

Spotlight on the Fed

Following Monday's sterling sell-off, currency markets adopted a more subdued tone yesterday. This meant that sterling remained at around 2-year lows against the euro and the dollar.

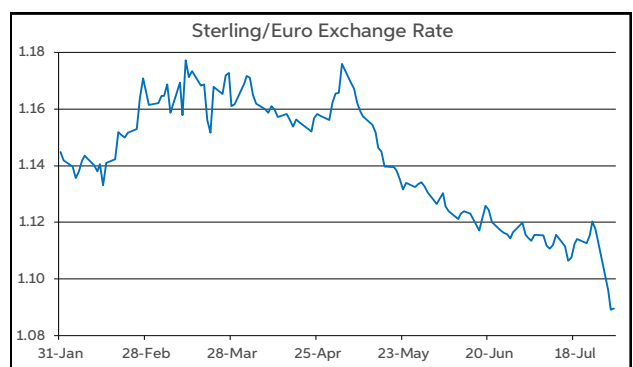
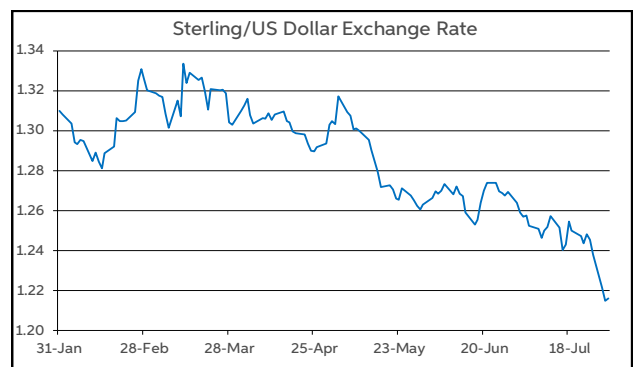
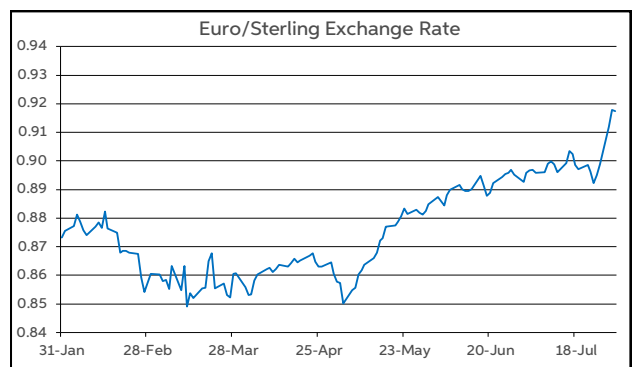
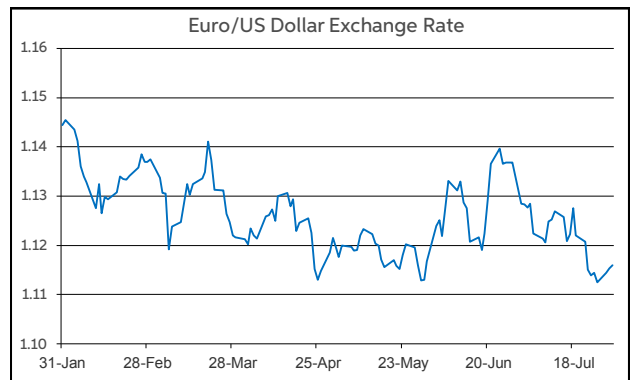
Data-wise, yesterday's release of the July EC sentiment indices confirmed that the Eurozone economy has lost further momentum at the start of Q3. However, euro impact was limited as the data were broadly in line with expectations. Meantime, an upside surprise in the Conference Board measure of US consumer confidence for July did not prompt a reaction in the dollar.

In level terms, the lack of action on currency markets over the past 24 hours sees EUR/GBP remain in the upper half of the 91-92p band, while EUR/USD continues to trade near to the \$1.115 mark. Elsewhere, GBP/USD is still changing hands close to the midpoint of the \$1.21-1.22 range.

Today, a barren UK schedule may mean sterling could struggle for direction, barring any fresh Brexit developments. Meanwhile, a packed Eurozone calendar includes the flash estimate of Q2 Eurozone GDP. Growth is projected to have slowed to 0.2%, from 0.4%. At the same time, HICP inflation looks to have moderated to just 1.1% in July. Overall, the data may provide somewhat of an unhelpful backdrop for the euro.

The highlight of the calendar is the conclusion of the Fed's July meeting (after close in Europe). It is expected that the fed funds rate will be cut by 25bps. However, as this move is already priced in, of greater interest to markets will be whether Fed Chair Powell hints at further easing in the coming months. The dollar could come under some pressure if this proves the case. Meanwhile, a less dovish tone may see the currency make some gains.

Conor Beakey, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2018
EUR/USD	1.1159	0.21	-2.70
EUR/GBP	0.9176	-0.04	2.14
GBP/USD	1.2159	0.29	-4.69
GBP/EUR	1.0892	0.04	-2.09
USD/JPY	108.52	-0.06	-0.95
EUR/JPY	121.12	0.15	-3.65

* v Previous Day's European Open

See Next Page for More Rates

Opening Interest Rates						
Base Rate	Short Term			Long Term		
	1-Mth	3-Mth	12-Mth	2-Yr	5-Yr	
USD	2.375	2.23	2.25	2.19	1.85	1.80
EUR	0.00	-0.39	-0.37	-0.31	-0.43	-0.31
GBP	0.75	0.71	0.77	0.85	0.69	0.71

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 31 July 2019
07:15 am



Euro

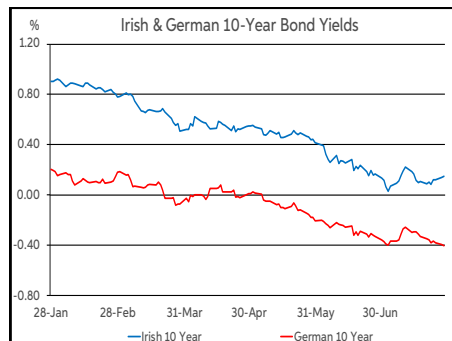
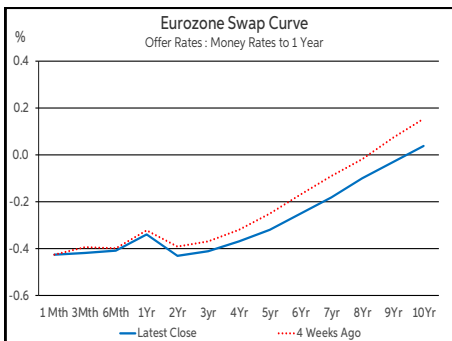
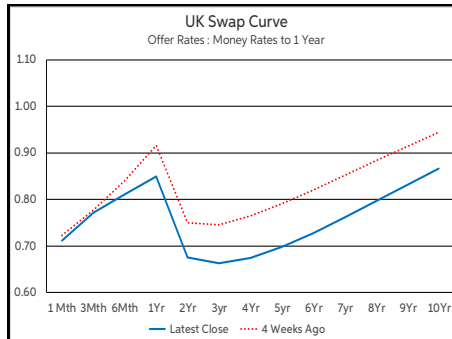
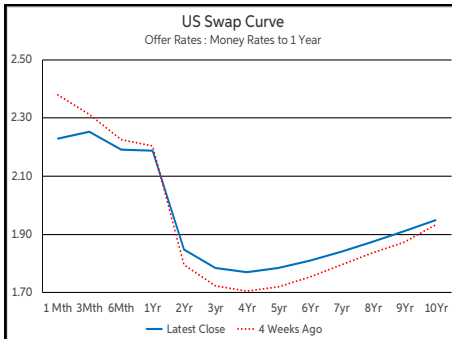
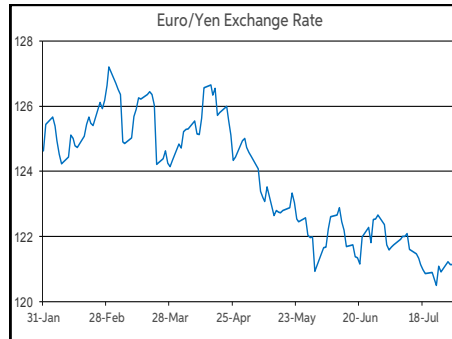
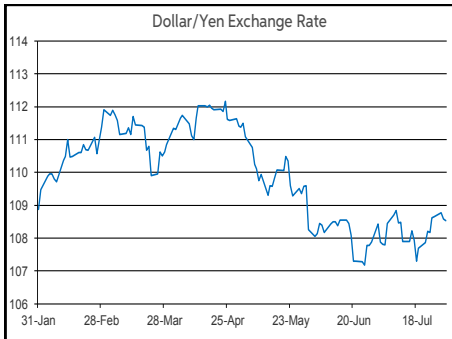
EUR/GBP	0.9178
EUR/USD	1.1159
EUR/JPY	121.14
EUR/SEK	10.6719
EUR/DKK	7.4668
EUR/NOK	9.7649
EUR/CHF	1.1059
EUR/AUD	1.6181
EUR/HKD	8.7311
EUR/CAD	1.4659

Sterling

GBP/EUR	1.0892
GBP/USD	1.2155
GBP/CAD	1.5969
GBP/NZD	1.8413
GBP/JPY	131.94
GBP/SEK	11.6259
GBP/DKK	8.1335
GBP/NOK	10.6372
GBP/CHF	1.2046
GBP/AUD	1.7626

Dollar

USD/JPY	108.55
USD/CAD	1.3135
USD/CHF	0.9907
USD/CNY	6.8839
USD/BRL	3.7906
USD/RUB	63.46
USD/INR	68.853
AUD/USD	0.6896
NZD/USD	0.6598



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 18
10 Year Yield %				
US	2.06	-0	+8	-62
Germany	-0.41	-1	-4	-64
UK	0.63	-2	-9	-64
Ireland	0.15	+1	+3	N/A
Belgium	-0.09	+0	-10	-85
France	-0.14	+0	-8	-85
Italy	1.58	+1	-26	-114
Spain	0.34	-0	+5	-108
Portugal	0.39	-1	+4	-131
Greece	2.03	+2	-12	-227
5 Year Swap %				
US	1.78	-2	+6	-78
Eurozone	-0.32	-2	-7	-55
UK	0.70	-3	-9	-62
2 Year Swap %				
US	1.85	-2	+5	-79
Eurozone	-0.43	-1	-4	-29
UK	0.68	-1	-8	-49
10 Year Government Bond Spreads to Benchmark bps				
Ireland	55	+2	+6	N/A
Belgium	32	+1	-6	-20
France	26	+1	-5	-20
Italy	198	+2	-23	-50
Spain	74	+1	+9	-43
Portugal	80	-0	+8	-67
Greece	243	+3	-9	-163

Commodities				
	% Change			
	Close	Day	4 Weeks	End 18
Brent Oil	64.72	+1.59	+3.72	+20.30
West Texas Oil	58.04	+2.09	+3.64	+28.55
Gold \$	1431.1	+0.27	+0.87	+11.55

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