

## Sterling remains under pressure

The recent trend on currency markets, of lacklustre action and a softer tone to sterling, continued yesterday. There was some modest FX reaction to the data/events calendar.

In the UK, retail sales declined unexpectedly in June, falling by 0.5% in the month versus a forecast 0.2% increase. This adds to a number of downside misses from the UK data calendar in recent days (incl. employment and inflation). This has given markets pause for thought as they try to assess the likelihood of a BoE rate hike in August.

Meantime, some better than expected results in the US helped to provide some positive news for the dollar. Initial jobless claims fell to their lowest level since 1969, while the Philly Fed manufacturing index improved more than expected in July. This helped the dollar index to hit a one-year high yesterday, though it edged back down as the day progressed.

For sterling, the softer tone sterling saw cable (GBP/USD) test below the \$1.30 level for the first time since September yesterday. It opens just above it this morning. EUR/GBP has edged further above the 89p level. Meanwhile, the EUR/USD pair spent some time below \$1.16 yesterday, though it is currently trading hands back up at \$1.165.

Turning to the day ahead, there is a sparse data/events calendar. Indeed, UK public finance figures for June are the main release of note. The deficit has been improving in recent months, despite the slower pace of growth, and this trend looks set to continue. However, unless the data spring a major surprise, it is unlikely to have much impact. Overall then, we could see the main currency pairs trade close to their opening levels today.

**Dara Turnbull, Economist, AIB**

### Today's Opening Rates

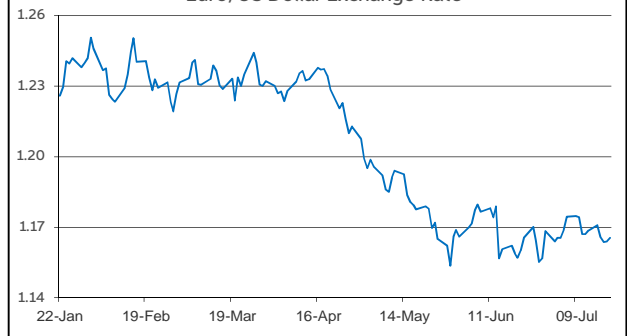
		% Change	
		Day *	End 2017
EUR/USD	1.1652	0.04	-2.87
EUR/GBP	0.8953	0.55	0.79
GBP/USD	1.3012	-0.48	-3.70
GBP/EUR	1.1165	-0.55	-0.78
USD/JPY	112.38	-0.30	-0.26
EUR/JPY	130.96	-0.25	-3.12

\* v Previous Day's European Open

See Next Page for More Rates



Euro/US Dollar Exchange Rate



Euro/Sterling Exchange Rate



Sterling/US Dollar Exchange Rate



Opening Interest Rates						
	Base Rate	Short Term			Long Term	
		1-Mth	3-Mth	12-Mth	2-Yr	5-Yr
USD	1.875	2.08	2.35	2.81	2.82	2.87
EUR	0.00	-0.37	-0.32	-0.18	-0.15	0.28
GBP	0.50	0.59	0.76	1.01	1.02	1.25

Equity Indices				
	Latest Close	% Changes		
		on Day	End 2017 to Date	
Dow Jones	25064.5	-0.53	+1.40	
S&P 500	2804.49	-0.40	+4.90	
FTSE 100	7683.97	+0.10	-0.05	
DJ Stoxx 50	3471.64	-0.39	-0.92	
ISEQ	6982.76	-0.66	-0.79	
Nikkei	22697.88	-0.29	-0.29	

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

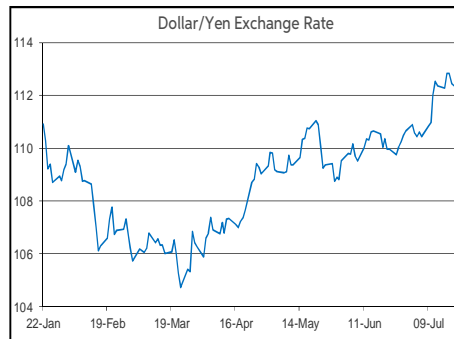
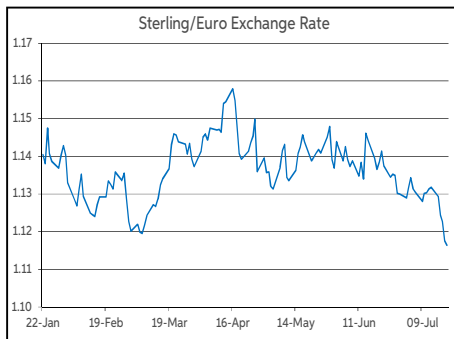
FX Spot	Karl Cooke Shane Gargan Adrian Flanagan Enda Homan	FX Options	Mark Tuite Lenny Hogan	Reuters Phone	AIB 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

# Opening Levels

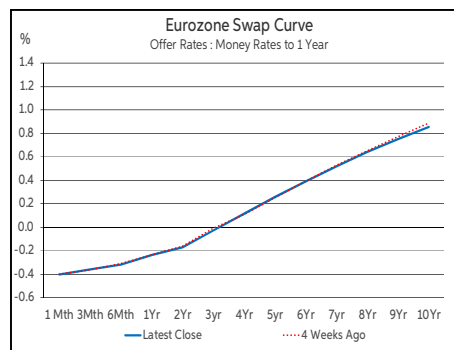
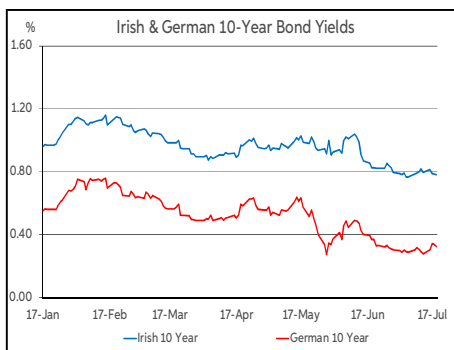
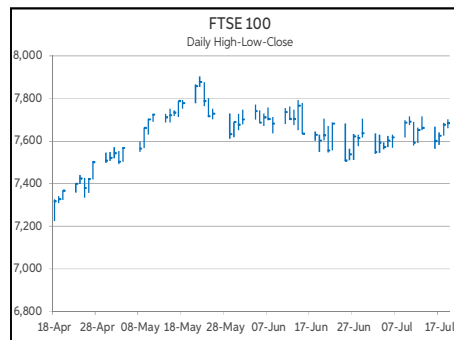
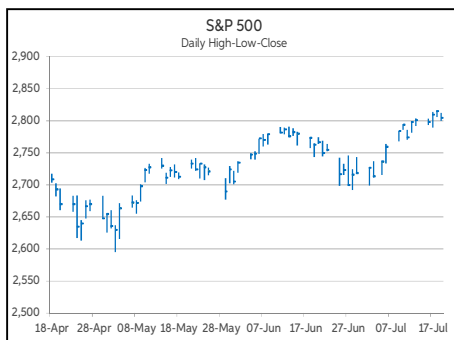
Friday 20 July 2018  
07:32 am



Euro		Sterling		Dollar	
EUR/GBP	0.8953	GBP/EUR	1.1165	USD/JPY	112.38
EUR/USD	1.1652	GBP/USD	1.3012	USD/CAD	1.3257
EUR/JPY	130.96	GBP/CAD	1.7252	USD/CHF	0.9988
EUR/SEK	10.3763	GBP/NZD	1.9268	USD/CNY	6.7746
EUR/DKK	7.4524	GBP/JPY	146.23	USD/BRL	3.8297
EUR/NOK	9.5862	GBP/SEK	11.5841	USD/RUB	63.6
EUR/CHF	1.164	GBP/DKK	8.3206	USD/INR	68.88
EUR/AUD	1.5814	GBP/NOK	10.701	AUD/USD	0.7366
EUR/HKD	9.1445	GBP/CHF	1.2999	NZD/USD	0.6751
EUR/CAD	1.5448	GBP/AUD	1.7656		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 17
<b>10 Year Yield %</b>				
US	2.84	-4	-6	+43
Germany	0.32	-2	-0	-10
UK	1.18	-4	-9	+0
Ireland	0.78	-0	-4	N/A
Belgium	0.64	+0	-8	+3
France	0.62	-0	-7	-15
Italy	2.49	-1	-23	+50
Spain	1.26	-0	-6	-28
Portugal	1.74	+1	-9	-16
Greece	3.83	-0	-44	-22
<b>5 Year Swap %</b>				
US	2.85	-4	-4	+61
Eurozone	0.26	-2	+1	-6
UK	1.23	-4	-7	+20
<b>2 Year Swap %</b>				
US	2.80	-2	+1	+71
Eurozone	-0.17	-1	-1	-3
UK	1.01	-1	-2	+21
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	46	+1	-3	N/A
Belgium	31	+2	-7	+12
France	30	+1	-7	-6
Italy	217	+1	-23	+59
Spain	94	+1	-6	-18
Portugal	141	+2	-8	-6
Greece	350	+1	-43	-12



Commodities				
	Close	% Change		
		Day	4 Weeks	End 17
Brent Oil	72.58	-0.44	-0.64	+8.54
West Texas Oil	69.42	+0.93	+5.69	+14.82
CRB - All Commodity	191.42	-0.03	-1.54	-1.26
CRB - Food	339.78	-1.68	-4.22	+1.11
Gold \$	1223.2	-0.39	-3.50	-6.10

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