

Dollar a touch softer; ECB in focus

It was another largely uneventful day on currency markets yesterday. As a result, the main FX pairs continued to be confined to recent ranges.

The data calendar failed to inspire any fresh direction. It included the German Ifo for July, which surprised to the upside, mirroring the previous day's German Composite PMI. Meantime, ECB figures showed that growth in business lending accelerated in June to its fastest pace since 2009. This may auger well for investment in H2. In the US, there was a further disappointing update from the housing market. New home sales fell more sharply in June than had been anticipated. Elsewhere, the CBI's UK retail sector survey for July was better than expected.

With regard to global trade tensions, US President Trump met European Commission President Juncker yesterday. Headlines suggest that progress was made, helping to ease recent tensions. This helped to boost equities, with the S&P 500 rising by 0.9%. The news also coincided with some dollar weakness.

In level terms, the modestly softer dollar sees EUR/USD open this morning up near \$1.175, while GBP/USD has moved up towards the \$1.32 mark. Meantime, USD/JPY is changing hands below ¥111. The EUR/GBP continues to trade close to 89p.

In the day ahead, the ECB meeting is the highlight. The Governing Council adopted a cautious tone at its last meeting in June. The data since then have generally surprised to the downside. Thus, it seems unlikely that we will see much, if any, change to the ECB's guidance that rates will remain at very low levels "at least through the summer of 2019". Overall then, barring any surprises, potential euro impact from the meeting may be limited.

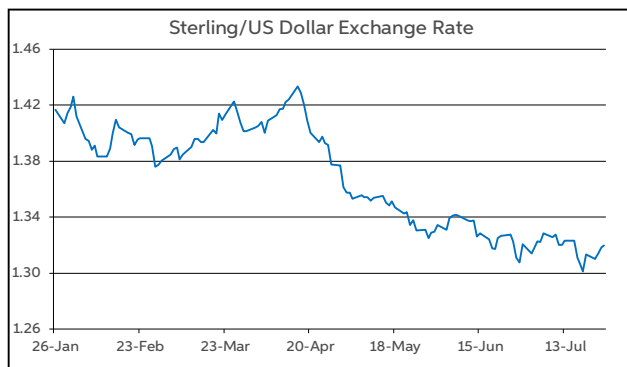
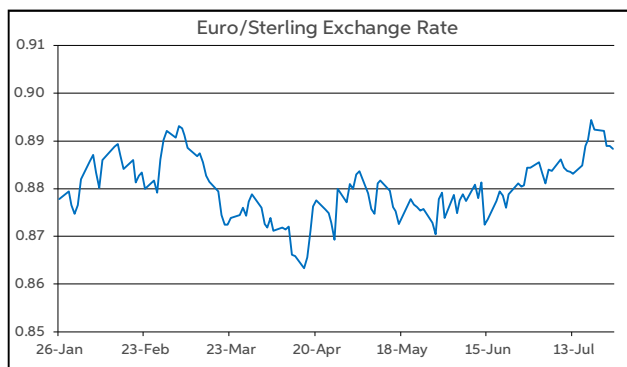
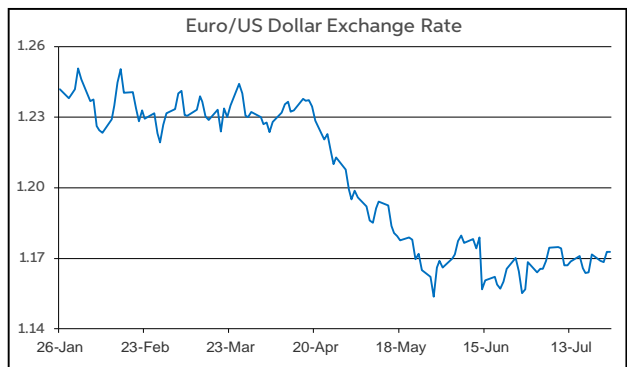
Dara Turnbull, Economist, AIB

Today's Opening Rates

		% Change	
		Day *	End 2017
EUR/USD	1.1736	0.50	-2.17
EUR/GBP	0.8893	0.08	0.11
GBP/USD	1.3198	0.43	-2.32
GBP/EUR	1.1244	-0.08	-0.11
USD/JPY	110.61	-0.59	-1.83
EUR/JPY	129.83	-0.08	-3.96

* 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	2.08	2.34	2.81	2.84	2.95
EUR	0.00	-0.37	-0.32	-0.18	-0.15	0.32
GBP	0.50	0.64	0.79	1.04	1.09	1.33

Equity Indices				
	Latest Close	% Changes		
		on Day	End 2017 to Date	
Dow Jones	25414.1	+0.68	+2.81	
S&P 500	2846.07	+0.91	+6.45	
FTSE 100	7658.26	-0.66	-0.38	
DJ Stoxx 50	3468.45	-0.43	-1.01	
ISEQ	6882.94	-0.04	-2.21	
Nikkei	22586.88	-0.12	-0.78	

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

Thursday 26 July 2018
07:30 am



Euro

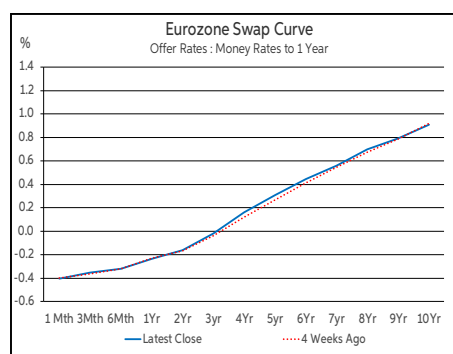
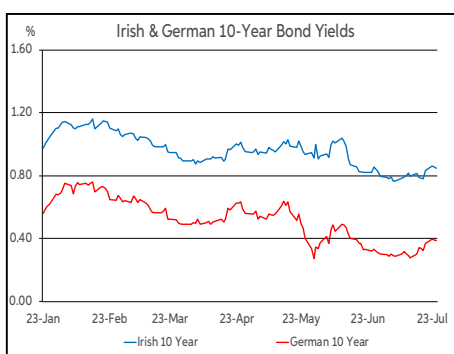
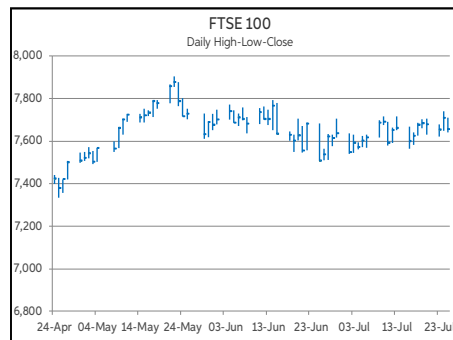
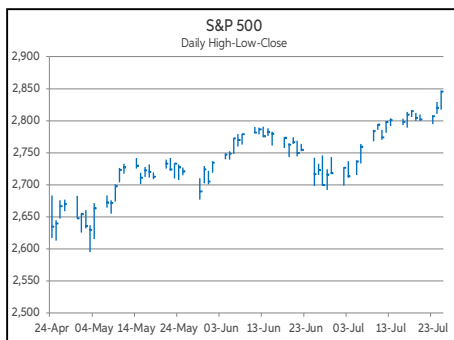
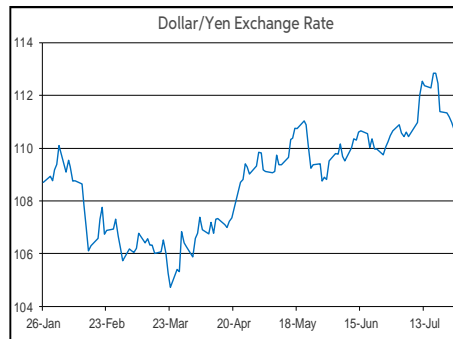
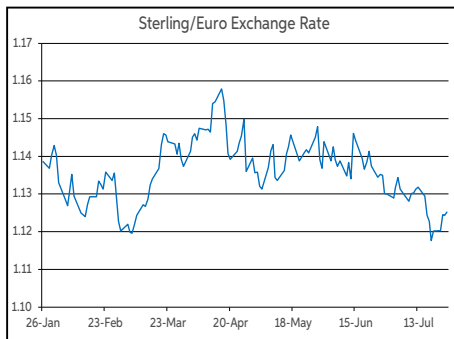
EUR/GBP	0.8891
EUR/USD	1.1736
EUR/JPY	129.83
EUR/SEK	10.27
EUR/DKK	7.4518
EUR/NOK	9.5406
EUR/CHF	1.1635
EUR/AUD	1.5771
EUR/HKD	9.2087
EUR/CAD	1.5301

Sterling

GBP/EUR	1.1243
GBP/USD	1.3197
GBP/CAD	1.7205
GBP/NZD	1.9292
GBP/JPY	145.97
GBP/SEK	11.5466
GBP/DKK	8.377
GBP/NOK	10.7271
GBP/CHF	1.3084
GBP/AUD	1.773

Dollar

USD/JPY	110.61
USD/CAD	1.3036
USD/CHF	0.9912
USD/CNY	6.7765
USD/BRL	3.6879
USD/RUB	62.88
USD/INR	68.685
AUD/USD	0.7441
NZD/USD	0.6838



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 17
10 Year Yield %				
US	2.97	+2	+15	+57
Germany	0.39	-0	+7	-3
UK	1.27	-0	+2	+9
5 Year Swap %				
US	2.95	+1	+12	+71
Eurozone	0.31	+1	+4	-1
UK	1.32	-1	+2	+28
2 Year Swap %				
US	2.84	+1	+8	+75
Eurozone	-0.16	-1	+1	-2
UK	1.08	+0	+7	+28
10 Year Government Bond Spreads to Benchmark bps				
Ireland	46	-1	-6	N/A
Belgium	30	-1	-11	+11
France	30	-0	-9	-6
Italy	227	-0	-20	+70
Spain	93	+2	-9	-20
Portugal	132	-4	-19	-15
Greece	340	-2	-26	-22

Commodities				
	Close	% Change		
		Day	4 Weeks	End 17
Brent Oil	73.93	+0.67	-4.75	+10.56
West Texas Oil	71.13	+0.51	-8.11	+17.65
CRB - All Commodity	194.66	+0.76	-2.16	+0.41
CRB - Food	341.7	+2.20	-1.45	+1.68
Gold \$	1232.1	+0.58	-1.62	-5.42

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