

Morning Comment

AIB Treasury Economic Research Unit



Tuesday 18 June 2019
07:21 am

Markets in wait-and-see mode

There was a subdued start to the week on financial markets yesterday. Markets appeared to be in a holding pattern. This was not too surprising given the key central bank events (Fed, BoE, BoJ) occurring later in the week. At the close last night on Wall Street, the benchmark S&P 500 index was flat on the day.

Meanwhile, on the currency front, most of the main FX pairs have been confined to relatively narrow ranges. However, sterling has found itself on the defensive amid the more uncertain domestic political backdrop and on-going Brexit impasse.

Data-wise, there was little on the diary to interest or influence currency markets yesterday. The two US releases (Empire and homebuilder sentiment for June) both disappointed to the downside of expectations. However, the dollar was not impacted by the newsflow from these lower tier data.

As trading gets underway this morning, the softer tone to sterling is reflected in the currency losing some ground to the euro and the dollar. In level terms, EUR/GBP has moved higher to trade in the upper half of the 89-90p band. At the same time, cable (GBP/USD) has edged down below the midpoint of \$1.25-1.26. Elsewhere, EUR/USD continues to trade in the lower half of \$1.12-1.13.

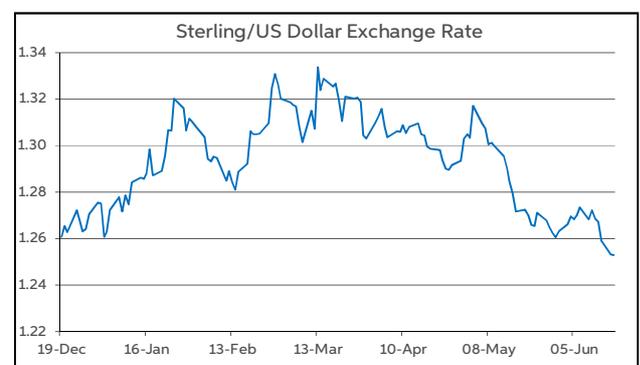
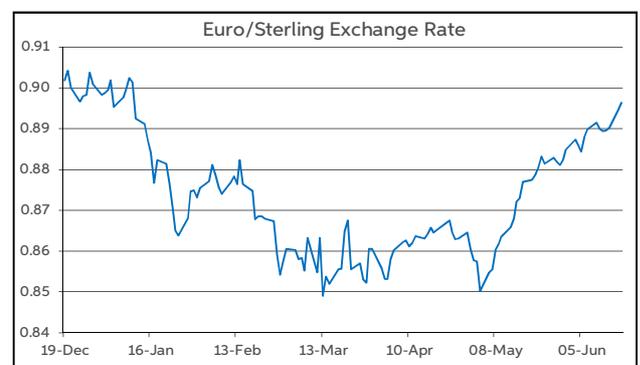
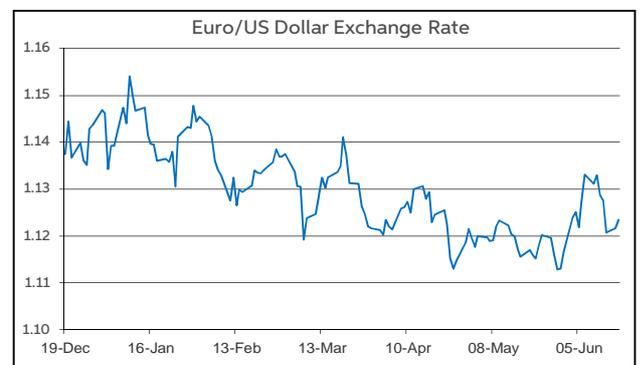
Looking ahead to today, it is another relatively uninspiring macro data schedule. There are no data out in the UK. In the Eurozone, the German ZEW for June is the only highlight. Meantime, housing starts for May is the main US release due today. The second ballot in the Conservative Party leadership contest may provide some headline risk for sterling. Overall though, with the aforementioned central bank meetings/outcomes looming on the horizon, the main pairs could largely range trade near current levels.

John Fahey, Senior Economist, AIB

Today's Opening Rates			
		% Change	
		Day *	End 2018
EUR/USD	1.1233	0.16	-2.06
EUR/GBP	0.8965	0.69	-0.21
GBP/USD	1.2529	-0.50	-1.79
GBP/EUR	1.1153	-0.68	0.21
USD/JPY	108.28	-0.29	-1.17
EUR/JPY	121.63	-0.16	-3.25

* 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	2.39	2.42	2.29	1.87	1.83
EUR	0.00	-0.38	-0.32	-0.17	-0.31	-0.16
GBP	0.75	0.73	0.79	0.99	0.87	0.91

Equity Indices				
	Latest Close	% Changes		
		on Day	End 2018 to Date	
Dow Jones	26112.53	+0.09	+11.94	
S&P 500	2889.67	+0.09	+15.27	
FTSE 100	7357.31	+0.16	+9.35	
DJ Stoxx 50	3383.21	+0.12	+12.72	
ISEQ	6120.59	-0.55	+11.69	
Nikkei	20972.71	-0.72	+4.79	

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

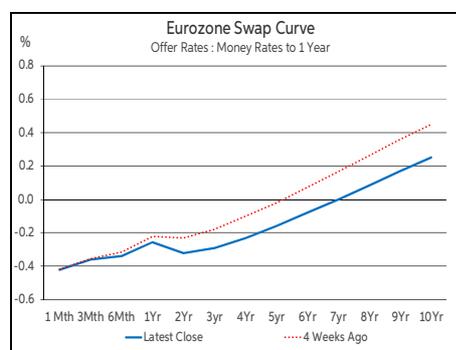
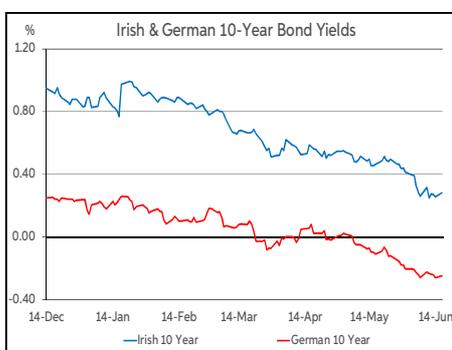
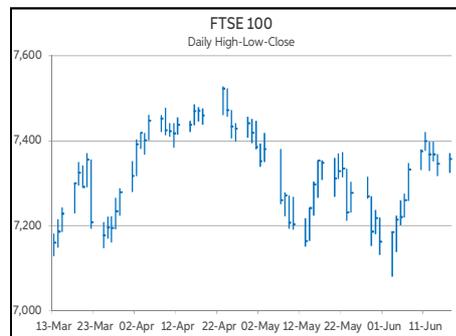
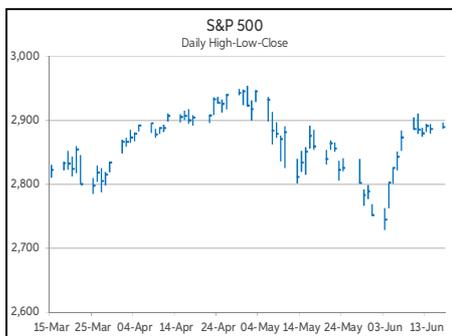
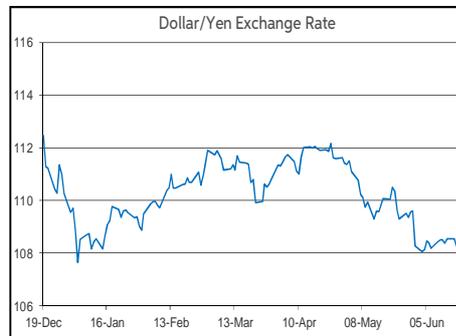
EUR/GBP	0.8965
EUR/USD	1.1233
EUR/JPY	121.63
EUR/SEK	10.6445
EUR/DKK	7.467
EUR/NOK	9.8022
EUR/CHF	1.1206
EUR/AUD	1.6425
EUR/HKD	8.7989
EUR/CAD	1.5061

Sterling

GBP/EUR	1.1153
GBP/USD	1.2529
GBP/CAD	1.6797
GBP/NZD	1.9288
GBP/JPY	135.66
GBP/SEK	11.8662
GBP/DKK	8.3278
GBP/NOK	10.9273
GBP/CHF	1.2501
GBP/AUD	1.8323

Dollar

USD/JPY	108.28
USD/CAD	1.3405
USD/CHF	0.9975
USD/CNY	6.9254
USD/BRL	3.8883
USD/RUB	64.258
USD/INR	69.825
AUD/USD	0.6837
NZD/USD	0.6494



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 18
10 Year Yield %				
US	2.09	+1	-33	-59
Germany	-0.25	+1	-16	-48
UK	0.85	+0	-21	-42
Ireland	0.28	+3	-20	N/A
Belgium	0.17	+2	-23	-59
France	0.11	+2	-20	-60
Italy	2.29	-4	-40	-43
Spain	0.52	+3	-35	-89
Portugal	0.62	+3	-42	-108
Greece	2.68	-0	-70	-162
5 Year Swap %				
US	1.83	+3	-37	-73
Eurozone	-0.16	+0	-14	-39
UK	0.90	-2	-20	-41
2 Year Swap %				
US	1.88	+3	-39	-76
Eurozone	-0.32	-1	-9	-18
UK	0.86	-1	-12	-30
10 Year Government Bond Spreads to Benchmark bps				
Ireland	53	+2	-5	N/A
Belgium	42	+1	-8	-10
France	35	+1	-5	-11
Italy	253	-5	-25	+6
Spain	77	+2	-20	-41
Portugal	87	+2	-27	-60
Greece	292	-1	-55	-114

Commodities				
	Close	% Change		
		Day	4 Weeks	End 18
Brent Oil	60.94	-1.73	-15.33	+13.27
West Texas Oil	51.94	-1.01	-17.71	+15.04
CRB - All Commodity	174.42	-0.22	-4.01	+2.72
CRB - Food	356.68	+1.23	+4.48	+10.01
Gold \$	1339.8	-0.15	+4.83	+4.43

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