

Sentiment boosted by dovish central banks

Monetary policy newsflow continued to provide the main focus of attention for markets yesterday. On top of continuing to contemplate the implications of the overnight (Wednesday) dovish shift in tone from the Fed, the market had also the BoE June meeting to digest yesterday.

The main take away from the BoE meeting was that the Bank has turned more cautious, in light of weaker global growth, trade tensions and domestic risks/challenges (Brexit). As a result, the BoE now seems less inclined to hike rates and is very much on hold awaiting clarity on Brexit.

Investor sentiment was buoyed by the more soothing central bank tones. The aftermath of the dovish Fed update saw Wall Street in optimistic mood, with the S&P 500 hitting a new record high. At the close last night, the index finished up around 1% on the day.

Currency-wise, the dollar came into the day on the back foot following the previous night's dovish Fed tone. However, over the last 24 hours, it has mainly traded sideways. Meanwhile, sterling was unreactive to the conclusion of the BoE meeting.

As a result, the starting levels this morning are broadly similar to yesterday's open. EUR/USD continues to trade up near to \$1.13. EUR/GBP remains in a tight range at the 89p mark. Meanwhile, GBP/USD maintains its position close to the \$1.27 level.

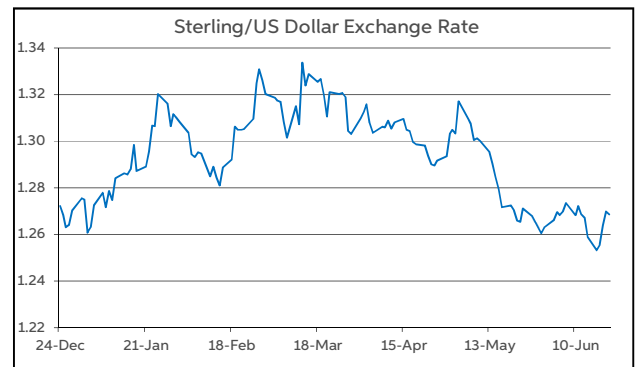
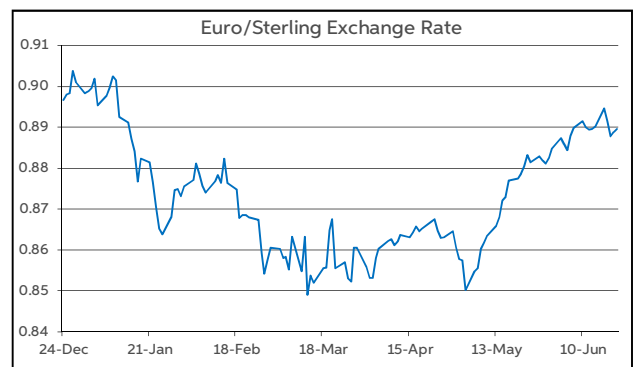
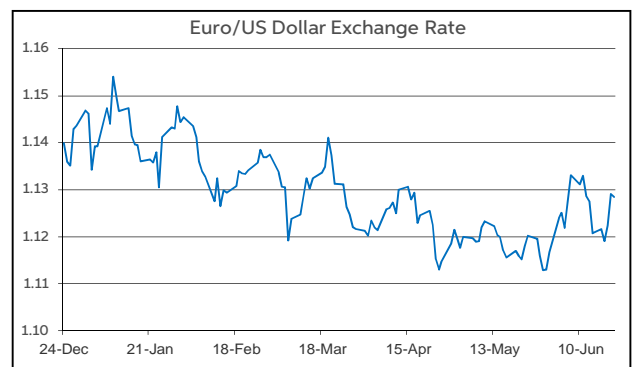
Ahead today, the main highlights from the data calendar are the flash PMI's from both the US and Eurozone. Although, the surveys are not expected to be much changed from their May readings. Therefore, unless the data spring a significant surprise, the main FX pairs could range trade near their current levels into the weekend.

John Fahey, Senior Economist, AIB

Today's Opening Rates			
		% Change	
		Day *	End 2018
EUR/USD	1.1286	0.22	-1.60
EUR/GBP	0.8895	0.15	-0.99
GBP/USD	1.2686	0.08	-0.56
GBP/EUR	1.1239	-0.15	1.00
USD/JPY	107.26	-0.34	-2.10
EUR/JPY	121.06	-0.13	-3.70

* 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	2.40	2.34	2.16	1.78	1.75
EUR	0.00	-0.39	-0.34	-0.21	-0.36	-0.20
GBP	0.75	0.72	0.78	0.98	0.83	0.86

Equity Indices				
	Latest Close	% Changes		
		on Day	End 2018 to Date	
Dow Jones	26753.17	+0.94	+14.69	
S&P 500	2954.18	+0.95	+17.84	
FTSE 100	7424.44	+0.28	+10.35	
DJ Stoxx 50	3468.08	+0.39	+15.55	
ISEQ	6202.7	+0.62	+13.19	
Nikkei	21258.64	-0.95	+6.21	

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				

Euro

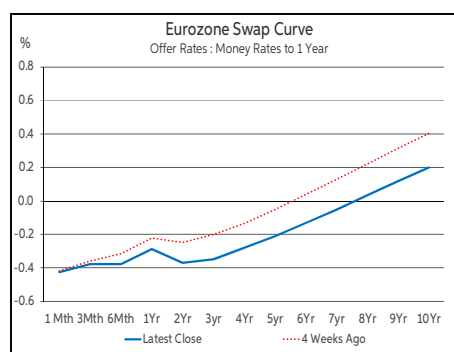
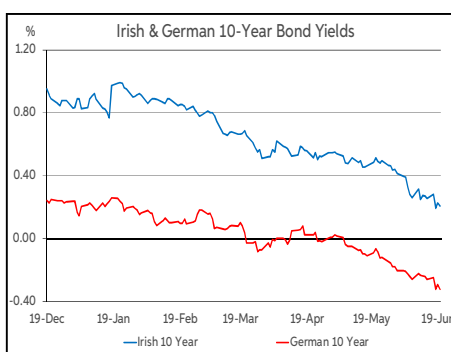
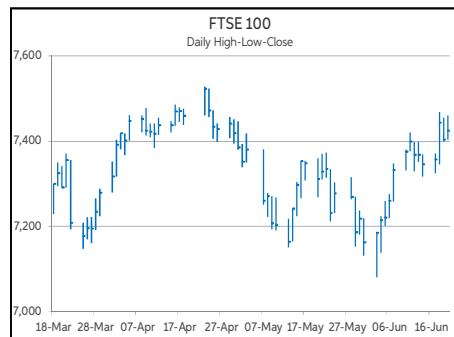
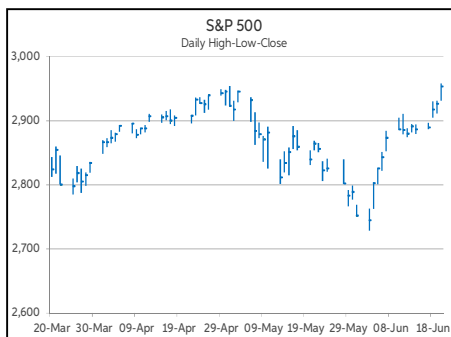
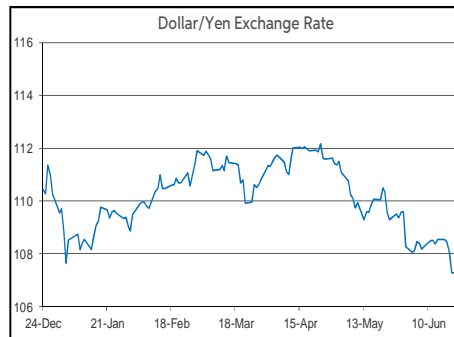
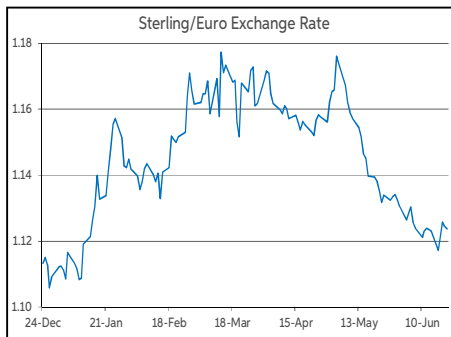
EUR/GBP	0.8895
EUR/USD	1.1286
EUR/JPY	121.06
EUR/SEK	10.6344
EUR/DKK	7.4657
EUR/NOK	9.6729
EUR/CHF	1.1088
EUR/AUD	1.6297
EUR/HKD	8.8122
EUR/CAD	1.4886

Sterling

GBP/EUR	1.1239
GBP/USD	1.2686
GBP/CAD	1.6732
GBP/NZD	1.9269
GBP/JPY	136.07
GBP/SEK	11.9528
GBP/DKK	8.3899
GBP/NOK	10.8731
GBP/CHF	1.2464
GBP/AUD	1.8318

Dollar

USD/JPY	107.26
USD/CAD	1.319
USD/CHF	0.9824
USD/CNY	6.8715
USD/BRL	3.8386
USD/RUB	63.1048
USD/INR	69.65
AUD/USD	0.6924
NZD/USD	0.6581



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 18
10 Year Yield %				
US	2.02	-1	-30	-66
Germany	-0.32	-3	-20	-56
UK	0.81	-6	-15	-46
Ireland	0.21	-2	-27	N/A
Belgium	0.07	-5	-30	-69
France	0.01	-4	-27	-69
Italy	2.13	+3	-49	-58
Spain	0.38	-2	-46	-103
Portugal	0.52	-3	-48	-119
Greece	2.47	+3	-91	-182
5 Year Swap %				
US	1.74	+1	-36	-82
Eurozone	-0.21	+1	-16	-44
UK	0.85	-7	-16	-46
2 Year Swap %				
US	1.77	+3	-42	-87
Eurozone	-0.37	-2	-12	-23
UK	0.82	-6	-8	-34
10 Year Government Bond Spreads to Benchmark bps				
Ireland	53	+1	-7	N/A
Belgium	40	-2	-10	-13
France	33	-1	-7	-14
Italy	246	+6	-29	-2
Spain	70	+1	-26	-47
Portugal	84	+1	-28	-63
Greece	280	+6	-70	-127

Commodities				
	Close	% Change		
		Day	4 Weeks	End 18
Brent Oil	64.45	+4.25	-4.88	+19.80
West Texas Oil	56.88	+5.84	-1.34	+25.98
CRB - All Commodity	178.63	+1.82	+0.97	+5.20
CRB - Food	355.63	+0.73	+2.85	+9.68
Gold \$	1388.6	+2.05	+8.16	+8.24

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