

Some yen volatility following BoJ

There was a subdued tone to currency markets as the week got underway yesterday. This meant that most of the main FX pairs continued to trade in relatively narrow ranges.

In overnight news, the BoJ kept interest rates on hold, as had been expected. However, it did make some tweaks to its broader policy stance. This included allowing more flexibility around its sovereign bond yield target and providing forward guidance that interest rates will remain extremely low "for an extended period of time". The yen saw some volatility off the back of the BoJ, eventually adopting a slightly weaker tone on the day.

Elsewhere, the dollar has been holding a modestly softer tone, while the euro is slightly firmer as the month draws to a close. In level terms, EUR/USD has moved back above the \$1.17 level. GBP/USD has edged further above \$1.31. Meanwhile, EUR/GBP has been modestly higher over the last 24 hours, with the pair back up in 89p territory.

There is a busy data schedule in the day ahead. It includes the first reading of Eurozone Q2 GDP. The forecast is for another 0.4% increase, though some weaker than expected national data suggest there is potential for a downside surprise. Meantime, core-Eurozone HICP inflation looks set to have held at just 1.2% in July, well below the ECB's 2% target. Overall then, the Eurozone data schedule today has the potential to act as a headwind to the euro.

For the dollar, the US employment cost index for Q2 will bear watching. It contains the Fed's preferred measure of wage inflation, which is forecast to rise to 2.9% (from 2.7%). While this is still somewhat modest, the improvement may help to provide some support for the dollar today.

Dara Turnbull, Economist, AIB

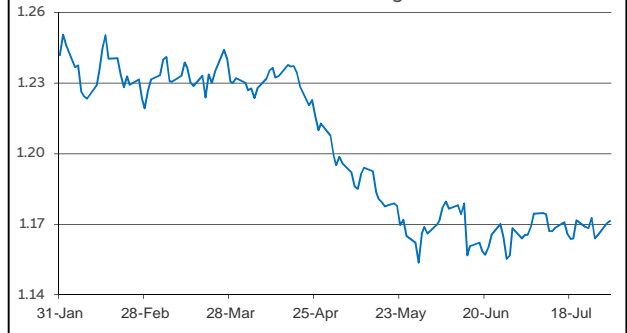
Today's Opening Rates

		% Change	
		Day *	End 2017
EUR/USD	1.1712	0.50	-2.37
EUR/GBP	0.8918	0.28	0.39
GBP/USD	1.3128	0.19	-2.84
GBP/EUR	1.121	-0.28	-0.39
USD/JPY	111.33	0.23	-1.19
EUR/JPY	130.4	0.73	-3.54

* v Previous Day's European Open

See Next Page for More Rates ▶▶▶

Euro/US Dollar Exchange Rate



Euro/Sterling Exchange Rate



Sterling/US Dollar Exchange Rate



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	0.32
GBP	0.50	0.67	0.79	1.05	1.12	1.39

Equity Indices				
	Latest Close	% Changes		
		on Day	End 2017 to Date	
Dow Jones	25306.83	-0.57	+2.38	
S&P 500	2802.6	-0.58	+4.82	
FTSE 100	7700.85	-0.01	+0.17	
DJ Stoxx 50	3512.31	-0.42	+0.24	
ISEQ	6839.24	-0.85	-2.83	
Nikkei	22553.72	+0.04	-0.93	

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

Tuesday 31 July 2018
07:30 am



Euro

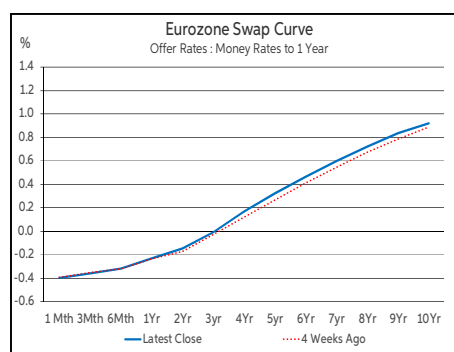
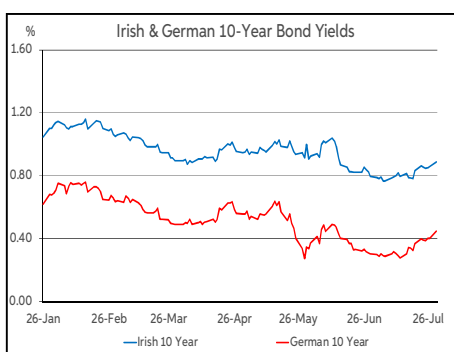
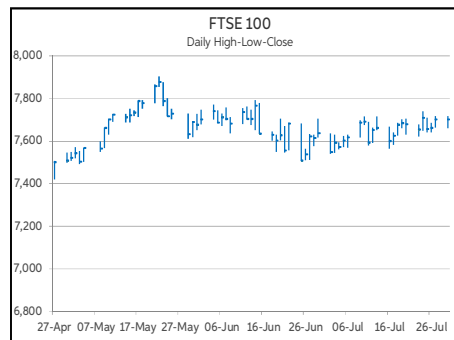
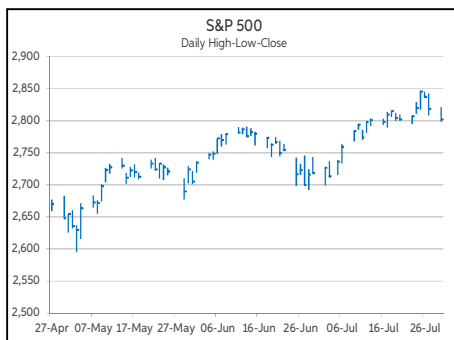
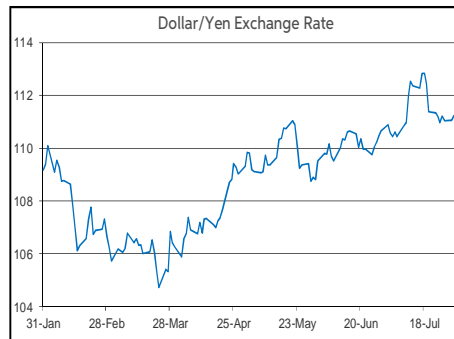
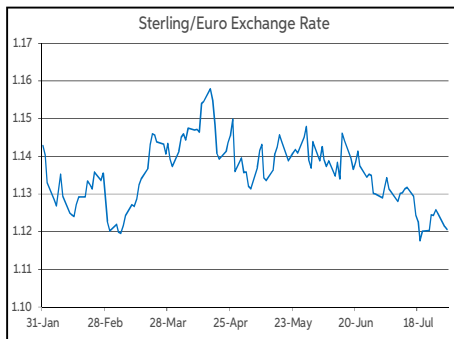
EUR/GBP	0.8918
EUR/USD	1.1712
EUR/JPY	130.4
EUR/SEK	10.244
EUR/DKK	7.4489
EUR/NOK	9.5223
EUR/CHF	1.1571
EUR/AUD	1.5766
EUR/HKD	9.1907
EUR/CAD	1.5281

Sterling

GBP/EUR	1.121
GBP/USD	1.3128
GBP/CAD	1.7131
GBP/NZD	1.9235
GBP/JPY	146.15
GBP/SEK	11.4792
GBP/DKK	8.3484
GBP/NOK	10.6697
GBP/CHF	1.2969
GBP/AUD	1.7674

Dollar

USD/JPY	111.33
USD/CAD	1.3047
USD/CHF	0.9878
USD/CNY	6.826
USD/BRL	3.7293
USD/RUB	62.2371
USD/INR	68.6125
AUD/USD	0.7427
NZD/USD	0.6823



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 17
10 Year Yield %				
US	2.97	+2	+10	+57
Germany	0.45	+4	+15	+3
UK	1.35	+7	+10	+17
Ireland	0.89	+3	+10	N/A
Belgium	0.74	+4	+6	+13
France	0.74	+4	+9	-3
Italy	2.78	+4	+14	+78
Spain	1.42	+9	+15	-12
Portugal	1.76	+5	+0	-13
Greece	3.84	+5	-8	-20
5 Year Swap %				
US	2.95	-1	+4	+71
Eurozone	0.32	+1	+5	+0
UK	1.38	+3	+9	+35
2 Year Swap %				
US	2.84	-3	+4	+75
Eurozone	-0.15	+0	+2	-1
UK	1.11	+1	+10	+31
10 Year Government Bond Spreads to Benchmark bps				
Ireland	44	-1	-5	N/A
Belgium	29	-1	-8	+10
France	30	-0	-6	-6
Italy	233	-0	-1	+76
Spain	98	+4	+0	-15
Portugal	132	+1	-14	-16
Greece	340	+1	-22	-23

Commodities				
	Close	% Change		
		Day	4 Weeks	End 17
Brent Oil	74.97	+0.92	-3.01	+12.11
West Texas Oil	71.19	+3.68	-3.65	+17.75
CRB - All Commodity	195.75	+0.82	-0.88	+0.97
CRB - Food	340.26	-0.98	-1.94	+1.26
Gold \$	1222.3	-0.12	-1.62	-6.17

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