

All eyes on the ECB today

The moves on currency markets yesterday saw sterling trading modestly higher. This occurred against the backdrop of a day filled with political developments in the UK. Several ministers from Theresa May's tenure resigned, while new PM Boris Johnson announced the senior members of his cabinet.

Data-wise, the Eurozone flash PMIs for July indicated that the economy may have lost further momentum at the beginning of Q3. The composite index fell to 51.5, from 52.1 in June. Both the manufacturing and the service sector indices declined in the month, with the former standing at a 6-year low. The weakness in global manufacturing was further emphasised by the July PMIs in the US. The sector's index dropped to a near 10-year low. On a more positive note, the US services PMI improved in the month.

In level terms, the slightly firmer sterling tones sees EUR/GBP open in the lower half of the 89-90p band, while GBP/USD has moved up closer to the \$1.25 level. Meantime, EUR/USD remains near the midpoint of the \$1.11-1.12 band.

Today, the highlight is the ECB's July policy meeting. The central bank is unlikely to change rates. However, the market does expect it to alter its policy guidance. The Governing Council may indicate that it will cut rates in September and/or suggest that it could soon restart its asset purchasing programme. Overall, the meeting poses some significant event risk for the euro.

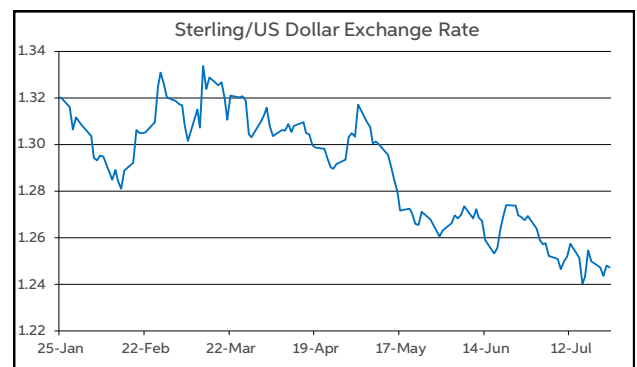
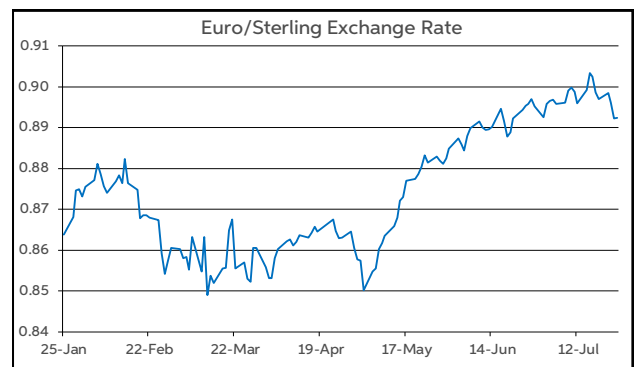
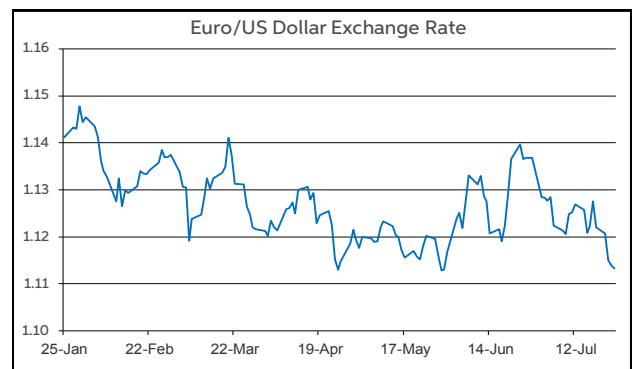
Data-wise, the German Ifo for July is due this morning. A weak reading may set the tone for the euro today. Elsewhere, the US June durable goods report is the other main highlight. However, barring a major surprise, dollar impact could be limited. Meantime, there is no data out to influence sterling.

Conor Beakey, Economist, AIB

		% Change	
		Day *	End 2018
EUR/USD	1.1135	-0.07	-2.91
EUR/GBP	0.8925	-0.41	-0.66
GBP/USD	1.2474	0.31	-2.22
GBP/EUR	1.1202	0.41	0.66
USD/JPY	108.1	-0.04	-1.33
EUR/JPY	120.38	-0.12	-4.24

* v Previous Day's European Open

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	Base Rate	Short Term			Long Term	
		1-Mth	3-Mth	12-Mth	2-Yr	5-Yr
USD	2.375	2.26	2.27	2.18	1.83	1.79
EUR	0.00	-0.41	-0.37	-0.31	-0.45	-0.32
GBP	0.75	0.72	0.78	0.86	0.71	0.76

	Latest Close	% Changes	
		on Day	End 2018 to Date
Dow Jones	27269.97	-0.29	+16.90
S&P 500	3019.56	+0.47	+20.45
FTSE 100	7501.46	-0.73	+11.49
DJ Stoxx 50	3532.9	+0.00	+17.71
ISEQ	6333.29	+0.16	+15.57
Nikkei	21761.66	+0.24	+8.73

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

Thursday 25 July 2019
07:15 am



Euro

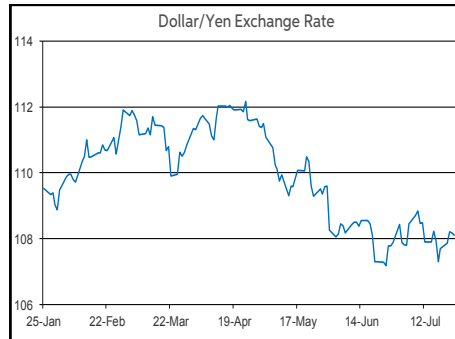
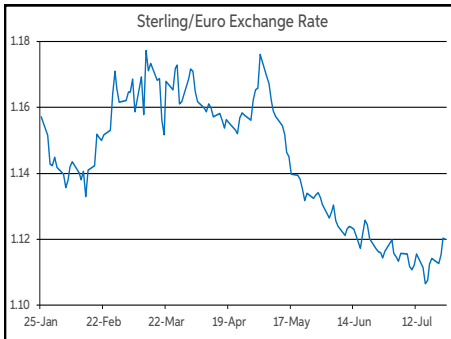
EUR/GBP	0.8923
EUR/USD	1.1134
EUR/JPY	120.38
EUR/SEK	10.4998
EUR/DKK	7.4651
EUR/NOK	9.6294
EUR/CHF	1.097
EUR/AUD	1.5983
EUR/HKD	8.7
EUR/CAD	1.462

Sterling

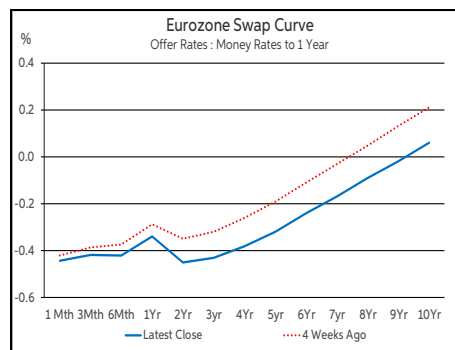
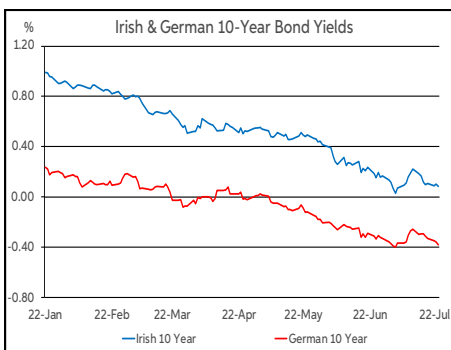
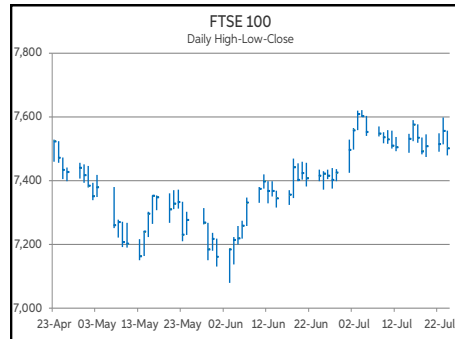
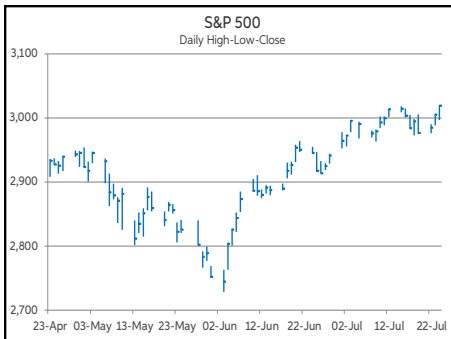
GBP/EUR	1.12
GBP/USD	1.2475
GBP/CAD	1.6381
GBP/NZD	1.8629
GBP/JPY	134.85
GBP/SEK	11.761
GBP/DKK	8.362
GBP/NOK	10.7874
GBP/CHF	1.2291
GBP/AUD	1.7903

Dollar

USD/JPY	108.1
USD/CAD	1.3128
USD/CHF	0.9852
USD/CNY	6.8761
USD/BRL	3.7726
USD/RUB	63.2612
USD/INR	68.98
AUD/USD	0.6965
NZD/USD	0.6694



	Close	Change bps		
		Day	4 Weeks	End 18
10 Year Yield %				
US	2.05	-3	-0	-63
Germany	-0.38	-2	-8	-62
UK	0.68	-1	-15	-59
Ireland	0.09	-2	-11	N/A
Belgium	-0.06	-3	-14	-82
France	-0.12	-3	-14	-82
Italy	1.49	-10	-65	-123
Spain	0.32	-5	-7	-109
Portugal	0.41	-4	-5	-130
Greece	1.97	-5	-45	-233
5 Year Swap %				
US	1.76	-5	+0	-81
Eurozone	-0.32	-2	-13	-55
UK	0.75	-2	-15	-57
2 Year Swap %				
US	1.82	-3	+3	-82
Eurozone	-0.45	-1	-10	-31
UK	0.70	-1	-14	-46
10 Year Government Bond Spreads to Benchmark bps				
Ireland	47	+1	-3	N/A
Belgium	32	-1	-7	-20
France	26	-0	-6	-20
Italy	187	-8	-58	-61
Spain	70	-3	+1	-47
Portugal	79	-1	+2	-68
Greece	235	-3	-37	-172



	Close	% Change		
		Day	4 Weeks	End 18
Brent Oil	63.18	-1.02	-4.98	+17.43
West Texas Oil	55.9	-1.20	-5.53	+23.81
CRB - All Commodity	178.22	-0.45	-2.27	+4.96
CRB - Food	351.72	+0.98	+0.14	+8.48
Gold \$	1426.0	+0.58	+1.20	+11.15

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