

## Dollar weaker post-Fed

The Fed policy setting meeting for June concluded last night with the central bank turning more dovish. In the meeting statement it removed the phrase for being “patient” in regard to rate changes and instead stated that it will “act as appropriate to sustain the economic expansion”.

In its updated interest rate projections, while the median projection is for no rate changes this year, the so-called ‘dots’ do show a dovish shift, with around half of the FOMC expecting a rate cut by year end. Fed Chair Powell noted in the press conference that even those FOMC members who expected no rate changes this year, agreed that the case for policy easing had strengthened in recent weeks. Overall then, the Fed is keeping its options open regarding rate cuts and will pay close attention to the incoming data and evolving risks (incl. trade tensions) in its deliberations.

The market continues to believe that the Fed will cut rates, with a 25bps cut priced in for July and another in September. On currency markets, the dollar has weakened following the dovish Fed meeting. This is reflected in EUR/USD in the upper half of \$1.12-1.13 and GBP/USD up at \$1.27. Elsewhere on the currency front, EUR/GBP has edged lower, with the pair back below the 89p mark.

Ahead today, markets will continue to digest last night’s Fed meeting. Meanwhile, there is some event risk for sterling with the BoE meeting. The central bank remains on hold, awaiting for clarity on Brexit. However, recent comments from some MPC policymakers suggest that it retains a tightening bias. So today’s meeting statement/minutes will be assessed for further insight into the BoE’s mindset regarding the outlook for interest rates. The concluding MPs ballots in the Conservative Party leadership contest may also attract some attention from sterling watchers.

**John Fahey, Senior Economist, AIB**

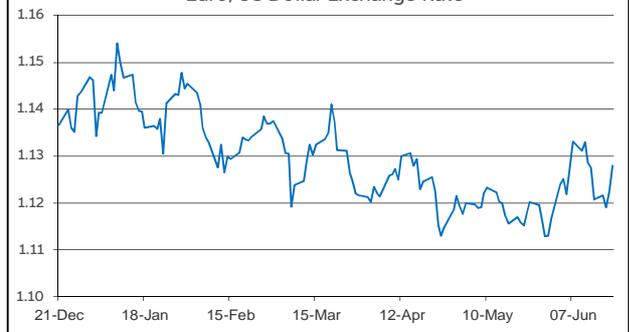
### Today's Opening Rates

|         |        | % Change |          |
|---------|--------|----------|----------|
|         |        | Day *    | End 2018 |
| EUR/USD | 1.1282 | 0.85     | -1.63    |
| EUR/GBP | 0.8878 | -0.34    | -1.18    |
| GBP/USD | 1.2705 | 1.19     | -0.41    |
| GBP/EUR | 1.1258 | 0.34     | 1.19     |
| USD/JPY | 107.47 | -0.80    | -1.91    |
| EUR/JPY | 121.26 | 0.03     | -3.54    |

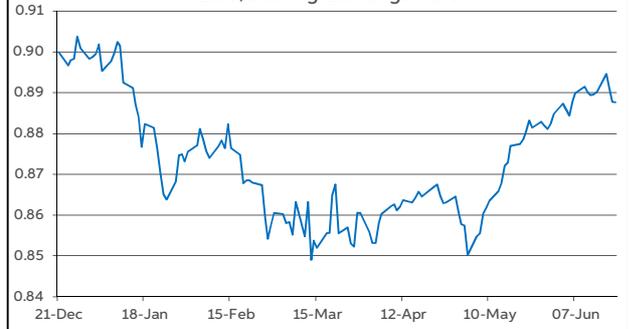
\* v Previous Day's European Open

See Next Page for More Rates ▶▶▶

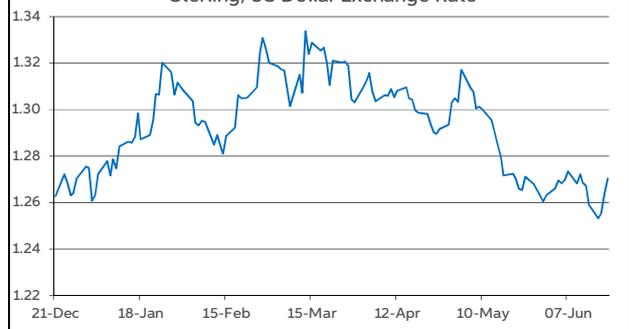
Euro/US Dollar Exchange Rate



Euro/Sterling Exchange Rate



Sterling/US Dollar Exchange Rate



| 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  | 2.30   | 1.75      | 1.69  |
| EUR                    | 0.00      | -0.39      | -0.32 | -0.18  | -0.36     | -0.21 |
| GBP                    | 0.75      | 0.72       | 0.78  | 0.99   | 0.88      | 0.92  |

| Equity Indices |              |           |                  |  |
|----------------|--------------|-----------|------------------|--|
|                | Latest Close | % Changes |                  |  |
|                |              | on Day    | End 2018 to Date |  |
| Dow Jones      | 26504        | +0.15     | +13.62           |  |
| S&P 500        | 2926.46      | +0.30     | +16.74           |  |
| FTSE 100       | 7403.54      | -0.53     | +10.04           |  |
| DJ Stoxx 50    | 3454.7       | +0.05     | +15.10           |  |
| ISEQ           | 6164.59      | +0.04     | +12.50           |  |
| Nikkei         | 21460.95     | +0.60     | +7.23            |  |

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

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

# Opening Levels

Thursday 20 June 2019  
07:13 am



## Euro

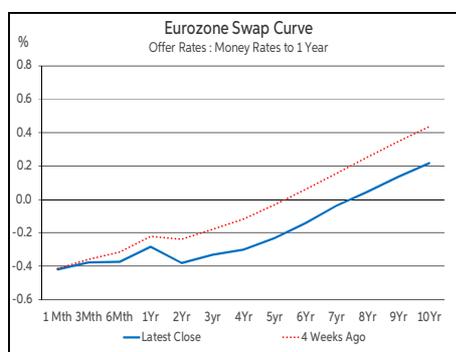
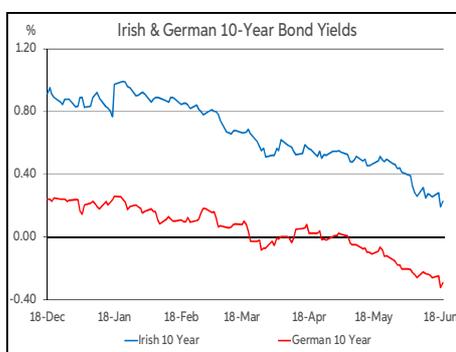
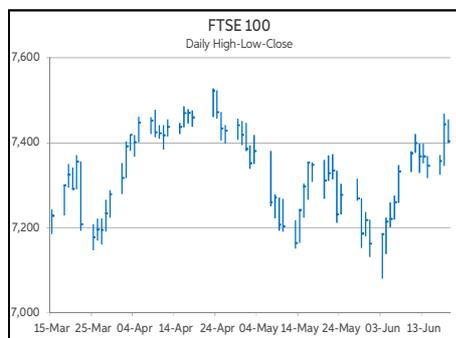
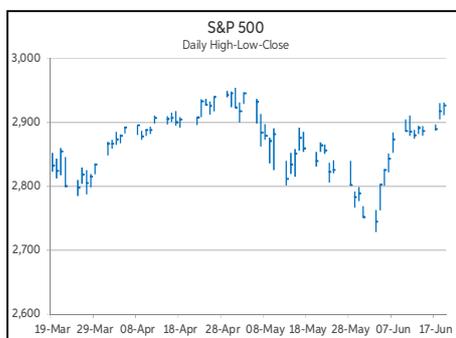
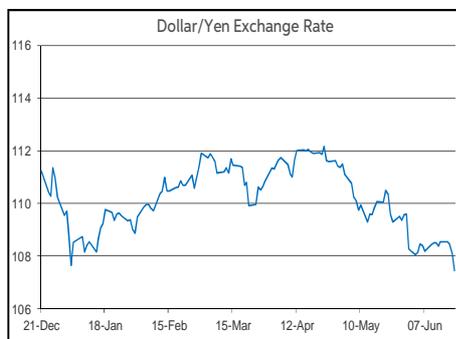
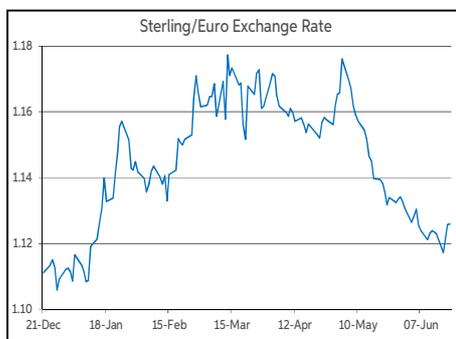
|         |        |
|---------|--------|
| EUR/GBP | 0.8877 |
| EUR/USD | 1.128  |
| EUR/JPY | 121.25 |
| EUR/SEK | 10.638 |
| EUR/DKK | 7.4664 |
| EUR/NOK | 9.7477 |
| EUR/CHF | 1.1149 |
| EUR/AUD | 1.6336 |
| EUR/HKD | 8.8152 |
| EUR/CAD | 1.4924 |

## Sterling

|         |         |
|---------|---------|
| GBP/EUR | 1.126   |
| GBP/USD | 1.2706  |
| GBP/CAD | 1.681   |
| GBP/NZD | 1.9306  |
| GBP/JPY | 136.56  |
| GBP/SEK | 11.9812 |
| GBP/DKK | 8.4071  |
| GBP/NOK | 10.9749 |
| GBP/CHF | 1.2558  |
| GBP/AUD | 1.8397  |

## Dollar

|         |        |
|---------|--------|
| USD/JPY | 107.48 |
| USD/CAD | 1.323  |
| USD/CHF | 0.9882 |
| USD/CNY | 6.8627 |
| USD/BRL | 3.8386 |
| USD/RUB | 63.615 |
| USD/INR | 69.57  |
| AUD/USD | 0.6905 |
| NZD/USD | 0.6579 |



| Debt Markets  |       |            |         |        |
|---|-------|------------|---------|--------|
|   | Close | Change bps |         |        |
|   |       | Day        | 4 Weeks | End 18 |
| <b>10 Year Yield %</b>                                  |       |            |         |        |
| US  | 2.03  | -3         | -35     | -66    |
| Germany   | -0.29 | +3         | -21     | -53    |
| UK  | 0.86  | +6         | -16     | -40    |
| Ireland   | 0.23  | +3         | -27     | N/A    |
| Belgium   | 0.12  | +4         | -28     | -64    |
| France  | 0.04  | +4         | -26     | -66    |
| Italy   | 2.11  | +1         | -52     | -61    |
| Spain   | 0.40  | +2         | -46     | -101   |
| Portugal  | 0.55  | +3         | -47     | -116   |
| Greece  | 2.44  | -3         | -93     | -186   |
| <b>5 Year Swap %</b>                                    |       |            |         |        |
| US  | 1.72  | -9         | -46     | -84    |
| Eurozone  | -0.23 | -2         | -20     | -46    |
| UK  | 0.91  | +3         | -15     | -41    |
| <b>2 Year Swap %</b>                                    |       |            |         |        |
| US  | 1.73  | -15        | -53     | -91    |
| Eurozone  | -0.38 | -2         | -14     | -24    |
| UK  | 0.87  | +3         | -8      | -29    |
| <b>10 Year Government Bond Spreads to Benchmark bps</b> |       |            |         |        |
| Ireland   | 52    | -0         | -6      | N/A    |
| Belgium   | 41    | +1         | -7      | -11    |
| France  | 34    | +1         | -5      | -13    |
| Italy   | 240   | -3         | -32     | -8     |
| Spain   | 69    | -2         | -25     | -49    |
| Portugal  | 84    | -1         | -27     | -63    |
| Greece  | 273   | -7         | -72     | -133   |

| Commodities         |        |          |         |        |
|---------------------|--------|----------|---------|--------|
|                     | Close  | % Change |         |        |
|                     |        | Day      | 4 Weeks | End 18 |
| Brent Oil           | 61.82  | -0.51    | -12.92  | +14.91 |
| West Texas Oil      | 53.74  | -0.22    | -12.50  | +19.03 |
| CRB - All Commodity | 175.43 | -0.38    | -2.29   | +3.32  |
| CRB - Food          | 354.9  | -0.44    | +2.32   | +9.46  |
| Gold \$             | 1360.7 | +1.02    | +6.81   | +6.06  |

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