

ECB hints policy may be eased soon

The action on currency markets yesterday saw the euro come under some downward pressure. This followed dovish remarks from ECB president Mario Draghi. He stated that "in the coming weeks" the ECB will decide if additional stimulus is required.

In level terms, the softer post-Draghi tone to the euro was reflected in EUR/USD falling below the \$1.12 threshold and EUR/GBP edging back down towards the 89p mark. Meanwhile, the yield on German ten year bunds fell to new record lows at -0.32%. Elsewhere on the currency front, GBP/USD has spent the last 24 hours in a tight range near to the midpoint of the \$1.25-1.26 trading band.

Ahead today, monetary policy remains very much front and centre of the market discourse. The focus is on the conclusion this evening (after European close) of the two-day US Federal Reserve policy setting meeting for June.

The Fed are not expected to announce any changes to interest rates. The main point of interest will be in its updated rate guidance. Its last guidance back in March was for no rate changes in 2019 and a hike in 2020. However, markets are expecting rate cuts. Futures contracts are pricing in three 25bps of rate cuts by early 2020, starting this July.

The Fed has been sounding more dovish recently. However, given the still solid macro backdrop of the US economy, any changes from the Fed today in terms of its updated guidance may undershoot versus market expectations. From a dollar perspective, given the high degree of uncertainty over the new interest rate projections, there is some two way risk for the currency this evening.

John Fahey, Senior Economist, AIB

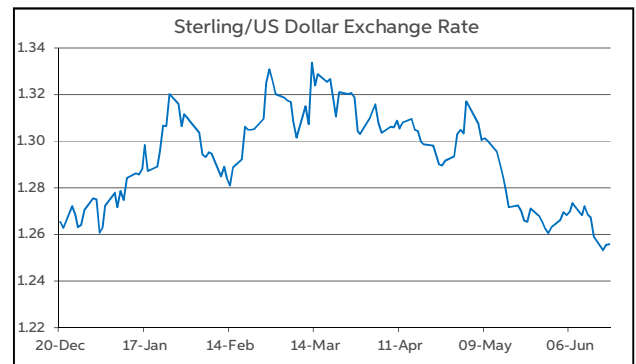
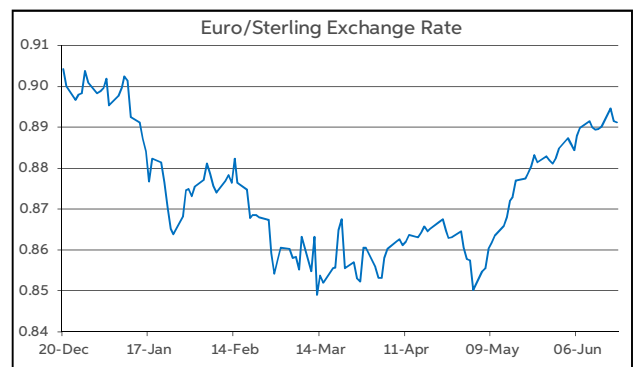
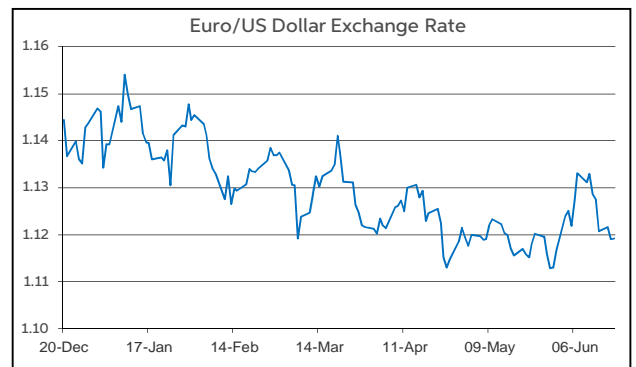
Opening Interest Rates						
	Base Rate	Short Term			Long Term	
		1-Mth	3-Mth	12-Mth	2-Yr	5-Yr
USD	2.375	2.38	2.39	2.26	1.89	1.84
EUR	0.00	-0.39	-0.32	-0.18	-0.36	-0.21
GBP	0.75	0.72	0.78	0.97	0.84	0.87

Equity Indices				
	Latest Close	% Changes		
		on Day	End 2018 to Date	
Dow Jones	26465.54	+1.35	+13.45	
S&P 500	2917.75	+0.97	+16.39	
FTSE 100	7443.04	+1.17	+10.63	
DJ Stoxx 50	3452.89	+2.06	+15.04	
ISEQ	6162.41	+0.68	+12.46	
Nikkei	21333.87	+1.72	+6.59	

Today's Opening Rates			
		% Change	
		Day *	End 2018
EUR/USD	1.1192	-0.35	-2.42
EUR/GBP	0.8912	-0.55	-0.80
GBP/USD	1.2559	0.19	-1.55
GBP/EUR	1.1217	0.55	0.81
USD/JPY	108.28	-0.05	-1.17
EUR/JPY	121.2	-0.40	-3.59

* 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

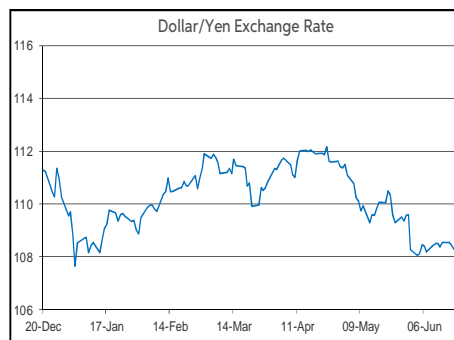
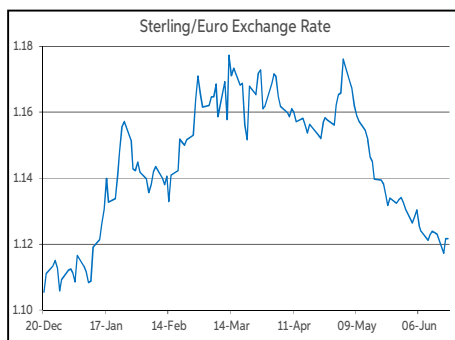
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite Lenny Hogan	Reuters Phone	AIB 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Opening Levels

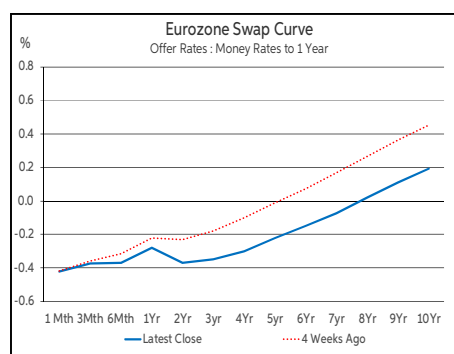
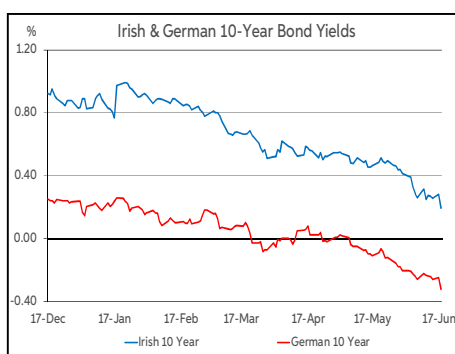
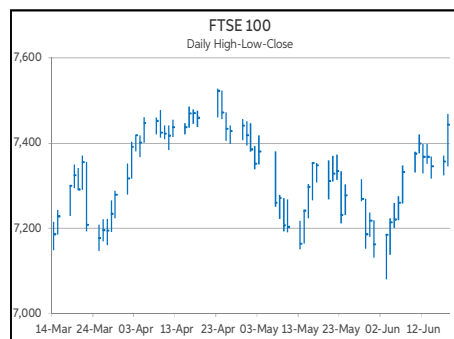
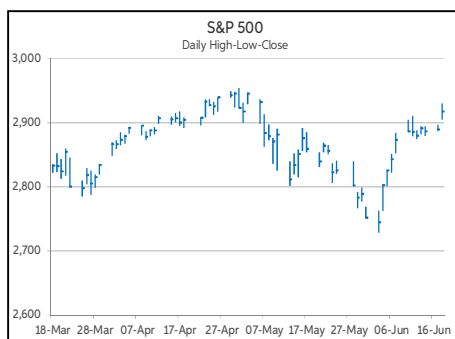
Wednesday 19 June 2019
07:27 am



Euro		Sterling		Dollar	
EUR/GBP	0.8912	GBP/EUR	1.1217	USD/JPY	108.28
EUR/USD	1.1192	GBP/USD	1.2559	USD/CAD	1.3373
EUR/JPY	121.2	GBP/CAD	1.6795	USD/CHF	1.0001
EUR/SEK	10.683	GBP/NZD	1.9226	USD/CNY	6.9025
EUR/DKK	7.4673	GBP/JPY	135.99	USD/BRL	3.861
EUR/NOK	9.7913	GBP/SEK	11.9808	USD/RUB	64.0745
EUR/CHF	1.1195	GBP/DKK	8.3782	USD/INR	69.66
EUR/AUD	1.6273	GBP/NOK	10.98	AUD/USD	0.6878
EUR/HKD	8.7587	GBP/CHF	1.256	NZD/USD	0.6529
EUR/CAD	1.4969	GBP/AUD	1.8253		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 18
10 Year Yield %				
US	2.06	-3	-37	-63
Germany	-0.32	-8	-26	-56
UK	0.80	-4	-28	-46
Ireland	0.19	-9	-32	N/A
Belgium	0.08	-9	-34	-68
France	0.00	-10	-32	-70
Italy	2.10	-19	-54	-62
Spain	0.38	-14	-48	-103
Portugal	0.52	-10	-50	-119
Greece	2.48	-20	-87	-182
5 Year Swap %				
US	1.80	-4	-42	-76
Eurozone	-0.22	-7	-21	-45
UK	0.86	-6	-26	-45
2 Year Swap %				
US	1.87	-2	-44	-77
Eurozone	-0.37	-6	-14	-23
UK	0.83	-4	-15	-33
10 Year Government Bond Spreads to Benchmark bps				
Ireland	52	-1	-6	N/A
Belgium	40	-1	-8	-12
France	33	-3	-6	-14
Italy	242	-11	-28	-6
Spain	71	-6	-23	-47
Portugal	84	-3	-24	-63
Greece	280	-13	-61	-126



Commodities				
	Close	% Change		
		Day	4 Weeks	End 18
Brent Oil	62.14	+1.97	-13.91	+15.50
West Texas Oil	53.86	+3.70	-14.54	+19.29
CRB - All Commodity	176.10	+0.96	-3.23	+3.71
CRB - Food	355.34	-1.34	+2.79	+9.60
Gold \$	1346.9	+0.53	+5.62	+4.99

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