

## Dollar under pressure

The dollar found itself under downward pressure last week. This followed a dovish shift in tone from the Fed, which appears to be moving towards a pre-emptive rate cut for the US economy. In level terms, the softer dollar was reflected in EUR/USD back up in the upper half of the \$1.13-1.14 band and GBP/USD above \$1.27.

However, the other respective central banks were also sounding more cautious last week. For the euro, ECB President Mario Draghi commented that the central bank would consider “in the coming weeks” if more monetary stimulus was required. Meanwhile, from a sterling perspective, the BoE meeting suggested that it is less inclined to hike rates now and is very much on hold awaiting Brexit. Against this backdrop, EUR/GBP spent much of last week in a 89-90p range. In terms of the outlook, with all three central banks in cautious mode now, EUR/USD, EUR/GBP and GBP/USD could trade within relatively narrow ranges over the summer.

One possible game changer for this FX outlook would be if the Fed ends up cutting rates more aggressively than it is currently guiding (one 25bps cut) and more in line with market pricing (four cuts by mid-2020, starting in July). For such a scenario to materialise, it would require a significant deterioration in the US economy and/or financial market conditions, possibly due to a further escalation in global trade tensions.

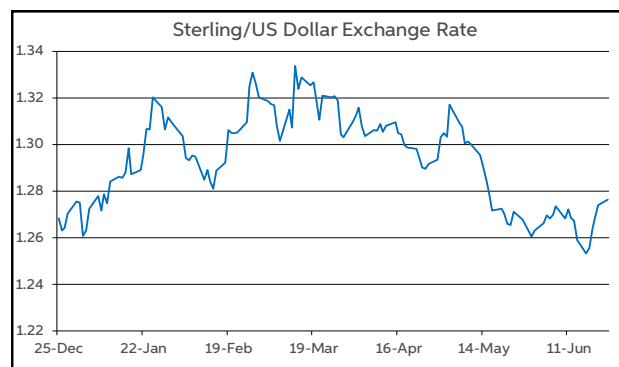
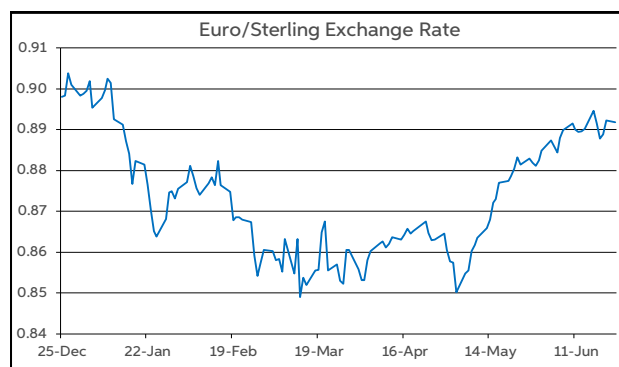
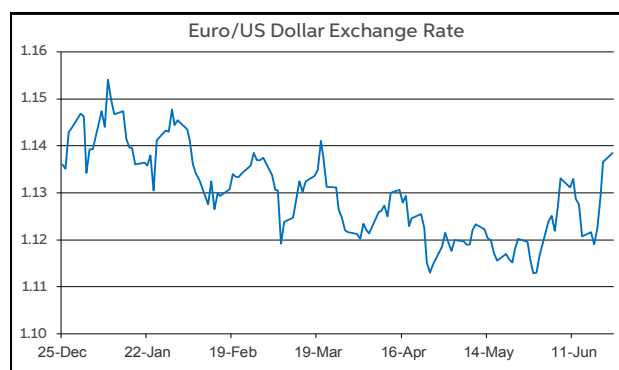
In this regard, the US calendar for the week ahead will provide a useful broad barometer of the economy’s current performance (durable goods, personal income/spending, inflation, house prices/starts all feature). Of interest also, is the possible resumption of trade talks between the US and China. Elsewhere, the flash reading of Eurozone inflation for May will warrant attention, given the ECB heightened concerns regarding falling inflationary expectations.

**John Fahey, Senior Economist, AIB**

Today's Opening Rates			
		% Change	
		Day *	End 2018
EUR/USD	1.1385	0.81	-0.73
EUR/GBP	0.8919	0.31	-0.72
GBP/USD	1.2762	0.50	0.04
GBP/EUR	1.1206	-0.31	0.73
USD/JPY	107.4	0.29	-1.97
EUR/JPY	122.3	1.12	-2.71

\* 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	2.35	2.20	1.77	1.75
EUR	0.00	-0.40	-0.34	-0.21	-0.34	-0.20
GBP	0.75	0.72	0.77	0.96	0.85	0.90

Equity Indices			
	Latest Close	% Changes	
		on Day	End 2018 to Date
Dow Jones	26719.13	-0.13	+14.54
S&P 500	2950.46	-0.13	+17.70
FTSE 100	7407.5	-0.23	+10.10
DJ Stoxx 50	3466.92	-0.03	+15.51
ISEQ	6133.2	-1.12	+11.92
Nikkei	21285.99	+0.13	+6.35

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

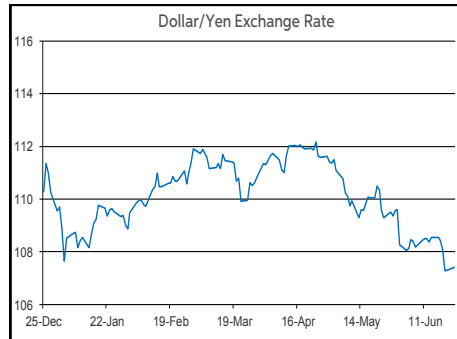
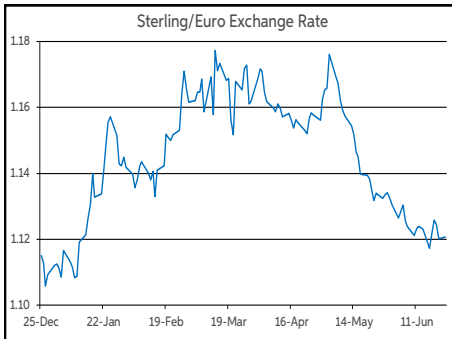
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite Lenny Hogan	Reuters Phone	AIB 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

# Opening Levels

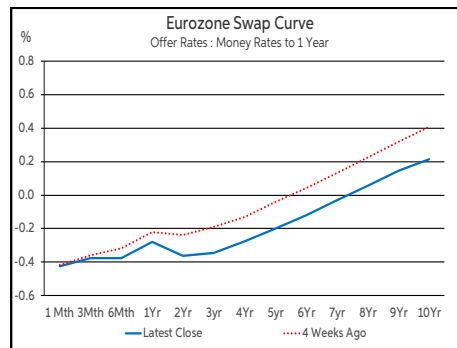
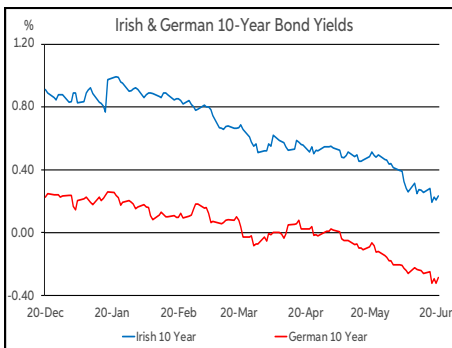
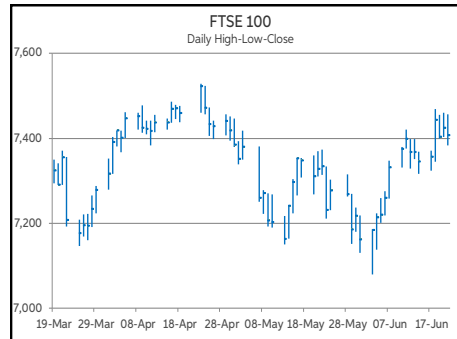
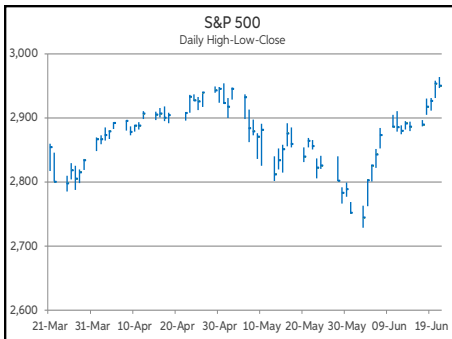
Monday 24 June 2019  
07:23 am



Euro		Sterling		Dollar	
EUR/GBP	0.8919	GBP/EUR	1.1206	USD/JPY	107.4
EUR/USD	1.1385	GBP/USD	1.2762	USD/CAD	1.3183
EUR/JPY	122.3	GBP/CAD	1.6826	USD/CHF	0.9769
EUR/SEK	10.6245	GBP/NZD	1.9297	USD/CNY	6.871
EUR/DKK	7.4665	GBP/JPY	137.06	USD/BRL	3.8217
EUR/NOK	9.6529	GBP/SEK	11.9097	USD/RUB	63.0287
EUR/CHF	1.1124	GBP/DKK	8.3676	USD/INR	69.475
EUR/AUD	1.6362	GBP/NOK	10.8196	AUD/USD	0.6956
EUR/HKD	8.8941	GBP/CHF	1.2469	NZD/USD	0.6611
EUR/CAD	1.501	GBP/AUD	1.834		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 18
<b>10 Year Yield %</b>				
US	2.06	+4	-26	-63
Germany	-0.29	+4	-17	-52
UK	0.84	+3	-11	-43
Ireland	0.23	+3	-26	N/A
Belgium	0.11	+4	-26	-65
France	0.04	+4	-23	-66
Italy	2.15	+2	-40	-56
Spain	0.43	+5	-39	-98
Portugal	0.56	+4	-40	-114
Greece	2.49	+2	-81	-181
<b>5 Year Swap %</b>				
US	1.75	-0	-37	-81
Eurozone	-0.20	-0	-16	-43
UK	0.89	+2	-13	-42
<b>2 Year Swap %</b>				
US	1.76	-3	-44	-88
Eurozone	-0.36	-0	-12	-22
UK	0.84	+0	-8	-33
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	52	-1	-9	N/A
Belgium	40	+0	-9	-13
France	33	+0	-7	-13
Italy	244	-2	-23	-4
Spain	72	+1	-22	-46
Portugal	85	+1	-23	-62
Greece	278	-2	-64	-128



Commodities				
	Close	% Change		
		Day	4 Weeks	End 18
Brent Oil	65.2	+1.16	-5.08	+21.19
West Texas Oil	57.35	+0.83	-1.80	+27.02
CRB - All Commodity	178.52	-0.06	-0.06	+5.13
CRB - Food	355.52	-0.11	+2.15	+9.65
Gold \$	1399.5	+0.78	+8.89	+9.08

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