

FX markets remain subdued

The moves on currency markets remained generally muted yesterday. Of the limited action that did register, sterling edged higher, supported in part by news reports that PM May was favouring a 'soft' Brexit approach. Meanwhile, the dollar was slightly lower heading into the 4th of July holiday.

Data-wise, for a second day running, the UK schedule provided an upside surprise, with the construction PMI for June exceeding expectations. Similarly, in the US, there was also a consensus beating result, with factory orders for May coming in ahead of forecast. Meantime in the Eurozone, retail sales for May missed modestly to the downside of expectations. Overall though, the data provided minimal direction to currency markets.

The firmer sterling tone and a slightly weaker dollar over the last 24 hours are reflected in GBP/USD opening this morning above the \$1.32 mark. EUR/GBP had edged back to nearer 88p, while EUR/USD is changing hands in the upper half of the \$1.16-1.17 band.

Elsewhere yesterday, there was a mixed tone to investor sentiment. European risk appetite was boosted by reduced political uncertainty in Germany, with the Euro Stoxx 50 gaining 1.0% on the day. The mood on Wall Street was more cautious. The S&P 500 was down by 0.5% at the closing bell last night.

Ahead today, a market holiday in the US (Independence Day) means that the only data of any interest are on this side of the Atlantic. The main highlight being the UK services PMI for June. This will provide an update on the how the key sector of the economy ended Q2. From a currency viewpoint, it would be no surprise to see the main FX pairs continue to trade within narrow ranges close to their current levels.

John Fahey, Senior Economist, AIB

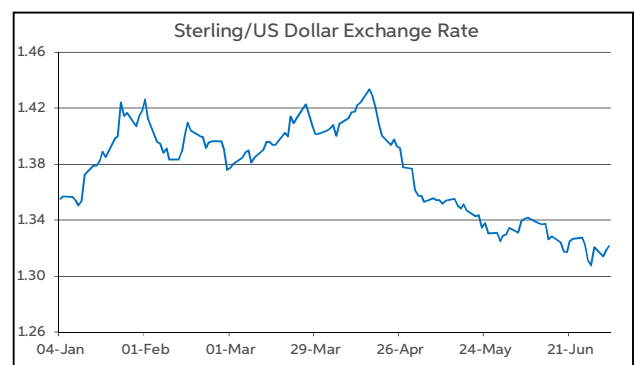
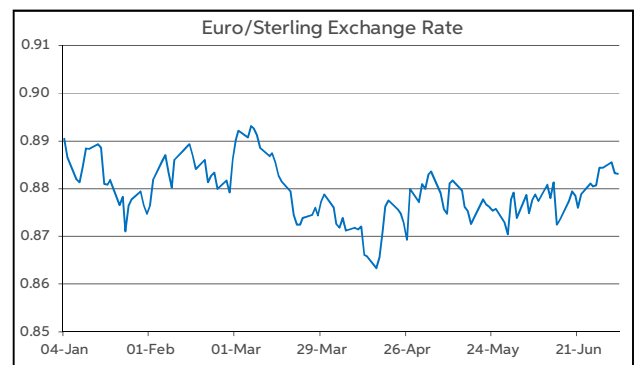
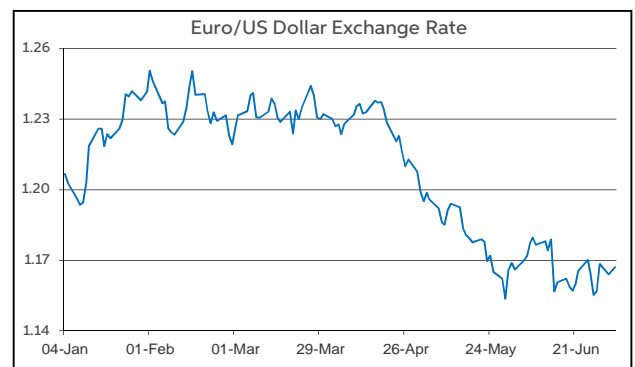
Opening Interest Rates						
	Base Rate	Short Term			Long Term	
		1-Mth	3-Mth	12-Mth	2-Yr	5-Yr
USD	1.875	2.09	2.34	2.77	2.80	2.86
EUR	0.00	-0.37	-0.32	-0.18	-0.17	0.26
GBP	0.50	0.50	0.69	0.96	1.00	1.27

Equity Indices				
	Latest Close	% Changes		
		on Day	End 2017 to Date	
Dow Jones	24174.82	-0.54	-2.20	
S&P 500	2713.22	-0.49	+1.48	
FTSE 100	7593.29	+0.60	-1.23	
DJ Stoxx 50	3406.34	+1.01	-2.79	
ISEQ	6943	+0.23	-1.35	
Nikkei	21717.04	-0.31	-4.60	

Today's Opening Rates			
		% Change	
		Day *	End 2017
EUR/USD	1.1671	0.34	-2.71
EUR/GBP	0.8833	-0.27	-0.56
GBP/USD	1.3212	0.62	-2.22
GBP/EUR	1.1317	0.27	0.57
USD/JPY	110.34	-0.45	-2.07
EUR/JPY	128.8	-0.09	-4.72

* 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

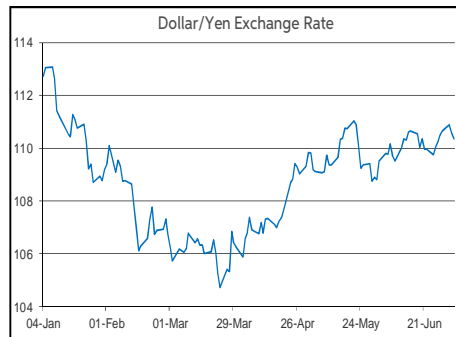
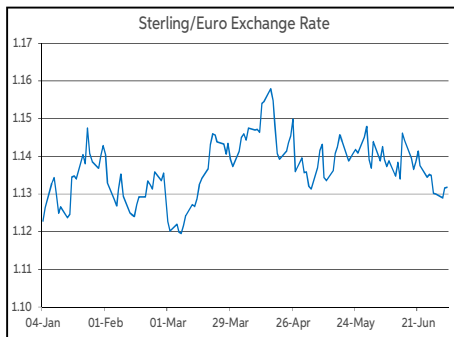
FX Spot	Karl Cooke Shane Gargan Adrian Flanagan Enda Homan	FX Options	Mark Tuite Lenny Hogan	Reuters Phone	AIB 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Opening Levels

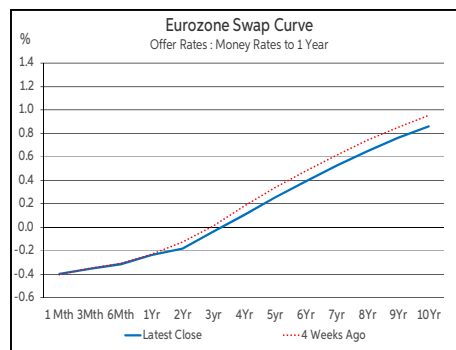
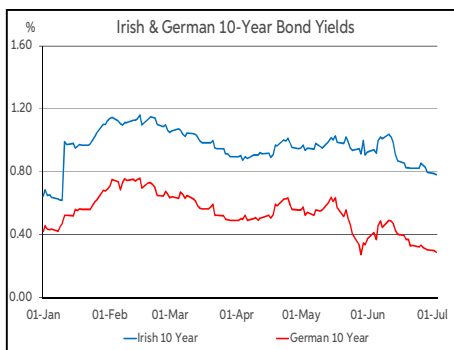
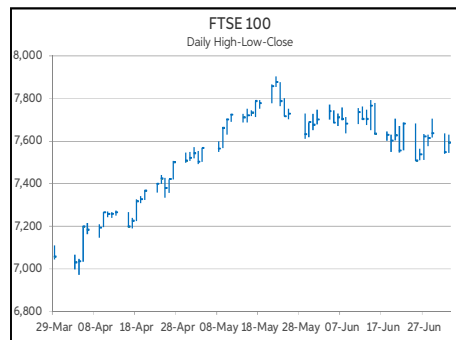
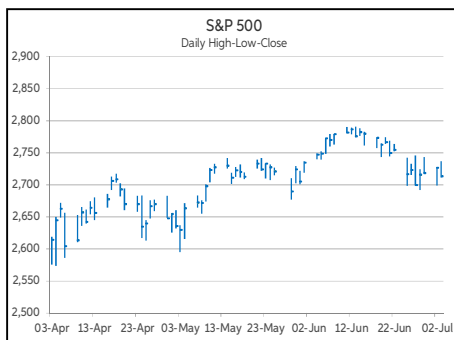
Wednesday 04 July 2018
07:30 am



Euro		Sterling		Dollar	
EUR/GBP	0.8833	GBP/EUR	1.1317	USD/JPY	110.34
EUR/USD	1.1671	GBP/USD	1.3212	USD/CAD	1.3125
EUR/JPY	128.8	GBP/CAD	1.7343	USD/CHF	0.991
EUR/SEK	10.2779	GBP/NZD	1.95	USD/CNY	6.6088
EUR/DKK	7.451	GBP/JPY	145.78	USD/BRL	3.8981
EUR/NOK	9.474	GBP/SEK	11.6345	USD/RUB	63.0785
EUR/CHF	1.1569	GBP/DKK	8.4326	USD/INR	68.53
EUR/AUD	1.5757	GBP/NOK	10.7219	AUD/USD	0.7404
EUR/HKD	9.1532	GBP/CHF	1.3095	NZD/USD	0.6772
EUR/CAD	1.5322	GBP/AUD	1.7832		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 17
10 Year Yield %				
US	2.83	-4	-9	+43
Germany	0.29	-1	-8	-13
UK	1.24	-1	-4	+6
Ireland	0.78	-1	-14	N/A
Belgium	0.65	-2	-8	+4
France	0.63	-2	-7	-14
Italy	2.63	-1	-13	+63
Spain	1.28	+0	-9	-27
Portugal	1.74	-2	-6	-16
Greece	3.90	-2	-54	-14
5 Year Swap %				
US	2.85	-5	-4	+61
Eurozone	0.25	-2	-8	-6
UK	1.26	-3	-2	+22
2 Year Swap %				
US	2.75	-4	+1	+67
Eurozone	-0.18	-1	-5	-4
UK	1.00	-1	+1	+20
10 Year Government Bond Spreads to Benchmark bps				
Ireland	49	+0	-6	N/A
Belgium	37	-1	+0	+17
France	34	-1	+1	-1
Italy	234	-0	-5	+76
Spain	99	+1	-1	-14
Portugal	145	-1	+2	-3
Greece	362	-1	-46	-1



Commodities				
	Close	% Change		
		Day	4 Weeks	End 17
Brent Oil	77.76	+0.60	+3.16	+16.29
West Texas Oil	74.19	+0.41	+13.25	+22.71
CRB - All Commodity	197.48	-0.01	-0.86	+1.86
CRB - Food	346.98	-1.82	-1.10	+3.26
Gold \$	1253.4	+0.89	-3.33	-3.78

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