

## Sentiment remains cautious

The cautious tone that started to re-emerge on Wednesday carried over into yesterday's trading. This was evident in some of the main equity markets registering modest losses on the day. There was no specific factor behind the more subdued mood.

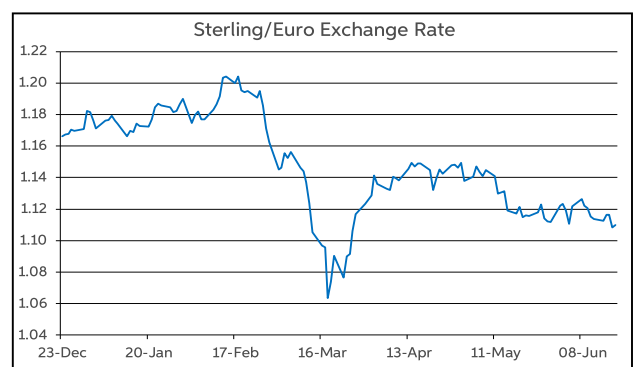
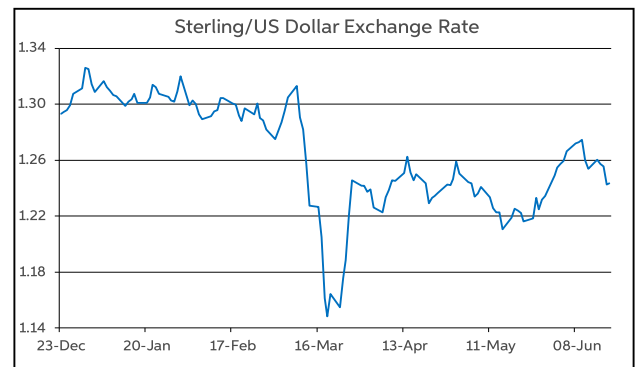
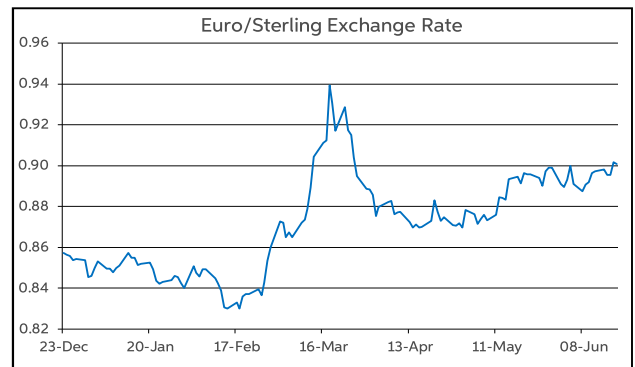
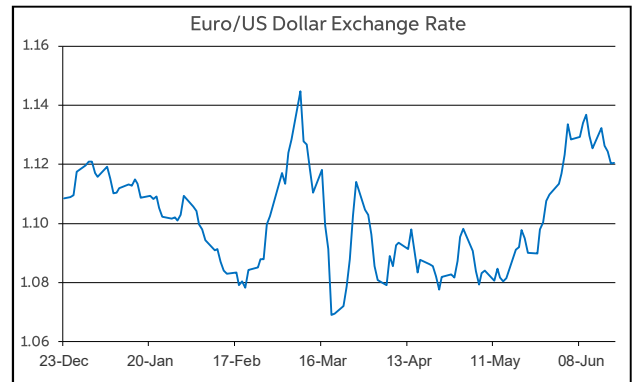
In terms of yesterday's main macro event, the BoE meeting for June concluded in line with expectations. There was no changes to interest rates, while QE purchases were increased by £100bn. The tone of the statement/minutes was somewhat more upbeat compared to May, acknowledging data showing some recovery in activity. Overall though, the BoE remains cautious on the outlook and is willing to do more if needed to support the economy.

Data-wise, the diary yesterday was generally quiet on both sides of the Atlantic. The main release of note, US initial weekly jobless claims, fell again, although, not by near as much as expected.

On the currency front, despite the BoE meeting going along expected lines sterling has found itself on the defensive over the past 24 hours. This is reflected in EUR/GBP moving back up to the 90p threshold and GBP/USD being unable to hold above \$1.25 and instead is changing hands closer to \$1.24. Meanwhile, EUR/USD has been edging slightly lower since yesterday's open. The pair starts the European session down near to the \$1.12 level.

Today, we have already got the main data highlight with UK retail sales for May showing a strong rebound in spending. They registered a 12% monthly growth rate (f'cast was for +5.7%) following a 18% fall in April. Elsewhere, EU Leaders meet today to discuss the Recovery Fund plans. Overall though, the main FX pairs may trade in narrow ranges heading into the weekend.

**John Fahey, Senior Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2019
EUR/USD	1.1208	-0.42	-0.02
EUR/GBP	0.9009	0.48	6.56
GBP/USD	1.2436	-0.92	-6.21
GBP/EUR	1.1093	-0.48	-6.16
USD/JPY	106.93	0.10	-1.55
EUR/JPY	119.83	-0.33	-1.64

\* v Previous Day's European Open

See Next Page for More Rates

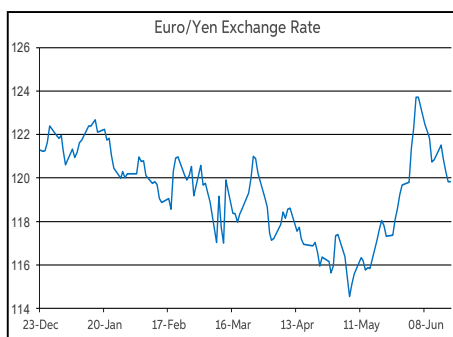
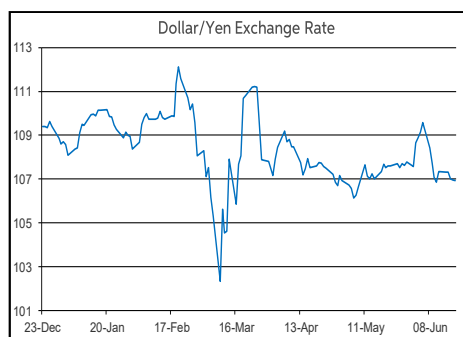
Opening Interest Rates						
	Base Rate	Money Market		Swap Rates		
		1-Mth	3-Mth	1-Yr	2-Yr	5-Yr
USD	0.125	0.19	0.31	0.28	0.27	0.39
EUR	0.00	-0.49	-0.40	-0.30	-0.33	-0.31
GBP	0.10	0.09	0.16	0.24	0.22	0.28

All rates quoted are indicative market rates

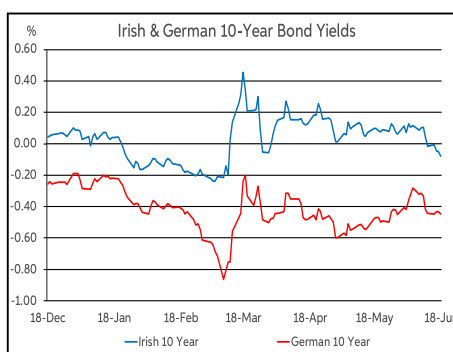
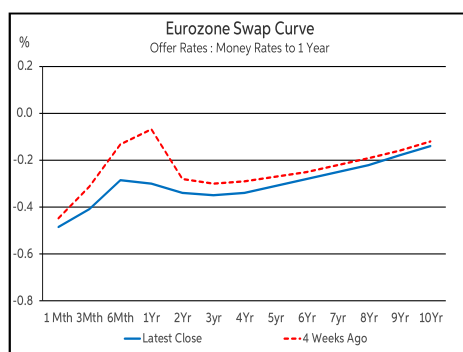
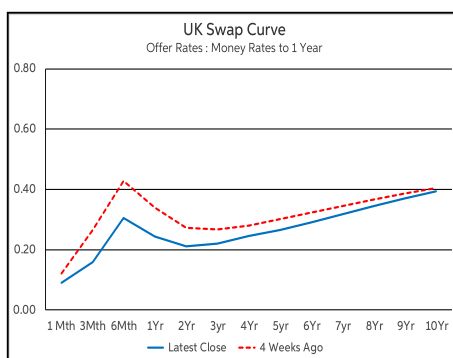
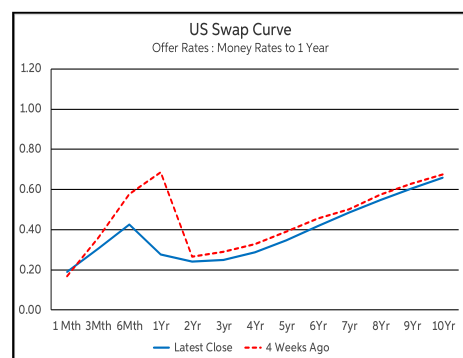
See Next Page For More Rates & Charts

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

Euro		Sterling		Dollar	
EUR/GBP	0.9009	GBP/EUR	1.1093	USD/JPY	106.93
EUR/USD	1.1208	GBP/USD	1.2436	USD/CAD	1.3586
EUR/JPY	119.83	GBP/CAD	1.6901	USD/CHF	0.9505
EUR/SEK	10.5609	GBP/NZD	1.9388	USD/CNY	7.0837
EUR/DKK	7.4558	GBP/JPY	132.98	USD/BRL	5.3777
EUR/NOK	10.6589	GBP/SEK	11.7198	USD/RUB	69.5603
EUR/CHF	1.0654	GBP/DKK	8.272	USD/INR	76.208
EUR/AUD	1.634	GBP/NOK	11.8208	AUD/USD	0.6858
EUR/HKD	8.6857	GBP/CHF	1.1822	NZD/USD	0.6413
EUR/CAD	1.5229	GBP/AUD	1.8132		



	Close	Change bps		
		Day	4 Weeks	End 19
<b>10 Year Yield %</b>				
US	0.71	-3	+3	-121
Germany	-0.44	-2	+5	-26
UK	0.23	+4	+5	-60
Ireland	-0.04	-3	-14	-16
Belgium	-0.07	-2	-9	-17
France	-0.08	-3	-2	-20
Italy	1.34	-3	-29	-8
Spain	0.53	-4	-18	+6
Portugal	0.51	-5	-26	+6
Greece	1.32	+15	-43	-13
<b>5 Year Swap %</b>				
US	0.35	-2	-0	-136
Eurozone	-0.31	-1	-3	-19
UK	0.26	-0	-2	-61
<b>2 Year Swap %</b>				
US	0.24	-2	+0	-142
Eurozone	-0.34	-1	-5	-4
UK	0.21	-1	-5	-58
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	41	-1	-19	+10
Belgium	37	-1	-14	+8
France	37	-1	-8	+6
Italy	179	-2	-34	+17
Spain	97	-2	-24	+31
Portugal	95	-4	-31	+32
Greece	177	+17	-49	+12



	% Change			
	Close	Day	4 Weeks	End 19
Brent Oil	41.51	+1.97	+15.11	-37.11
West Texas Oil	38.79	+2.32	+13.09	-36.56
Gold \$	1722.6	-0.21	-0.15	+13.55

This publication is for information purposes and is not an invitation to deal. The information is believed to be reliable but is not guaranteed. Any expressions of opinions are subject to change without notice. This publication is not to be reproduced in whole or in part without prior permission. In the Republic of Ireland it is distributed by Allied Irish Banks, p.l.c. In the UK it is distributed by Allied Irish Banks, p.l.c. and Allied Irish Bank (GB). In Northern Ireland it is distributed by First Trust Bank. In the United States of America it is distributed by Allied Irish Banks, p.l.c. Allied Irish Banks, p.l.c. is regulated by the Central Bank of Ireland. Allied Irish Bank (GB) and First Trust Bank are trade marks used under licence by AIB Group (UK) p.l.c. (a wholly owned subsidiary of Allied Irish Banks, p.l.c.), incorporated in Northern Ireland. Registered Office 92 Ann Street, Belfast BT1 3HH. Registered Number NI018800. Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. In the United States of America, Allied Irish Banks, p.l.c., New York Branch, is a branch licensed by the New York State Department of Financial Services. Deposits and other investment products are not FDIC insured, they are not guaranteed by any bank and they may lose value. Please note that telephone calls may be recorded in line with market practice.