

# Morning Comment

AIB Treasury Economic Research Unit



Tuesday 09 July 2019  
07:14 am

## Quiet start to the week

The action on currency markets over the past 24 hours has been very limited. The main pairs have been confined to narrow trading ranges as a barren macro calendar meant there has been little to provide direction.

The subdued tone sees EUR/USD remain in the lower half of the \$1.12-1.13 band, while EUR/GBP continues to change hands above the midpoint of the 89-90p range. Meantime, cable (GBP/USD) is trading down at the \$1.25 threshold.

The moves in other markets were similarly negligible. Although, US equities did trade lower. At the close on Wall Street last night, the S&P 500 was down 0.5%.

Firmer rate expectations, following Friday's robust June employment report, likely exerted a negative influence. While the market still expects 100bps worth of easing, the projected timeline for these cuts has shifted out. Furthermore, the market is no longer of the view that rates could be cut by 50bps this month. Futures contracts are now only pricing in a 25bps cut.

Turning to the day ahead, the calendar remains very subdued. Indeed, there are no potential market-moving data releases. Fed Chair Powell, though, is due to speak. However, it is unlikely that he will touch on monetary policy, given he is due to deliver his much anticipated semi-annual congressional testimony to the House's Financial Service Panel on Wednesday.

Overall then, we could be in for another quiet session. Barring any major geo-political developments, the main pairs are likely to trade within very narrow bands for a second consecutive day.

**Conor Beakey, Economist, AIB**

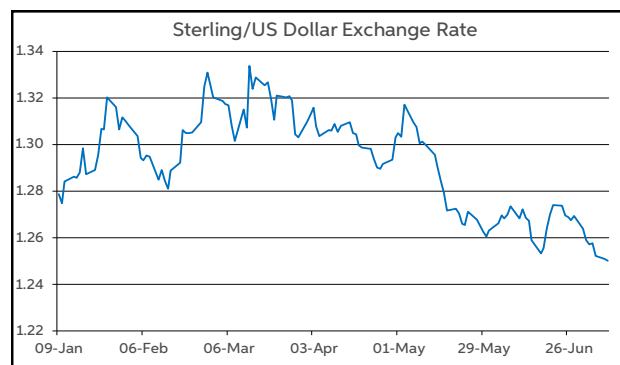
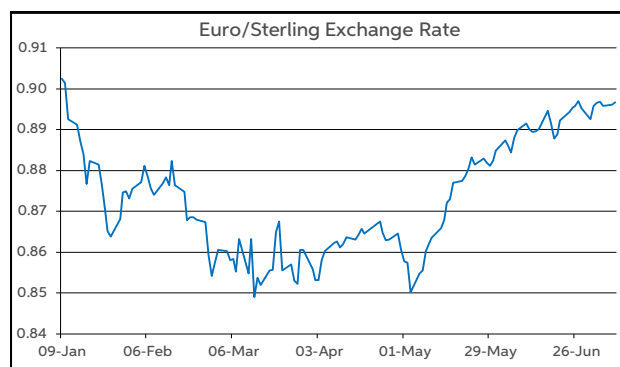
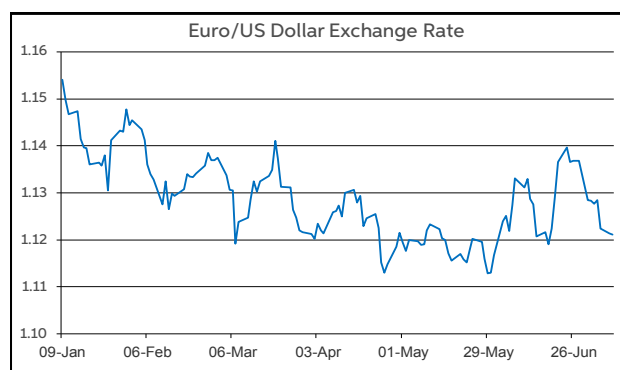
Opening Interest Rates						
	Base Rate	Short Term			Long Term	
		1-Mth	3-Mth	12-Mth	2-Yr	5-Yr
USD	2.375	2.38	2.34	2.26	1.90	1.81
EUR	0.00	-0.39	-0.36	-0.27	-0.40	-0.26
GBP	0.75	0.72	0.76	0.88	0.74	0.80

Equity Indices				
	Latest Close	% Changes		
		on Day	End 2018 to Date	
Dow Jones	26806.14	-0.43	+14.91	
S&P 500	2975.95	-0.48	+18.71	
FTSE 100	7549.27	-0.05	+12.20	
DJ Stoxx 50	3523.76	-0.12	+17.40	
ISEQ	6315.83	-0.36	+15.26	
Nikkei	21542.05	+0.04	+7.63	

Today's Opening Rates			
		% Change	
		Day *	End 2018
EUR/USD	1.1212	-0.15	-2.24
EUR/GBP	0.8968	0.08	-0.18
GBP/USD	1.2502	-0.21	-2.00
GBP/EUR	1.1147	-0.08	0.18
USD/JPY	108.75	0.40	-0.74
EUR/JPY	121.94	0.24	-3.00

\* 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

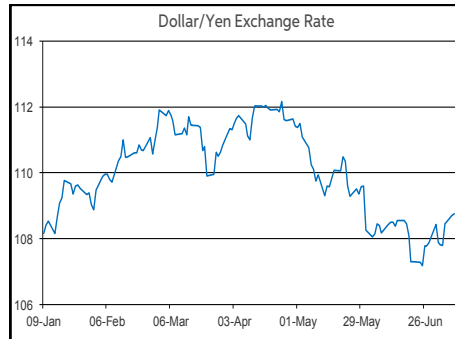
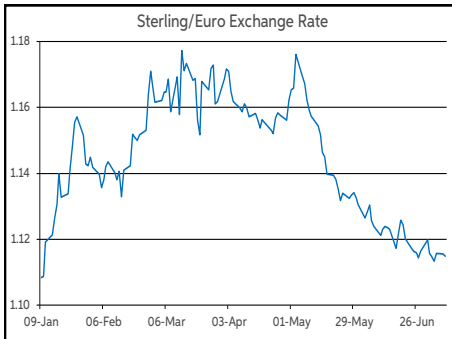
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite Lenny Hogan	Reuters Phone	AIB 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

# Opening Levels

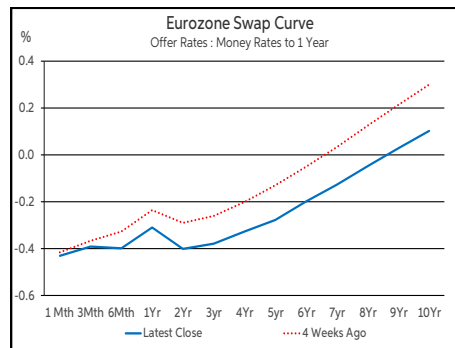
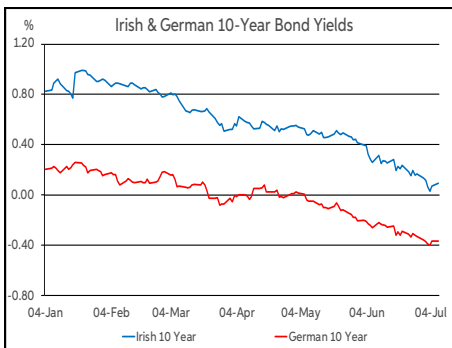
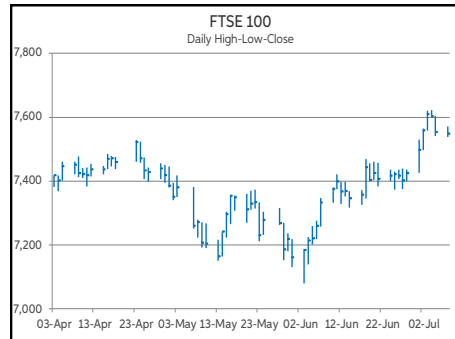
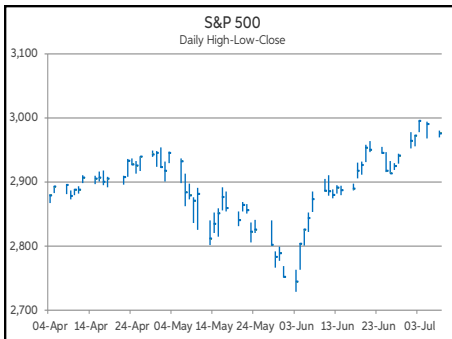
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Euro		Sterling		Dollar	
EUR/GBP	0.8968	GBP/EUR	1.1147	USD/JPY	108.76
EUR/USD	1.1212	GBP/USD	1.2502	USD/CAD	1.3103
EUR/JPY	121.93	GBP/CAD	1.6382	USD/CHF	0.9943
EUR/SEK	10.61	GBP/NZD	1.887	USD/CNY	6.8803
EUR/DKK	7.4613	GBP/JPY	135.97	USD/BRL	3.8025
EUR/NOK	9.6837	GBP/SEK	11.8262	USD/RUB	63.671
EUR/CHF	1.1149	GBP/DKK	8.3188	USD/INR	68.735
EUR/AUD	1.612	GBP/NOK	10.7978	AUD/USD	0.6955
EUR/HKD	8.7554	GBP/CHF	1.2429	NZD/USD	0.6623
EUR/CAD	1.4692	GBP/AUD	1.7973		



	Close	Change bps		
		Day	4 Weeks	End 18
<b>10 Year Yield %</b>				
US	2.05	+1	-10	-64
Germany	-0.37	-0	-15	-61
UK	0.71	-2	-13	-55
Ireland	0.10	+2	-22	N/A
Belgium	-0.01	+1	-21	-77
France	-0.07	+1	-21	-77
Italy	1.77	+3	-58	-94
Spain	0.43	+11	-17	-99
Portugal	0.47	+5	-20	-123
Greece	2.03	-6	-77	-227
<b>5 Year Swap %</b>				
US	1.80	-0	-13	-76
Eurozone	-0.28	-1	-15	-51
UK	0.78	-4	-11	-53
<b>2 Year Swap %</b>				
US	1.89	-1	-8	-75
Eurozone	-0.40	-1	-11	-26
UK	0.74	-3	-9	-43
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	46	+3	-7	N/A
Belgium	36	+1	-7	-16
France	30	+2	-6	-17
Italy	214	+4	-44	-34
Spain	80	+11	-2	-38
Portugal	84	+5	-5	-63
Greece	240	-6	-62	-166



	Close	% Change		
		Day	4 Weeks	End 18
Brent Oil	64.11	-0.19	+2.92	+19.16
West Texas Oil	57.35	+0.51	+7.54	+27.02
CRB - All Commodity	180.68	-0.05	+3.80	+6.41
CRB - Food	346.53	+1.90	-1.29	+6.88
Gold \$	1395.8	-0.32	+5.06	+8.80

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