

Bonds continue to rally

The moves on FX markets were limited yesterday. However, bond markets have continued their strong rally. For instance, in the UK, following BoE Governor Mark Carney's comments on Tuesday, the yield on 10-year Gilts declined further to trade around the 0.7% level, a near 3-year low.

In the Eurozone, there were gains across the region. This included a 24bp drop in Italian 10-year yields. Debt investors have reacted positively to the likely appointment of Christine Lagarde as ECB President, as well as recent positive developments in the Italian-EU budget stand-off. Irish 10-year yields have fallen to just 0.07%, while 10-year German yields are at -0.4%, both record lows.

Data-wise, yesterday saw the release of the UK services PMI for June. The index surprised to the downside of expectations, falling to just 50.2 (f'cast 51.0). It is now barely consistent with a positive level of growth. Across the Atlantic, the June reading of the non-manufacturing ISM similarly disappointed. However, at 55.0 it continues to point to a good level of activity in the sector. Overall though, currency reaction to the day's data was minimal.

In level terms, the main pairs open this morning broadly unchanged from 24 hours previous. EUR/USD remains below the \$1.13 level, while EUR/GBP continues to trade in the upper half of the 89-90p band. Elsewhere, GBP/USD is still trading below the \$1.26 threshold.

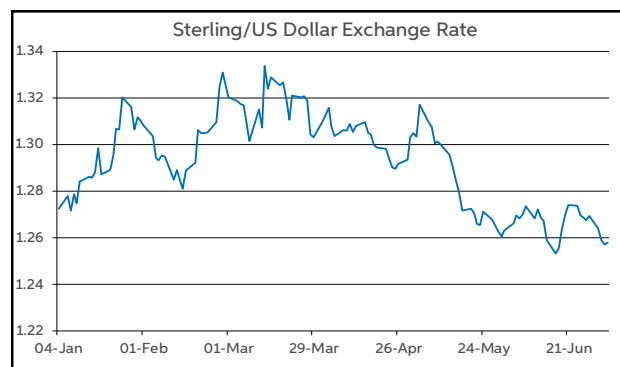
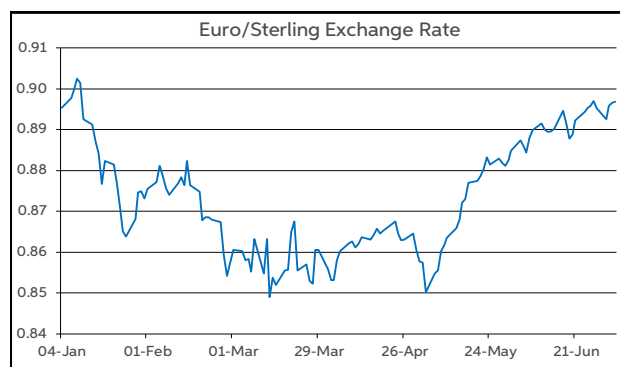
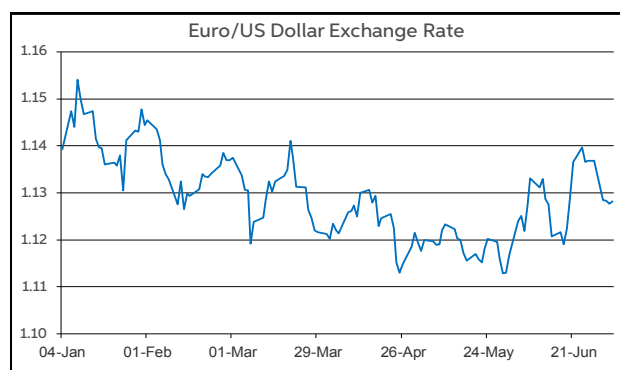
Today, a market holiday in the US combined with a quiet data calendar could mean that the main pairs will again operate within very narrow bands. We do get Eurozone retail sales data for May (f'cast +0.3%), but in the absence of a major surprise, they are unlikely to prompt a major move in the euro.

Conor Beakey, Economist, AIB

Today's Opening Rates			
		% Change	
		Day *	End 2018
EUR/USD	1.1282	-0.04	-1.63
EUR/GBP	0.8969	0.04	-0.17
GBP/USD	1.2579	-0.06	-1.40
GBP/EUR	1.1147	-0.04	0.17
USD/JPY	107.79	0.16	-1.62
EUR/JPY	121.64	0.13	-3.24

* 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	2.36	2.29	2.18	1.80	1.72
EUR	0.00	-0.39	-0.35	-0.23	-0.40	-0.27
GBP	0.75	0.72	0.76	0.88	0.73	0.78

Equity Indices			
	Latest Close	% Changes	
		on Day	End 2018 to Date
Dow Jones	26966	+0.67	+15.60
S&P 500	2995.82	+0.77	+19.51
FTSE 100	7609.32	+0.66	+13.10
DJ Stoxx 50	3540.63	+0.93	+17.97
ISEQ	6347.28	+1.85	+15.83
Nikkei	21697.79	+0.28	+8.41

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

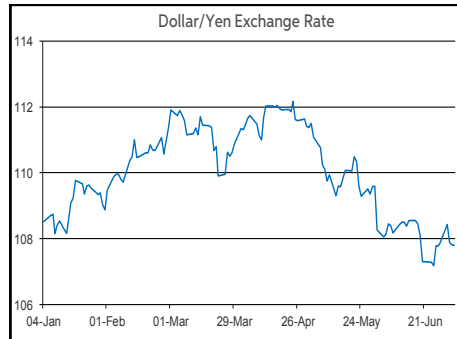
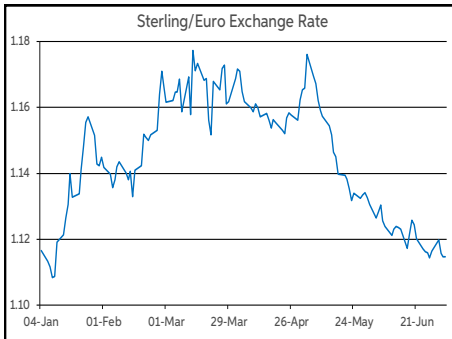
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite Lenny Hogan	Reuters Phone	AIB 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Opening Levels

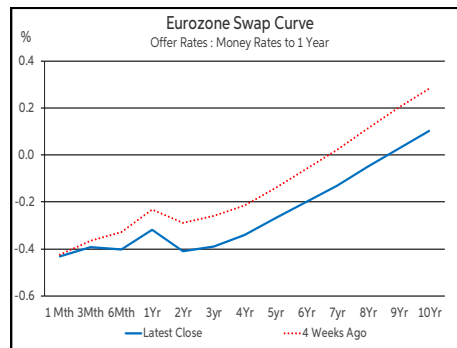
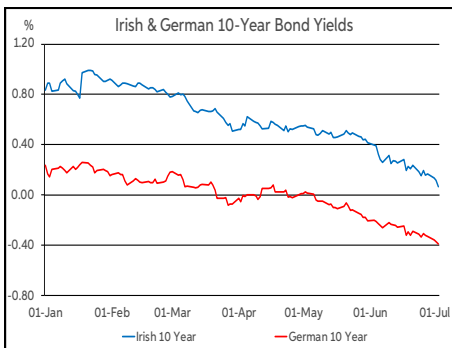
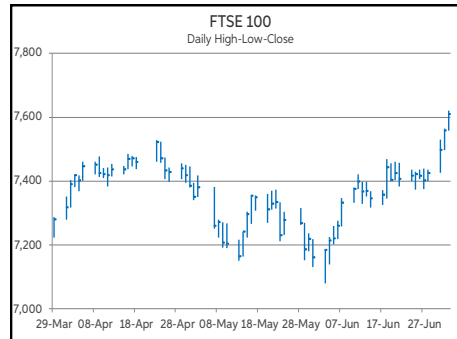
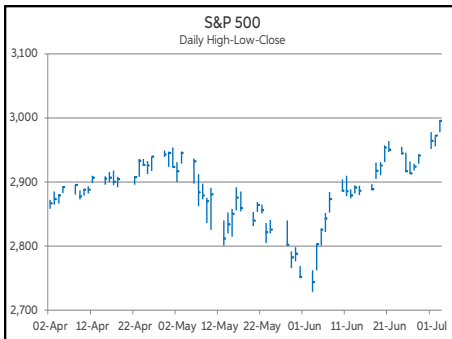
Thursday 04 July 2019
07:18 am



Euro		Sterling		Dollar	
EUR/GBP	0.8969	GBP/EUR	1.1147	USD/JPY	107.79
EUR/USD	1.1282	GBP/USD	1.2579	USD/CAD	1.3067
EUR/JPY	121.64	GBP/CAD	1.6442	USD/CHF	0.9863
EUR/SEK	10.505	GBP/NZD	1.8757	USD/CNY	6.8707
EUR/DKK	7.4626	GBP/JPY	135.59	USD/BRL	3.8263
EUR/NOK	9.6252	GBP/SEK	11.712	USD/RUB	63.3132
EUR/CHF	1.1131	GBP/DKK	8.3183	USD/INR	68.845
EUR/AUD	1.6038	GBP/NOK	10.73	AUD/USD	0.7035
EUR/HKD	8.7804	GBP/CHF	1.2409	NZD/USD	0.6704
EUR/CAD	1.4743	GBP/AUD	1.7881		



	Close	Change bps		
		Day	4 Weeks	End 18
10 Year Yield %				
US	1.95	-2	-18	-73
Germany	-0.39	-2	-16	-63
UK	0.69	-3	-17	-58
Ireland	0.07	-5	-26	N/A
Belgium	-0.04	-5	-26	-80
France	-0.10	-4	-25	-80
Italy	1.60	-24	-88	-112
Spain	0.21	-8	-42	-121
Portugal	0.29	-6	-38	-141
Greece	2.01	-14	-93	-229
5 Year Swap %				
US	1.70	-2	-18	-86
Eurozone	-0.27	-2	-13	-50
UK	0.76	-3	-16	-55
2 Year Swap %				
US	1.77	-2	-13	-87
Eurozone	-0.41	-2	-12	-27
UK	0.73	-2	-12	-44
10 Year Government Bond Spreads to Benchmark bps				
Ireland	45	-3	-10	N/A
Belgium	35	-3	-10	-18
France	29	-2	-9	-18
Italy	198	-22	-72	-50
Spain	60	-6	-26	-58
Portugal	68	-4	-22	-79
Greece	240	-12	-77	-166



	% Change			
	Close	Day	4 Weeks	End 18
Brent Oil	63.82	+2.28	+5.26	+18.62
West Texas Oil	57.06	+1.89	+10.65	+26.38
CRB - All Commodity	180.48	+1.48	+4.72	+6.29
CRB - Food	343.61	-1.33	-1.31	+5.98
Gold \$	1419.3	+0.05	+6.67	+10.63

This publication is for information purposes and is not an invitation to deal. The information is believed to be reliable but is not guaranteed. Any expressions of opinions are subject to change without notice. This publication is not to be reproduced in whole or in part without prior permission. In the Republic of Ireland it is distributed by Allied Irish Banks, p.l.c. In the UK it is distributed by Allied Irish Banks, p.l.c. and Allied Irish Bank (GB). In Northern Ireland it is distributed by First Trust Bank. In the United States of America it is distributed by Allied Irish Banks, p.l.c. Allied Irish Banks, p.l.c. is regulated by the Central Bank of Ireland. Allied Irish Bank (GB) and First Trust Bank are trade marks used under licence by AIB Group (UK) p.l.c. (a wholly owned subsidiary of Allied Irish Banks, p.l.c.), incorporated in Northern Ireland. Registered Office 92 Ann Street, Belfast BT1 3HH. Registered Number NI018800. Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. In the United States of America, Allied Irish Banks, p.l.c., New York Branch, is a branch licensed by the New York State Department of Financial Services. Deposits and other investment products are not FDIC insured, they are not guaranteed by any bank and they may lose value. Please note that telephone calls may be recorded in line with market practice.