

Fed's Powell under the spotlight

Currency markets adopted a subdued tone for much of last week. Of the action that registered, the dollar gained approximately 1% against both the euro and sterling. The US currency was helped by a strong payrolls figure (+224k) on Friday, while the dovish outlook for Eurozone / UK rates hampered the euro and sterling.

In level terms, this sees EUR/USD trading in the lower half of the \$1.12-1.13 range, while GBP/USD is changing hands below the \$1.255 mark. Meanwhile, EUR/GBP remains close to the midpoint of the 89-90p band.

Elsewhere, lower rate expectations in the Eurozone and UK prompted further gains in bond markets last week. In the UK, the yield on 10-year Gilts dropped by 10bps to circa 0.7%, a near 3-year low. Meanwhile, the announcement of Christine Lagarde as the likely new ECB President, as well as some positive fiscal developments in the region, lead to big moves in the Eurozone debt market. The yield on Italian 10-year BTPs dropped by 40bps, while Irish and German 10-year yields fell to record lows.

This week, the focus will be on the US. Ahead of the FOMC meeting later this month, Fed Chair Powell's semi-annual congressional testimony, as well as the release of June's policy meeting minutes, will attract significant attention. Markets will look to gauge the level of support amongst FOMC members for a near-term easing of policy. As a result, this week's schedule poses some two-way risk for the dollar.

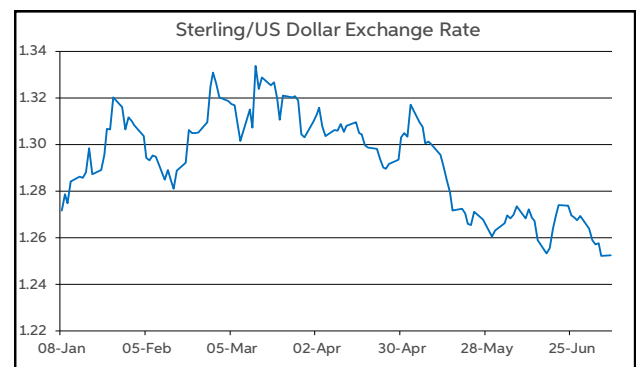
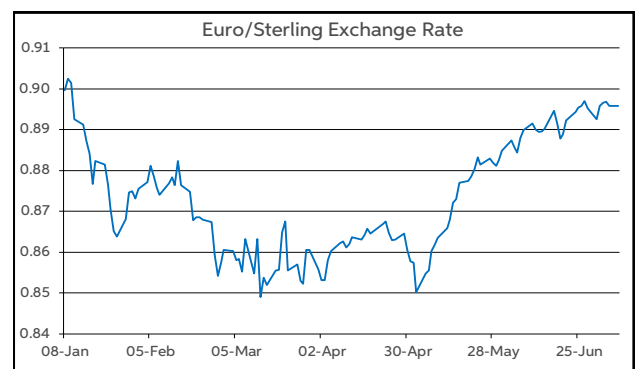
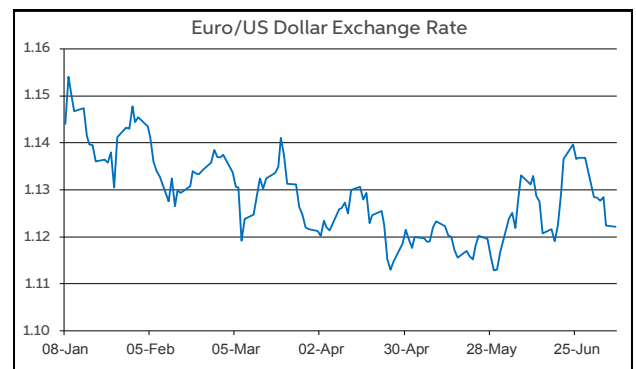
On this side of the Atlantic, we get the 3-month estimate of UK GDP growth (f'cast +0.1%), and the May reading of Eurozone industrial output. Overall though, barring a major surprise, the data are likely to have a limited impact on the euro and sterling.

Conor Beakey, Economist, AIB

Today's Opening Rates			
		% Change	
		Day *	End 2018
EUR/USD	1.1224	-0.50	-2.14
EUR/GBP	0.8958	-0.08	-0.29
GBP/USD	1.2525	-0.44	-1.82
GBP/EUR	1.1157	0.08	0.29
USD/JPY	108.32	0.43	-1.13
EUR/JPY	121.59	-0.07	-3.28

* 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	2.375	2.37	2.31	2.19	1.86	1.78
EUR	0.00	-0.39	-0.36	-0.27	-0.40	-0.28
GBP	0.75	0.72	0.76	0.88	0.77	0.82

Equity Indices				
	Latest Close	% Changes		
		on Day	End 2018 to Date	
Dow Jones	26922.12	-0.16	+15.41	
S&P 500	2990.41	-0.18	+19.29	
FTSE 100	7553.14	-0.66	+12.26	
DJ Stoxx 50	3527.98	-0.46	+17.54	
ISEQ	6338.46	-1.20	+15.67	
Nikkei	21513.09	-1.07	+7.49	

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

Monday 08 July 2019
07:19 am



Euro

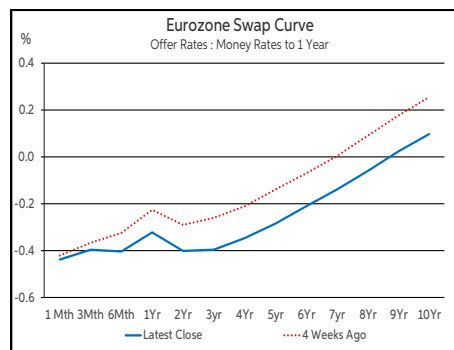
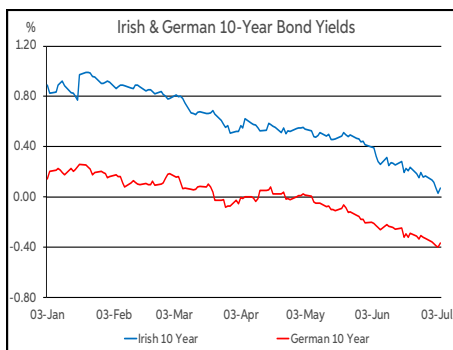
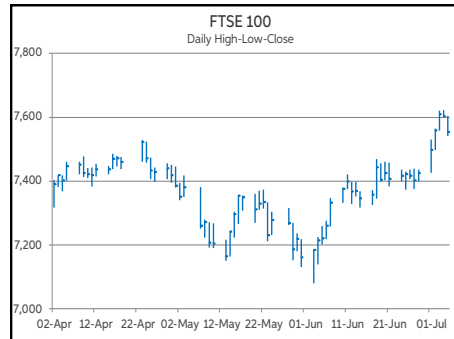
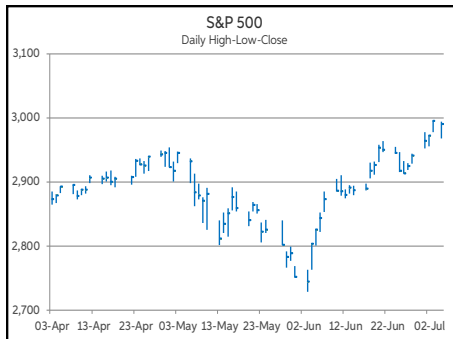
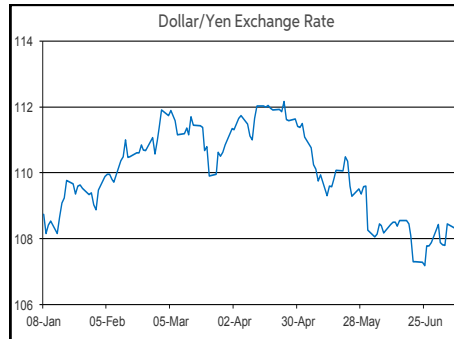
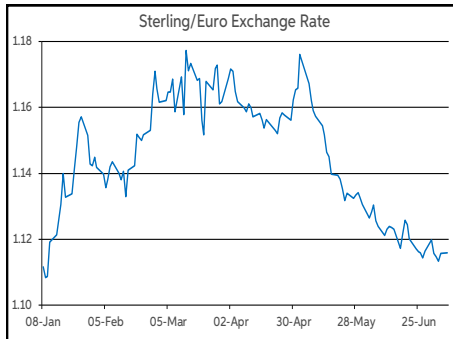
EUR/GBP	0.8958
EUR/USD	1.1224
EUR/JPY	121.59
EUR/SEK	10.5869
EUR/DKK	7.4635
EUR/NOK	9.6704
EUR/CHF	1.1114
EUR/AUD	1.6068
EUR/HKD	8.7494
EUR/CAD	1.4682

Sterling

GBP/EUR	1.1157
GBP/USD	1.2525
GBP/CAD	1.6386
GBP/NZD	1.8863
GBP/JPY	135.67
GBP/SEK	11.813
GBP/DKK	8.3276
GBP/NOK	10.7934
GBP/CHF	1.2404
GBP/AUD	1.7931

Dollar

USD/JPY	108.32
USD/CAD	1.308
USD/CHF	0.9901
USD/CNY	6.8891
USD/BRL	3.8215
USD/RUB	63.8264
USD/INR	68.695
AUD/USD	0.6984
NZD/USD	0.6638



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 18
10 Year Yield %				
US	2.04	+9	-5	-65
Germany	-0.37	+3	-11	-60
UK	0.73	+6	-8	-53
Ireland	0.07	+4	-19	N/A
Belgium	-0.02	+5	-18	-78
France	-0.09	+5	-17	-79
Italy	1.74	+7	-60	-98
Spain	0.32	+8	-22	-109
Portugal	0.42	+10	-19	-128
Greece	2.09	+7	-69	-220
5 Year Swap %				
US	1.80	+10	-8	-76
Eurozone	-0.27	+1	-13	-50
UK	0.83	+6	-4	-49
2 Year Swap %				
US	1.89	+11	-1	-75
Eurozone	-0.40	+0	-11	-26
UK	0.77	+4	-4	-40
10 Year Government Bond Spreads to Benchmark bps				
Ireland	44	+1	-8	N/A
Belgium	34	+1	-7	-18
France	28	+1	-6	-19
Italy	211	+4	-50	-37
Spain	69	+5	-12	-49
Portugal	79	+6	-8	-68
Greece	246	+4	-58	-160

Commodities				
	Close	% Change		
		Day	4 Weeks	End 18
Brent Oil	64.23	+1.47	+1.49	+19.39
West Texas Oil	57.06	+1.89	+5.76	+26.38
CRB - All Commodity	180.78	+0.17	+3.65	+6.46
CRB - Food	344.63	-1.18	-1.40	+6.29
Gold \$	1400.4	-1.11	+4.42	+9.15

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