

Carney comments unhelpful for sterling

The action on currency markets over the past 24 hours has seen sterling come under some downward pressure. This was prompted by a speech by BoE Governor Carney. He stated that ongoing uncertainty (global trade war and Brexit) "in some jurisdictions may warrant a near term policy response". His dovish sounding comments also prompted a fall in UK market rates. Lower interest rate expectations saw UK Gilts rally, with the yield on the 10-year down 9bps on the day.

On the political front, the EU Leaders finally agreed upon candidates to fill the EU Presidencies. In a surprise development, Christine Lagarde (current MD of the IMF), was appointed as the new head of the ECB. Overall though, there was no notable reaction in the euro to this news.

In level levels, the softer sterling tone sees EUR/GBP back in the upper half of the 89-90p band, while GBP/USD is trading down below the \$1.26 level. Elsewhere, EUR/USD continues to change hands just under the \$1.13 threshold.

Today, the June services PMI will feature in the UK. No change is expected in the index, though there is the potential for a downside surprise given the other weak PMI data out earlier this week. However, attention may instead be focussed on today's schedule of BoE speakers. Markets will be hoping to gain any insight into Governor Carney's comments from yesterday.

Meanwhile, the June non-manufacturing ISM is due in the US and is expected to have dipped in the month. However, barring a major surprise, dollar impact could be limited. Elsewhere, the Eurozone schedule is barren so the euro may struggle for direction today.

Conor Beakey, Economist, AIB

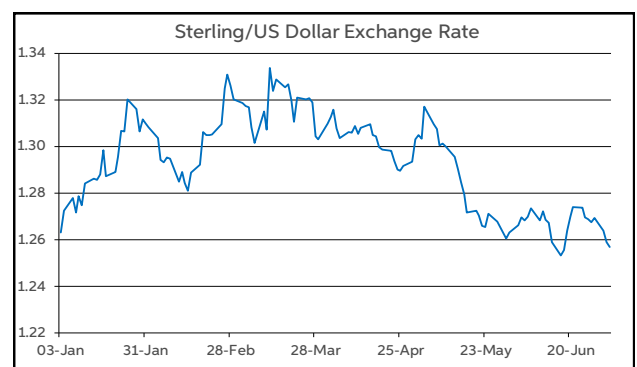
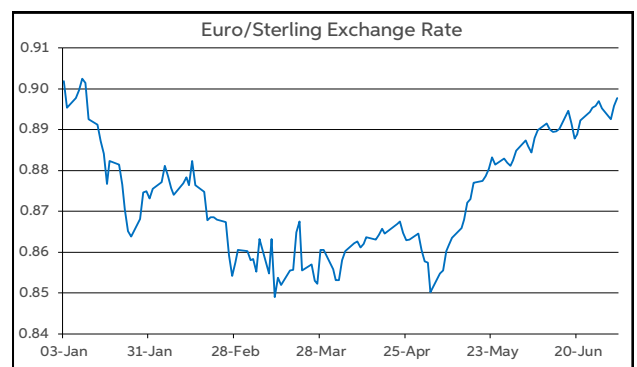
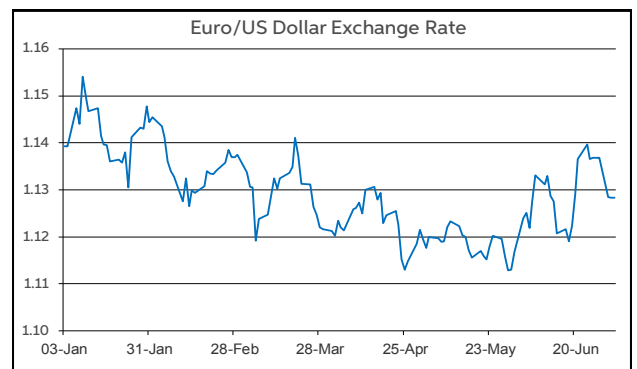
Opening Interest Rates						
	Base Rate	Short Term			Long Term	
		1-Mth	3-Mth	12-Mth	2-Yr	5-Yr
USD	2.375	2.38	2.31	2.20	1.76	1.70
EUR	0.00	-0.39	-0.35	-0.22	-0.40	-0.26
GBP	0.75	0.72	0.78	0.92	0.75	0.79

Equity Indices				
	Latest Close	% Changes		
		on Day	End 2018 to Date	
Dow Jones	26786.68	+0.26	+14.83	
S&P 500	2973.01	+0.29	+18.60	
FTSE 100	7559.19	+0.82	+12.35	
DJ Stoxx 50	3507.98	+0.30	+16.88	
ISEQ	6232.27	+0.03	+13.73	
Nikkei	21609.6	-0.67	+7.97	

Today's Opening Rates			
		% Change	
		Day *	End 2018
EUR/USD	1.1283	-0.04	-1.62
EUR/GBP	0.8974	0.48	-0.11
GBP/USD	1.2571	-0.50	-1.46
GBP/EUR	1.1138	-0.48	0.11
USD/JPY	107.63	-0.70	-1.76
EUR/JPY	121.47	-0.72	-3.37

* v Previous Day's European Open

See Next Page for More Rates [▶▶▶](#)



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

Wednesday 03 July 2019
07:18 am



Euro

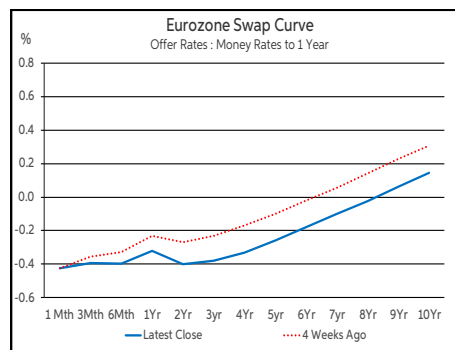
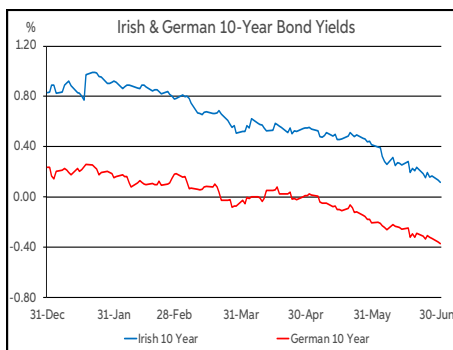
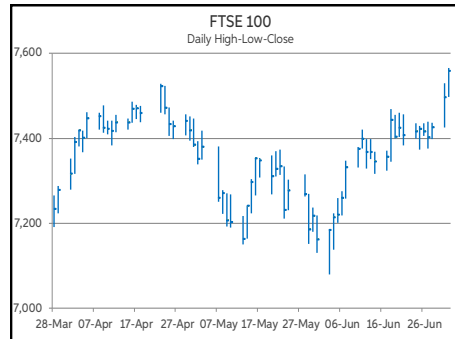
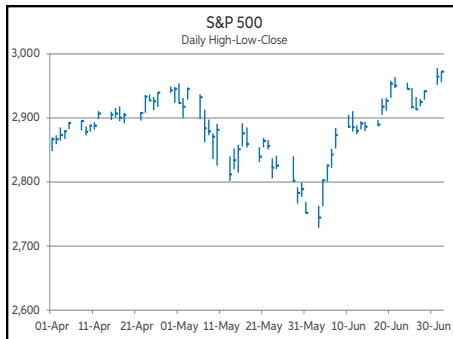
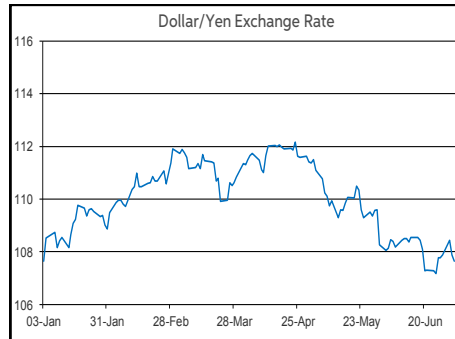
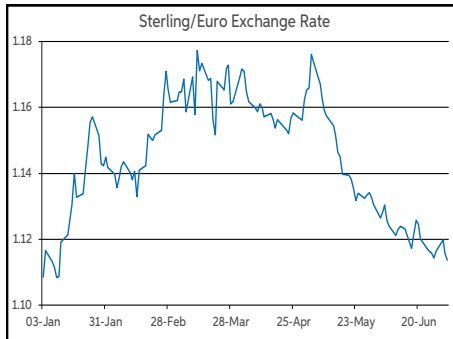
EUR/GBP	0.8974
EUR/USD	1.1283
EUR/JPY	121.47
EUR/SEK	10.535
EUR/DKK	7.4644
EUR/NOK	9.6798
EUR/CHF	1.1115
EUR/AUD	1.613
EUR/HKD	8.7962
EUR/CAD	1.479

Sterling

GBP/EUR	1.1138
GBP/USD	1.2571
GBP/CAD	1.6473
GBP/NZD	1.8817
GBP/JPY	135.3
GBP/SEK	11.7362
GBP/DKK	8.3135
GBP/NOK	10.7782
GBP/CHF	1.2382
GBP/AUD	1.7968

Dollar

USD/JPY	107.63
USD/CAD	1.3103
USD/CHF	0.9849
USD/CNY	6.8858
USD/BRL	3.8454
USD/RUB	63.386
USD/INR	68.868
AUD/USD	0.6995
NZD/USD	0.6678



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 18
10 Year Yield %				
US	1.97	-6	-15	-71
Germany	-0.37	-1	-16	-61
UK	0.72	-9	-18	-55
Ireland	0.12	-2	-28	N/A
Belgium	0.01	-1	-23	-75
France	-0.06	-1	-24	-76
Italy	1.84	-11	-68	-88
Spain	0.29	-4	-37	-113
Portugal	0.35	-5	-36	-135
Greece	2.15	-14	-77	-215
5 Year Swap %				
US	1.71	-6	-18	-85
Eurozone	-0.26	-1	-16	-49
UK	0.78	-11	-19	-54
2 Year Swap %				
US	1.79	-4	-13	-85
Eurozone	-0.40	-1	-13	-26
UK	0.74	-8	-14	-42
10 Year Government Bond Spreads to Benchmark bps				
Ireland	49	-1	-11	N/A
Belgium	38	+0	-6	-14
France	31	+0	-8	-16
Italy	221	-10	-52	-27
Spain	66	-3	-21	-52
Portugal	72	-4	-20	-75
Greece	252	-13	-61	-154

Commodities				
	Close	% Change		
		Day	4 Weeks	End 18
Brent Oil	62.4	-4.09	+0.69	+15.99
West Texas Oil	56	-4.94	+4.67	+24.03
CRB - All Commodity	177.84	-1.82	+1.34	+4.74
CRB - Food	343.61	-1.33	-1.65	+5.98
Gold \$	1418.7	+2.47	+7.02	+10.58

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