

Fed not expected to change policy

There was a relatively muted tone on currency markets yesterday. Of the limited moves to register, sterling managed to make some ground against both the dollar and the euro. Data-wise, there was an upside surprise in the CBI's survey of retailers for July in the UK.

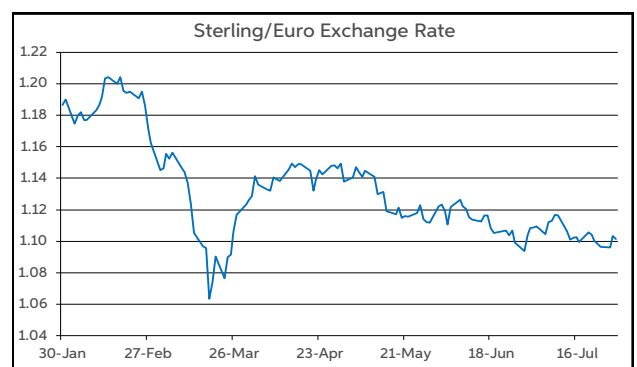
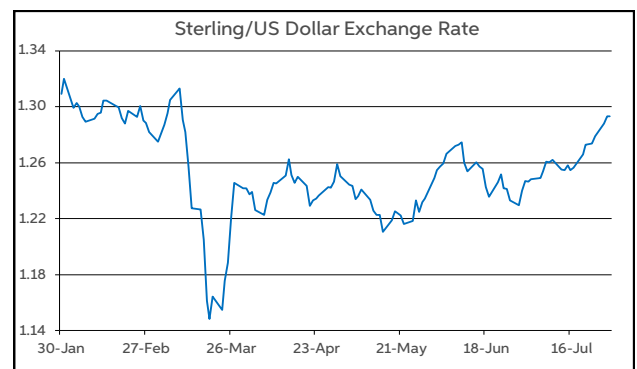
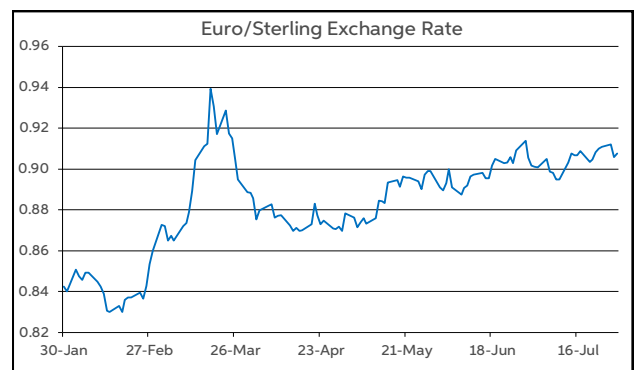
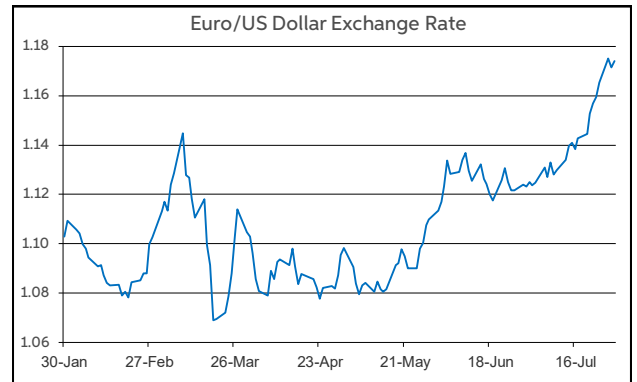
Across the Atlantic, weaker than expected consumer confidence data for July in the US may have acted as a headwind to the dollar. The Conference Board measure of sentiment dropped to 92.6 from 98.1 (f'cast 94.5). The resurgence in new Covid-19 cases in parts of the US and deadlock in Congress in approving additional fiscal stimulus are clouding the economic outlook there.

In level terms, the minor gains for sterling over the past 24 hours are reflected in EUR/GBP opening this morning back below the 91p threshold. At the same time, cable (GBP/USD) has risen above the \$1.29 level. Meanwhile, EUR/USD is continuing to change hands within the lower half of the \$1.17-1.18 range.

Turning to the day ahead, the highlight of the schedule is the Fed's FOMC meeting for July. No changes to policy are anticipated meaning it could be a non-event for the dollar. However, the currency could prove sensitive to Chair Powell's comment at the press conference. Markets will be eager to gain a further insight into the Fed's view on the likely trajectory for the US economy, particularly given the aforementioned pick up in Covid infections.

Data-wise, there is little out to be of influence to the main FX pairs today. Indeed, the only item on the calendar are UK mortgage approval figures for June. As a result, moves in the euro or sterling, if any, are likely to be as a result of shifts in investor sentiment.

Conor Beakey, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2019
EUR/USD	1.1739	0.08	4.72
EUR/GBP	0.9077	-0.50	7.37
GBP/USD	1.2932	0.60	-2.47
GBP/EUR	1.1013	0.51	-6.86
USD/JPY	104.97	-0.58	-3.35
EUR/JPY	123.25	-0.48	1.17

* v Previous Day's European Open

See Next Page for More Rates

Opening Interest Rates						
	Base Rate	Money Market		Swap Rates		
		1-Mth	3-Mth	1-Yr	2-Yr	5-Yr
USD	0.125	0.17	0.27	0.22	0.24	0.32
EUR	0.00	-0.52	-0.46	-0.41	-0.40	-0.38
GBP	0.10	0.07	0.09	0.13	0.11	0.16

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

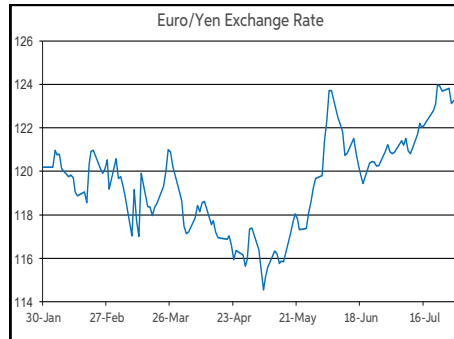
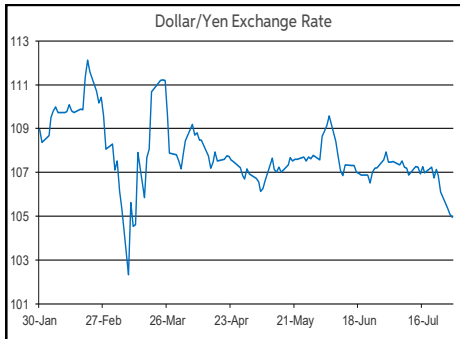
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Opening Levels

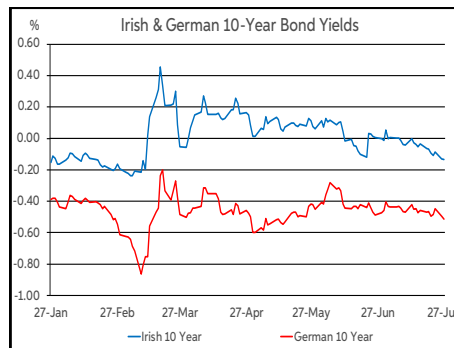
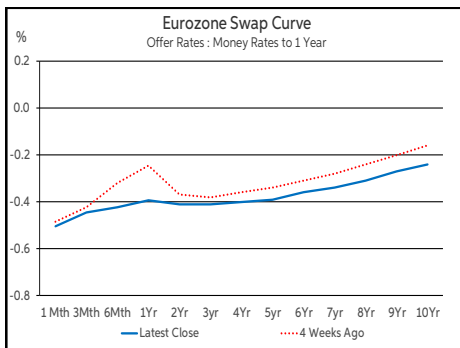
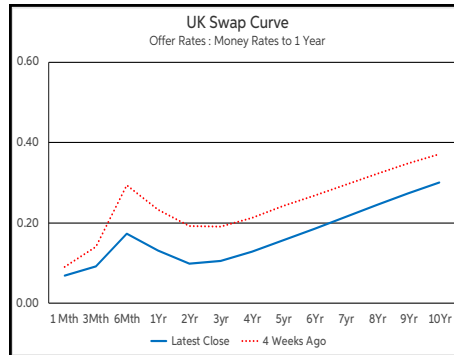
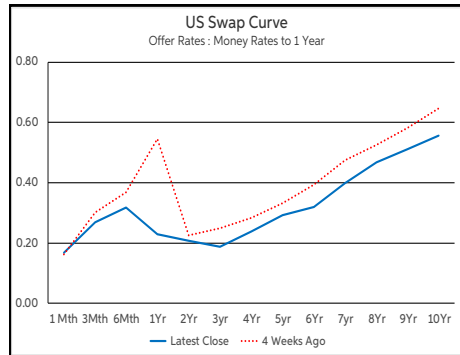
Wednesday 29 July 2020
07:21 am



Euro		Sterling		Dollar	
EUR/GBP	0.9077	GBP/EUR	1.1013	USD/JPY	104.97
EUR/USD	1.1739	GBP/USD	1.2932	USD/CAD	1.336
EUR/JPY	123.25	GBP/CAD	1.7279	USD/CHF	0.9165
EUR/SEK	10.2855	GBP/NZD	1.9417	USD/CNY	7.0025
EUR/DKK	7.4428	GBP/JPY	135.75	USD/BRL	5.1533
EUR/NOK	10.675	GBP/SEK	11.3299	USD/RUB	72.3517
EUR/CHF	1.0761	GBP/DKK	8.1975	USD/INR	74.773
EUR/AUD	1.6372	GBP/NOK	11.7617	AUD/USD	0.7171
EUR/HKD	9.0975	GBP/CHF	1.1853	NZD/USD	0.6658
EUR/CAD	1.5686	GBP/AUD	1.8032		



Debt Markets				
	Close	Day	4 Weeks	End 19
10 Year Yield %				
US	0.58	-4	-8	-134
Germany	-0.51	-2	-6	-32
UK	0.11	-0	-6	-72
Ireland	-0.12	-2	-13	-24
Belgium	-0.21	-0	-9	-31
France	-0.19	-1	-8	-31
Italy	1.08	+3	-25	-35
Spain	0.36	+1	-11	-11
Portugal	0.37	+1	-12	-8
Greece	1.10	+0	-12	-36
5 Year Swap %				
US	0.29	-0	-1	-142
Eurozone	-0.39	-2	-4	-27
UK	0.16	+0	-8	-72
2 Year Swap %				
US	0.21	-1	-1	-145
Eurozone	-0.41	-1	-3	-11
UK	0.10	-0	-8	-70
10 Year Government Bond Spreads to Benchmark bps				
Ireland	39	-0	-8	+8
Belgium	30	+2	-3	+1
France	32	+1	-2	+1
Italy	159	+4	-20	-3
Spain	87	+3	-5	+22
Portugal	88	+3	-6	+25
Greece	161	+2	-7	-3



Commodities				
	Close	Day	4 Weeks	End 19
Brent Oil	43.22	-0.44	+5.03	-34.52
West Texas Oil	40.89	-1.37	+4.13	-33.12
Gold \$	1958.9	+0.88	+10.01	+29.13

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