

## Big week ahead for Central Banks

The main currency pairs were confined to relatively tight ranges last week. Of the limited action to occur, the dollar made some gains. As trading gets underway this morning, the firmer dollar, compared to a week earlier, is reflected in EUR/USD back down near the \$1.12 mark and GBP/USD trading below the \$1.26 level. Meanwhile, EUR/GBP continues to change hands in a very narrow range around the 89p threshold.

This week, monetary policy is very much front and centre of the global macro agenda. There are central bank meetings in the US, UK and Japan. The main focus from this trio will be on the Fed. The attention here will be on its updated interest rate projections. Its last guidance was for no rate hikes in 2019 and just one in 2020.

Markets though are expecting rates cuts with futures contracts suggesting three 25bps of cuts by end 2019/early 2020, starting in July. While the Fed has been espousing a more dovish tone recently, the still solid US macro backdrop may mean that any changes from the Fed may underwhelm versus market expectations. For the dollar, given the uncertainty over the Fed's upcoming guidance, this week's meeting poses some two way risk.

Elsewhere, the BoE remains in holding mode, awaiting clarity on Brexit. Although, recent comments from MPC policymakers show that it retains a tightening bias. If this is reaffirmed in the statement/minutes, it may provide some support to sterling. The ballots in the Tory leadership race will also attract attention.

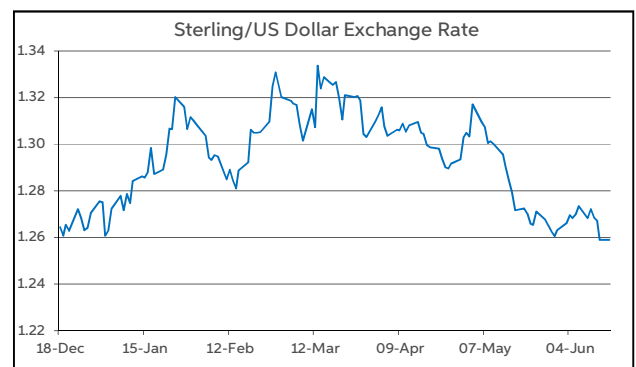
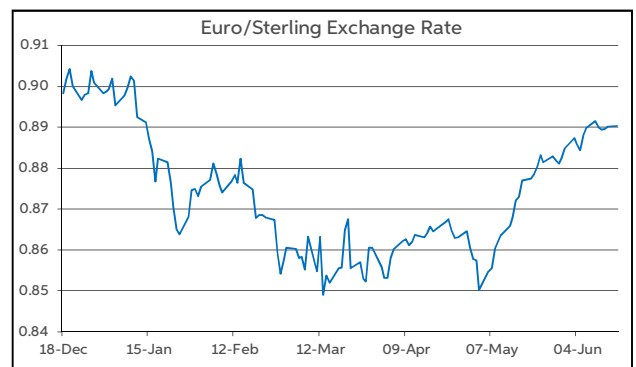
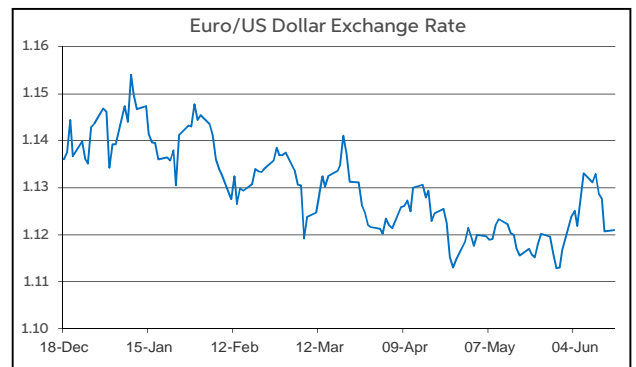
For the euro, an ECB forum in Portugal is not expected to give much new insight on policy. Meantime, data-wise this week, the highlight are flash PMIs in the US and Eurozone. However, these may take a back seat to the aforementioned central bank meetings.

**John Fahey, Senior Economist, AIB**

Today's Opening Rates			
		% Change	
		Day *	End 2018
EUR/USD	1.1212	-0.52	-2.24
EUR/GBP	0.8903	0.12	-0.90
GBP/USD	1.2589	-0.65	-1.32
GBP/EUR	1.1227	-0.12	0.91
USD/JPY	108.54	0.18	-0.93
EUR/JPY	121.72	-0.33	-3.17

\* 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	2.38	2.40	2.25	1.87	1.84
EUR	0.00	-0.38	-0.32	-0.17	-0.32	-0.16
GBP	0.75	0.73	0.79	0.98	0.87	0.92

Equity Indices				
	Latest Close	% Changes		
		on Day	End 2018 to Date	
Dow Jones	26089.61	-0.07	+11.84	
S&P 500	2886.98	-0.16	+15.16	
FTSE 100	7345.78	-0.31	+9.18	
DJ Stoxx 50	3379.19	-0.33	+12.59	
ISEQ	6154.53	-0.62	+12.31	
Nikkei	21124	+0.03	+5.54	

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 17 June 2019  
07:22 am



## Euro

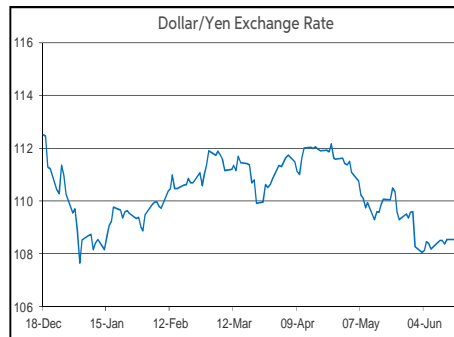
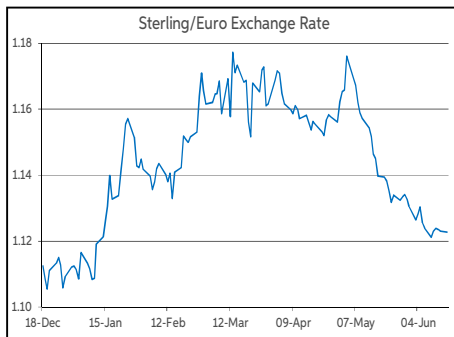
EUR/GBP	0.8903
EUR/USD	1.1212
EUR/JPY	121.72
EUR/SEK	10.6402
EUR/DKK	7.4673
EUR/NOK	9.7677
EUR/CHF	1.1206
EUR/AUD	1.6306
EUR/HKD	8.7751
EUR/CAD	1.5034

## Sterling

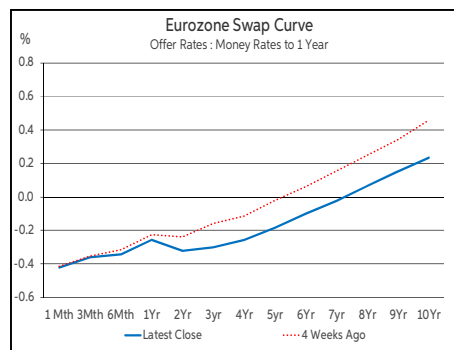
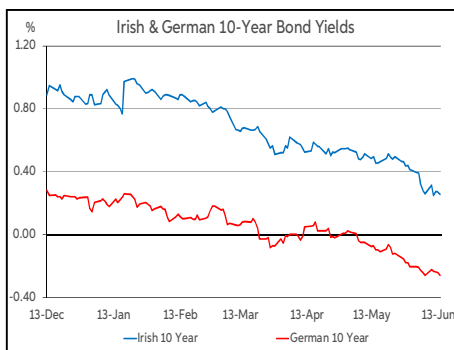
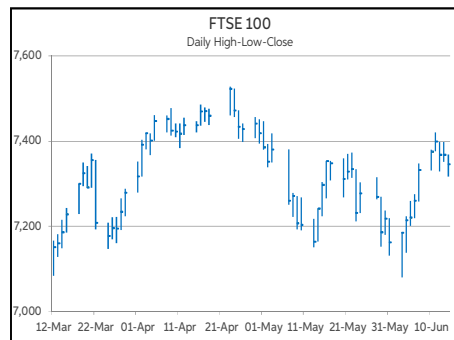
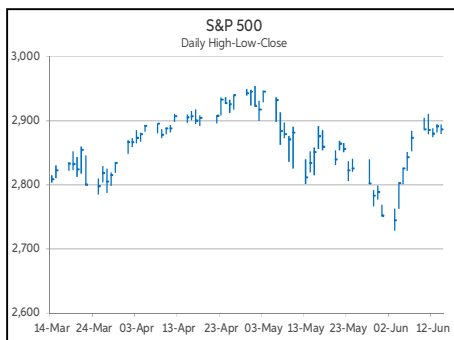
GBP/EUR	1.1227
GBP/USD	1.2589
GBP/CAD	1.6879
GBP/NZD	1.9333
GBP/JPY	136.64
GBP/SEK	11.9426
GBP/DKK	8.3836
GBP/NOK	10.9651
GBP/CHF	1.258
GBP/AUD	1.8308

## Dollar

USD/JPY	108.54
USD/CAD	1.3408
USD/CHF	0.9991
USD/CNY	6.9239
USD/BRL	3.8964
USD/RUB	64.3375
USD/INR	69.815
AUD/USD	0.6873
NZD/USD	0.6509



	Close	Change bps		
		Day	4 Weeks	End 18
<b>10 Year Yield %</b>				
US	2.08	-1	-31	-60
Germany	-0.26	-2	-15	-50
UK	0.84	+1	-19	-42
<b>5 Year Swap %</b>				
US	1.79	-3	-40	-77
Eurozone	-0.18	-3	-16	-41
UK	0.91	-1	-17	-41
<b>2 Year Swap %</b>				
US	1.83	-2	-43	-81
Eurozone	-0.32	-1	-8	-18
UK	0.86	-1	-10	-30
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	51	+0	-5	N/A
Belgium	41	-1	-7	-11
France	35	-0	-4	-12
Italy	258	-2	-19	+11
Spain	75	-3	-22	-43
Portugal	85	-3	-29	-62
Greece	294	+3	-57	-113



	Close	% Change		
		Day	4 Weeks	End 18
Brent Oil	62.01	+1.14	-14.13	+15.26
West Texas Oil	52.47	+0.17	-16.41	+16.21
CRB - All Commodity	174.81	+0.22	-3.41	+2.95
CRB - Food	355.45	+5.91	+3.43	+9.63
Gold \$	1341.8	-0.07	+5.00	+4.59

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