

Focus on the ECB this week

The muted action on currency markets last week sees the main pairs open this morning broadly unchanged from last Monday. Of the limited moves to register, the dollar is trading slightly higher, aided by strong data. EUR/USD is changing hands near \$1.12, while GBP/USD is just below \$1.25. Elsewhere, EUR/GBP is operating under the 90p handle, having spent much of last week above it.

Turning to the week ahead, there is little macro-data to influence sterling. The announcement on Tuesday of the winner of the Tory party leadership contest, though, could pose some event risk to the currency. Leading Brexiteer Boris Johnson is the outright favourite to be the next British Prime Minister.

Meantime, the ECB's July policy meeting may impact the euro. While no changes to rates are expected, it will still be an important event. Governing Council members have referenced low inflation as a justification for a near-term easing of policy. Markets will therefore look to see if the ECB lays the groundwork for a rate cut and the possible reintroduction of QE.

There are also a number of key survey releases out in the Eurozone, including the flash PMIs. The consensus is that weaker service sector activity in July dragged the composite index down. The manufacturing PMI is forecast to have held well below the 50 level. Particularly weak data could weigh on the euro.

Elsewhere, flash July PMIs are also due in the US. It is anticipated that both the manufacturing and service sector indices improved, while continuing to point to subdued activity. We also get the 1st estimate of US GDP for Q2. The unwinding of temporary factors in Q1 is expected to see growth slow to 1.8% in annualised terms. However, barring a major surprise, dollar impact could be limited.

Conor Beakey, Economist, AIB

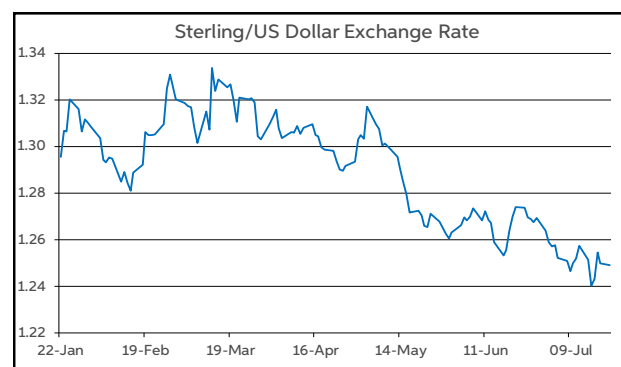
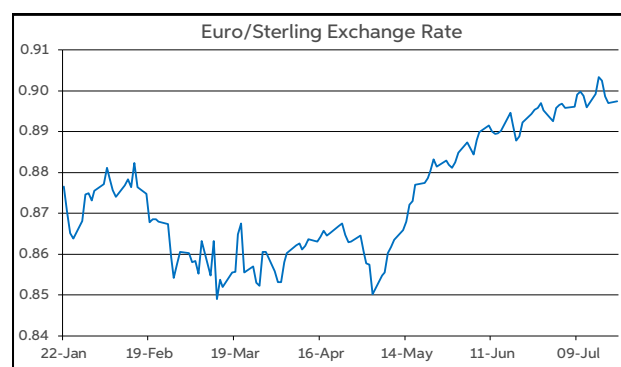
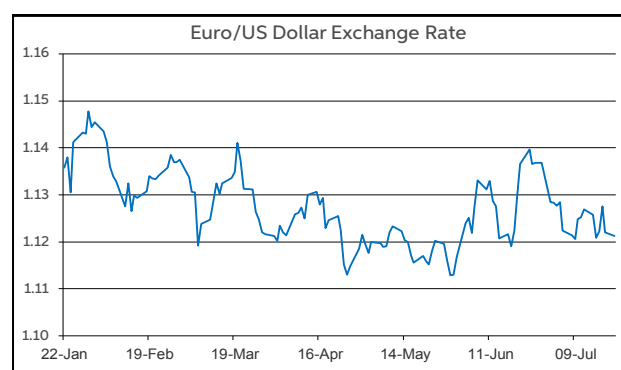
| Opening Interest Rates | | | | | | |
|------------------------|-----------|------------|-------|--------|-----------|-------|
| | Base Rate | Short Term | | | Long Term | |
| | | 1-Mth | 3-Mth | 12-Mth | 2-Yr | 5-Yr |
| USD | 2.375 | 2.26 | 2.26 | 2.16 | 1.86 | 1.82 |
| EUR | 0.00 | -0.40 | -0.38 | -0.31 | -0.44 | -0.27 |
| GBP | 0.75 | 0.72 | 0.76 | 0.86 | 0.73 | 0.80 |

| Equity Indices | | | |
|----------------|--------------|-----------|------------------|
| | Latest Close | % Changes | |
| | | on Day | End 2018 to Date |
| Dow Jones | 27154.2 | -0.25 | +16.40 |
| S&P 500 | 2976.61 | -0.62 | +18.74 |
| FTSE 100 | 7508.7 | +0.21 | +11.60 |
| DJ Stoxx 50 | 3480.18 | -0.08 | +15.95 |
| ISEQ | 6267.36 | -0.15 | +14.37 |
| Nikkei | 21416.79 | -0.23 | +7.00 |

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

| Today's Opening Rates | | | |
|----------------------------------|--------|----------|----------|
| | | % Change | |
| | | Day * | End 2018 |
| EUR/USD | 1.1213 | -0.40 | -2.23 |
| EUR/GBP | 0.8975 | -0.06 | -0.10 |
| GBP/USD | 1.2495 | -0.34 | -2.05 |
| GBP/EUR | 1.114 | 0.06 | 0.10 |
| USD/JPY | 108.01 | 0.38 | -1.41 |
| EUR/JPY | 121.12 | -0.02 | -3.65 |
| * v Previous Day's European Open | | | |
| See Next Page for More Rates | | | ▶▶▶ |



| | | | | | | | |
|---------|--|----------------|---------------------------|------------------|------------------------|-----------------|-----------------------------------|
| 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

Monday 22 July 2019
07:22 am



Euro

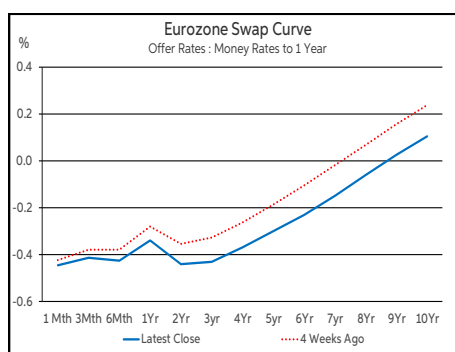
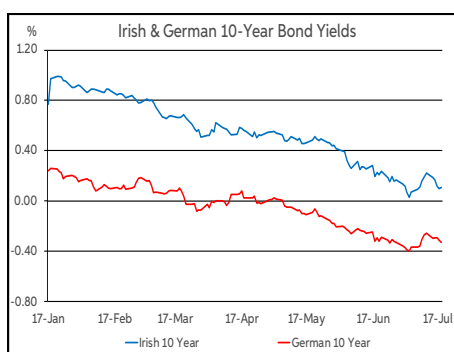
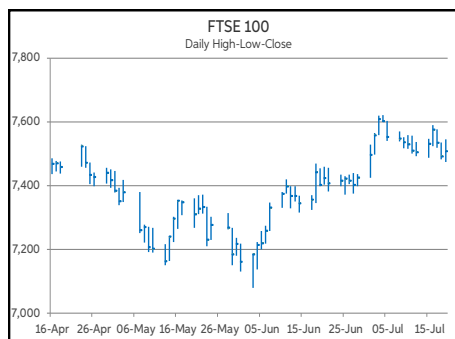
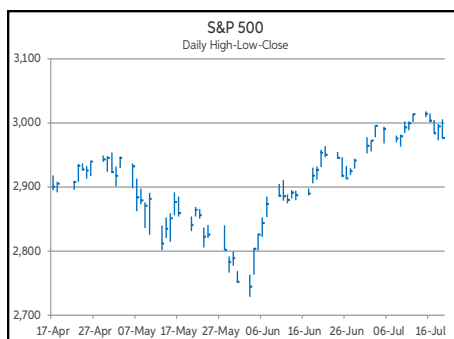
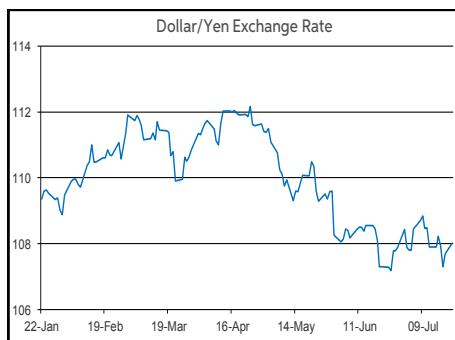
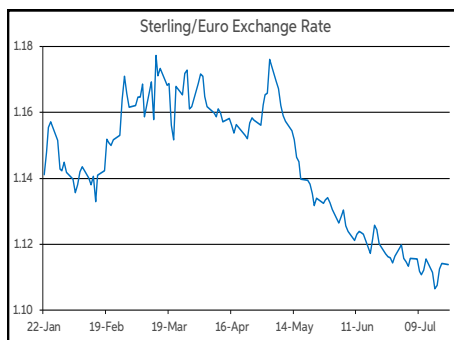
| | |
|---------|--------|
| EUR/GBP | 0.8975 |
| EUR/USD | 1.1212 |
| EUR/JPY | 121.14 |
| EUR/SEK | 10.535 |
| EUR/DKK | 7.4661 |
| EUR/NOK | 9.6185 |
| EUR/CHF | 1.1029 |
| EUR/AUD | 1.5943 |
| EUR/HKD | 8.754 |
| EUR/CAD | 1.465 |

Sterling

| | |
|---------|---------|
| GBP/EUR | 1.114 |
| GBP/USD | 1.2493 |
| GBP/CAD | 1.6322 |
| GBP/NZD | 1.845 |
| GBP/JPY | 134.95 |
| GBP/SEK | 11.7365 |
| GBP/DKK | 8.3168 |
| GBP/NOK | 10.716 |
| GBP/CHF | 1.2287 |
| GBP/AUD | 1.7762 |

Dollar

| | |
|---------|---------|
| USD/JPY | 108.02 |
| USD/CAD | 1.3062 |
| USD/CHF | 0.9834 |
| USD/CNY | 6.8799 |
| USD/BRL | 3.7471 |
| USD/RUB | 63.0521 |
| USD/INR | 69.021 |
| AUD/USD | 0.7033 |
| NZD/USD | 0.6767 |



| Debt Markets | | | | |
|---|-------|------------|---------|--------|
| | Close | Change bps | | |
| | | Day | 4 Weeks | End 18 |
| 10 Year Yield % | | | | |
| US | 2.06 | +3 | -0 | -63 |
| Germany | -0.33 | -2 | -4 | -57 |
| UK | 0.73 | -3 | -11 | -54 |
| Ireland | 0.11 | +1 | -13 | N/A |
| Belgium | -0.01 | -1 | -12 | -77 |
| France | -0.08 | -1 | -12 | -78 |
| Italy | 1.59 | +5 | -56 | -112 |
| Spain | 0.36 | -3 | -7 | -105 |
| Portugal | 0.44 | -1 | -12 | -126 |
| Greece | 2.11 | +1 | -38 | -219 |
| 5 Year Swap % | | | | |
| US | 1.77 | +4 | +2 | -79 |
| Eurozone | -0.30 | -3 | -12 | -53 |
| UK | 0.79 | -3 | -11 | -53 |
| 2 Year Swap % | | | | |
| US | 1.82 | +4 | +5 | -82 |
| Eurozone | -0.44 | +0 | -9 | -30 |
| UK | 0.72 | -2 | -13 | -44 |
| 10 Year Government Bond Spreads to Benchmark bps | | | | |
| Ireland | 43 | +2 | -9 | N/A |
| Belgium | 31 | +0 | -8 | -21 |
| France | 25 | +1 | -8 | -21 |
| Italy | 192 | +6 | -52 | -56 |
| Spain | 69 | -1 | -3 | -49 |
| Portugal | 77 | +1 | -8 | -70 |
| Greece | 244 | +3 | -34 | -162 |

| Commodities | | | | |
|---------------------|--------|----------|---------|--------|
| | Close | % Change | | |
| | | Day | 4 Weeks | End 18 |
| Brent Oil | 62.47 | +0.87 | -4.19 | +16.12 |
| West Texas Oil | 55.42 | +0.62 | -3.37 | +22.75 |
| CRB - All Commodity | 178.59 | +0.64 | +0.04 | +5.17 |
| CRB - Food | 349.65 | +2.34 | -1.65 | +7.84 |
| Gold \$ | 1425.7 | -1.45 | +1.87 | +11.13 |

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