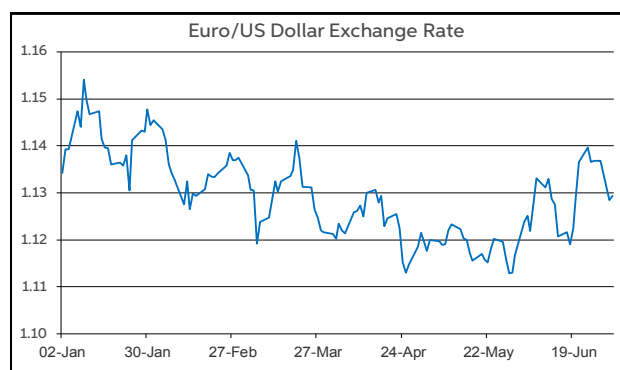
Opening Interest Rates						
	Base Rate	Short Term			Long Term	
		1-Mth	3-Mth	12-Mth	2-Yr	5-Yr
USD	2.375	2.39	2.33	2.20	1.83	1.76
EUR	0.00	-0.39	-0.35	-0.21	-0.38	-0.25
GBP	0.75	0.72	0.78	0.95	0.82	0.88

Equity Indices				
	Latest Close	% Changes		
		on Day	End 2018 to Date	
Dow Jones	26717.43	+0.44	+14.53	
S&P 500	2964.33	+0.77	+18.25	
FTSE 100	7497.5	+0.97	+11.44	
DJ Stoxx 50	3497.59	+0.69	+16.53	
ISEQ	6230.26	+1.26	+13.69	
Nikkei	21753.05	+0.11	+8.68	

Today's Opening Rates			
		% Change	
		Day *	End 2018
EUR/USD	1.1293	-0.48	-1.53
EUR/GBP	0.8932	-0.03	-0.58
GBP/USD	1.2644	-0.44	-0.89
GBP/EUR	1.1191	0.03	0.58
USD/JPY	108.37	0.13	-1.09
EUR/JPY	122.39	-0.37	-2.64

* 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

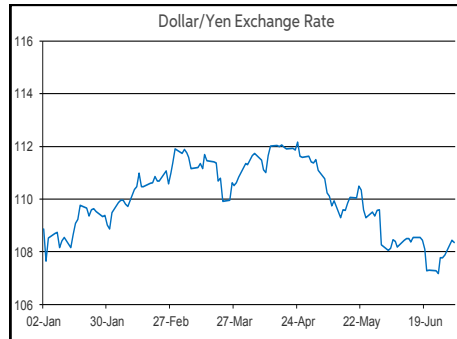
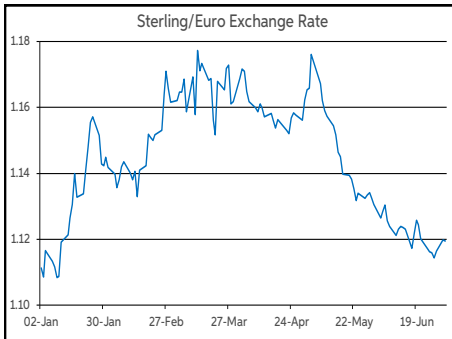
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite Lenny Hogan	Reuters Phone	AIB 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Opening Levels

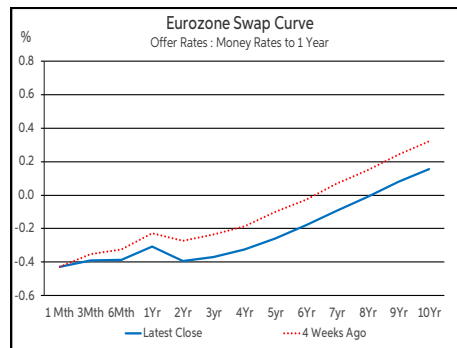
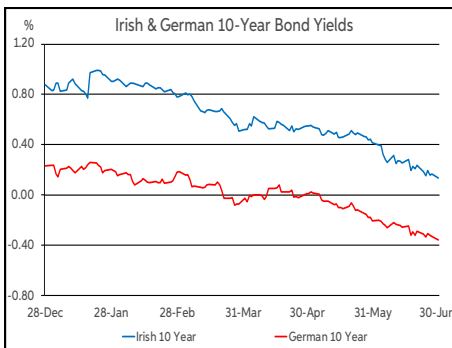
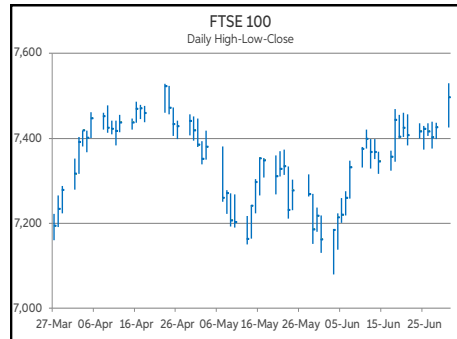
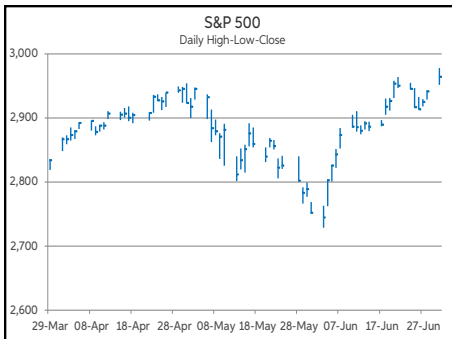
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Euro		Sterling		Dollar	
EUR/GBP	0.893	GBP/EUR	1.1191	USD/JPY	108.37
EUR/USD	1.1293	GBP/USD	1.2643	USD/CAD	1.3116
EUR/JPY	122.4	GBP/CAD	1.6582	USD/CHF	0.9866
EUR/SEK	10.5446	GBP/NZD	1.8952	USD/CNY	6.8579
EUR/DKK	7.4637	GBP/JPY	137.01	USD/BRL	3.8407
EUR/NOK	9.6745	GBP/SEK	11.8015	USD/RUB	63.0185
EUR/CHF	1.1145	GBP/DKK	8.3543	USD/INR	68.985
EUR/AUD	1.618	GBP/NOK	10.8315		
EUR/HKD	8.8082	GBP/CHF	1.2475	AUD/USD	0.6977
EUR/CAD	1.4812	GBP/AUD	1.8115	NZD/USD	0.667



	Close	Change bps		
		Day	4 Weeks	End 18
10 Year Yield %				
US	2.03	+3	-4	-65
Germany	-0.36	-3	-16	-60
UK	0.81	-2	-5	-46
5 Year Swap %				
US	1.76	+2	-7	-80
Eurozone	-0.26	-4	-16	-49
UK	0.87	-4	-6	-45
2 Year Swap %				
US	1.82	+3	-4	-82
Eurozone	-0.39	-2	-12	-25
UK	0.81	-3	-4	-35
10 Year Government Bond Spreads to Benchmark bps				
Ireland	49	-0	-11	N/A
Belgium	38	-2	-9	-15
France	31	-2	-10	-16
Italy	230	-12	-46	-18
Spain	69	-3	-20	-49
Portugal	76	-4	-20	-71
Greece	265	-9	-38	-141



	Close	% Change		
		Day	4 Weeks	End 18
Brent Oil	65.06	-2.24	+6.17	+20.93
West Texas Oil	58.91	+1.22	+10.63	+30.48
CRB - All Commodity	181.14	+0.05	+3.67	+6.67
CRB - Food	344.94	-2.84	-1.73	+6.39
Gold \$	1384.6	-1.80	+4.45	+7.92

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