

## Busy week for central banks

Currency markets retained their overall subdued tone last week, with the main FX pairs continuing to trade in narrow ranges. Of the very modest moves which did occur, the euro edged lower against the dollar and sterling. The single currency was not helped by the cautious tone from the ECB following its policy meeting. In level terms, the softer euro sees EUR/USD open this morning near \$1.165, while EUR/GBP is changing hands just below 89p. Elsewhere, cable (GBP/USD) continues to trade close to \$1.31.

This week, there is a very busy schedule of central bank events, with the Fed, BoE and BoJ all due to meet. Neither the Fed or BoJ are expected to alter policy, though the meeting statements will be closely analysed for guidance on potential near-term changes. Thus, there will be some event risk for the dollar and particularly the yen, given recent speculation around the potential need for the BoJ to tweak (ease back) on its expansionary policy.

Meantime, despite some mixed UK data recently (incl. weaker inflation), the market consensus is that the BoE will hike rates from 0.50% to 0.75% this week. While this is expected, it may offer some support to sterling. Markets will also be looking to the Inflation Report and Governor Carney's press conference for updated guidance on the economic and monetary policy outlook, with markets pricing in just one hike per year in 2019 and 2020.

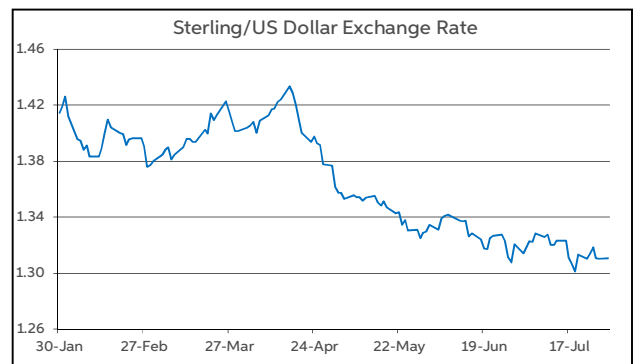
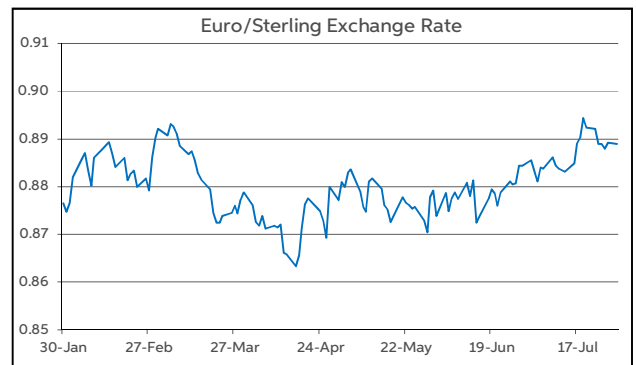
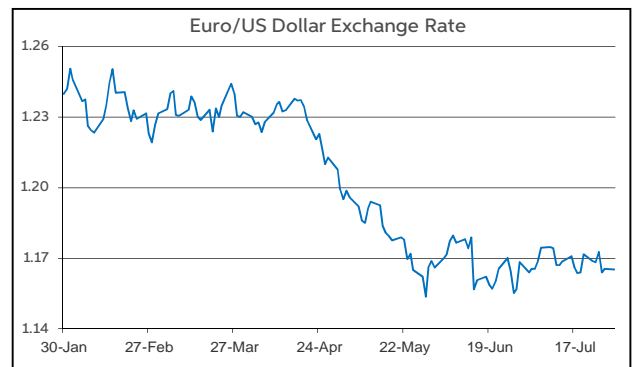
Data-wise, Eurozone Q2 GDP is due, with a modest 0.4% increase expected. Core HICP inflation is seen holding at just 1.2%, while the EC sentiment indices look set to soften slightly (both July). Thus, the data may not offer much help to the euro this week. For the dollar, another strong increase in non-farm payrolls is forecast for July, while the ECI measure of wage growth is expected to rise to near 3% in Q2. Thus, the US data may benefit the dollar somewhat.

**Dara Turnbull, Economist, AIB**

Today's Opening Rates			
		% Change	
		Day *	End 2017
EUR/USD	1.1654	0.07	-2.85
EUR/GBP	0.889	0.07	0.08
GBP/USD	1.3107	0.00	-3.00
GBP/EUR	1.1245	-0.07	-0.08
USD/JPY	111.08	0.05	-1.41
EUR/JPY	129.45	0.12	-4.24

\* 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	2.82	2.86	2.95
EUR	0.00	-0.37	-0.32	-0.18	-0.15	0.31
GBP	0.50	0.65	0.79	1.05	1.11	1.35

Equity Indices				
	Latest Close	% Changes		
		on Day	End 2017 to Date	
Dow Jones	25451.06	-0.30	+2.96	
S&P 500	2818.82	-0.66	+5.43	
FTSE 100	7701.31	+0.50	+0.18	
DJ Stoxx 50	3527.18	+0.51	+0.66	
ISEQ	6898.11	-0.43	-1.99	
Nikkei	22544.84	-0.74	-0.97	

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

Monday 30 July 2018  
07:33 am



## Euro

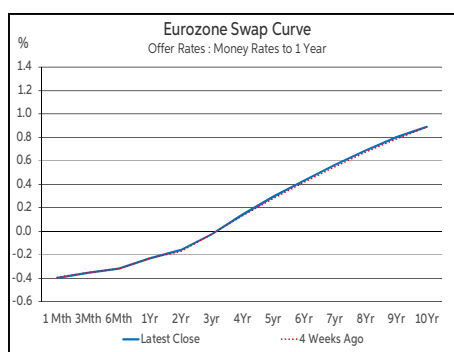
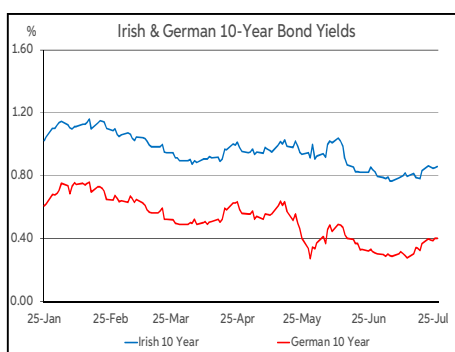
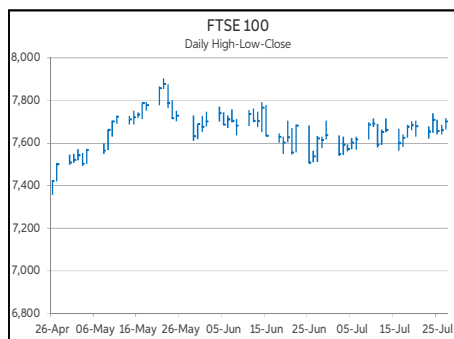
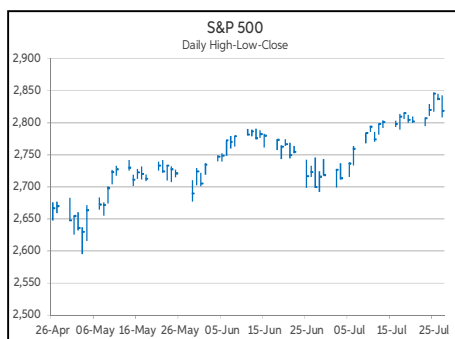
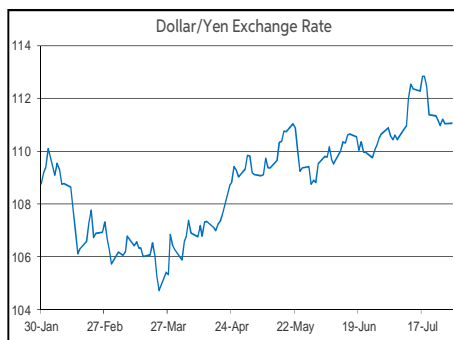
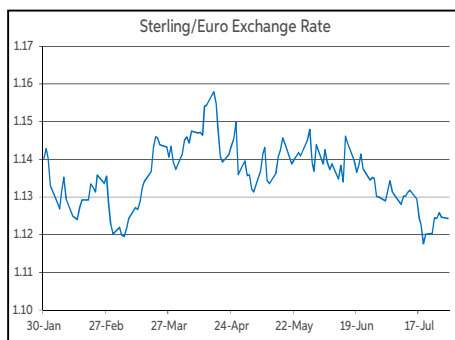
EUR/GBP	0.889
EUR/USD	1.1654
EUR/JPY	129.47
EUR/SEK	10.3041
EUR/DKK	7.4492
EUR/NOK	9.5505
EUR/CHF	1.16
EUR/AUD	1.5767
EUR/HKD	9.1458
EUR/CAD	1.5227

## Sterling

GBP/EUR	1.1244
GBP/USD	1.3106
GBP/CAD	1.7126
GBP/NZD	1.9278
GBP/JPY	145.58
GBP/SEK	11.5847
GBP/DKK	8.3761
GBP/NOK	10.7363
GBP/CHF	1.3044
GBP/AUD	1.7732

## Dollar

USD/JPY	111.08
USD/CAD	1.3065
USD/CHF	0.9951
USD/CNY	6.8322
USD/BRL	3.7136
USD/RUB	62.8825
USD/INR	68.765
AUD/USD	0.7391
NZD/USD	0.6798



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 17
<b>10 Year Yield %</b>				
US	2.96	-2	+10	+55
Germany	0.40	-0	+10	-2
UK	1.28	+0	+0	+10
<b>5 Year Swap %</b>				
US	2.93	-3	+4	+68
Eurozone	0.29	-3	+1	-3
UK	1.34	+0	+4	+31
<b>2 Year Swap %</b>				
US	2.82	-4	+3	+73
Eurozone	-0.16	-1	+1	-2
UK	1.09	-1	+7	+29
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	46	+1	-4	N/A
Belgium	30	+2	-8	+11
France	30	+1	-6	-6
Italy	233	+5	-3	+76
Spain	93	+2	-7	-19
Portugal	131	-1	-17	-17
Greece	339	-1	-21	-24

Commodities				
	Close	% Change		
		Day	4 Weeks	End 17
Brent Oil	74.29	-0.34	-6.48	+11.10
West Texas Oil	68.66	-4.09	-7.38	+13.56
CRB - All Commodity	194.16	-0.43	-3.11	+0.15
CRB - Food	341.24	-1.06	-2.17	+1.55
Gold \$	1223.8	+0.06	-2.39	-6.05

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