

Fed speakers aid the dollar

Market participants adopted a somewhat risk averse tone yesterday. This in part reflected ongoing concerns about global trade tensions. Comments by Fed Chair Powell and FOMC member Bullard were also unhelpful. Powell emphasised that it is important not to “overreact to any short term swing in sentiment” with an overly aggressive policy stance. Meanwhile, Bullard suggested that a 50bps rate cut “would be overdone”. In terms of market impact, the S&P 500 closed 1.0% lower, while the dollar made some gains.

Data-wise, yesterday’s US centric macro calendar had little impact on the currency. This was despite significant downside surprises in both May new home sales (-7.8% vs f’cast +1.9%) and the June print of the Conference board measure of consumer confidence (121.5 vs f’cast 131.1). Overall, the data suggested that activity in the US may weaken in the current quarter.

In level terms, the slightly firmer dollar tone sees EUR/USD open back close to the midpoint of the \$1.13-1.14 band, while GBP/USD has fallen below the \$1.27 threshold. Elsewhere, EUR/GBP continues to trade within the 89-90p range.

Today, currency market action could be somewhat muted as the macro-data calendar is relatively quiet. We do get the US durable goods order report for May, though it is unlikely to provoke much of a move in the dollar. The consensus is for a marginal fall in headline orders, which would provide further evidence of a slowdown of the US economy.

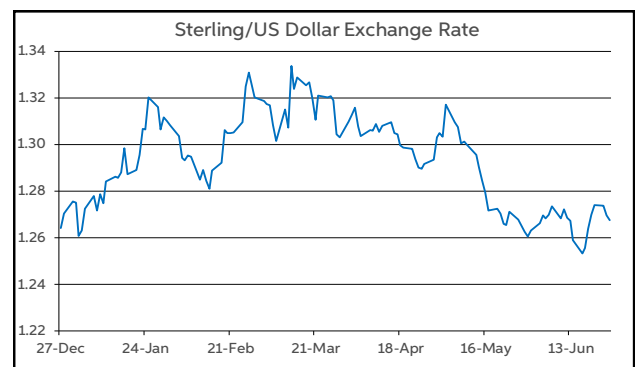
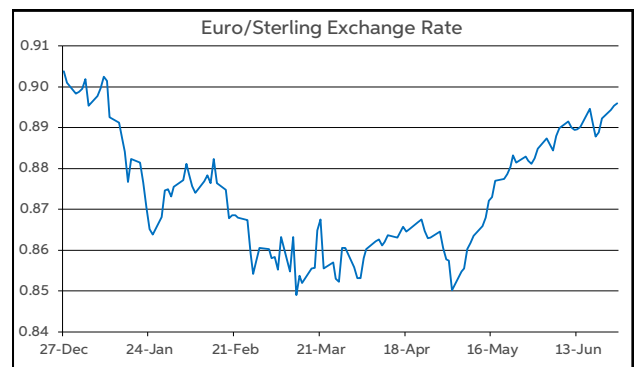
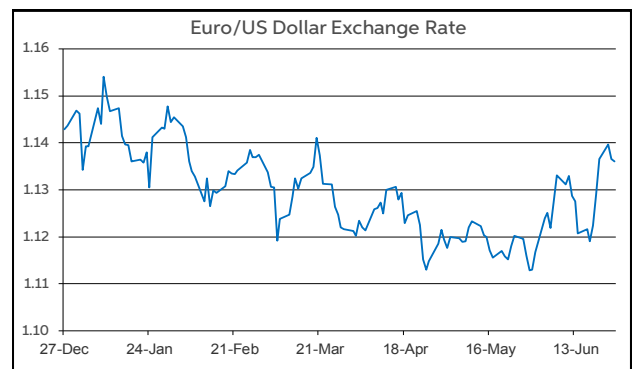
In the UK, BoE Governor’s Mark Carney appearance before the Treasury Select Committee will be of some interest. However, the proximity of his appearance to the last MPC meeting may mean that sterling reaction could be muted.

Conor Beakey, Economist, AIB

		% Change	
		Day *	End 2018
EUR/USD	1.1361	-0.41	-0.94
EUR/GBP	0.8961	0.15	-0.26
GBP/USD	1.2677	-0.56	-0.63
GBP/EUR	1.1157	-0.15	0.26
USD/JPY	107.4	0.55	-1.97
EUR/JPY	122.02	0.13	-2.94

* v Previous Day's European Open

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	Base Rate	Short Term			Long Term	
		1-Mth	3-Mth	12-Mth	2-Yr	5-Yr
USD	2.375	2.40	2.31	2.15	1.76	1.72
EUR	0.00	-0.39	-0.34	-0.21	-0.36	-0.21
GBP	0.75	0.72	0.77	0.96	0.82	0.87

	Latest Close	% Changes	
		on Day	End 2018 to Date
Dow Jones	26548.22	-0.67	+13.81
S&P 500	2917.38	-0.95	+16.38
FTSE 100	7422.43	+0.08	+10.32
DJ Stoxx 50	3444.36	-0.32	+14.76
ISEQ	6107.98	+0.65	+11.46
Nikkei	21068.64	-0.59	+5.27

All rates quoted are indicative market rates

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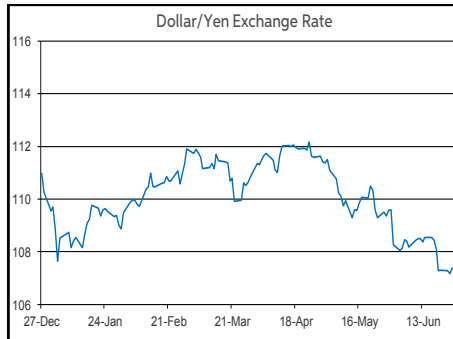
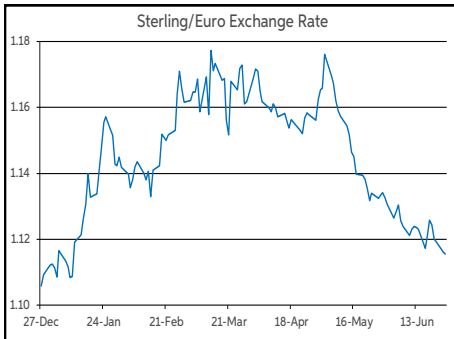
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite Lenny Hogan	Reuters Phone	AIB 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Opening Levels

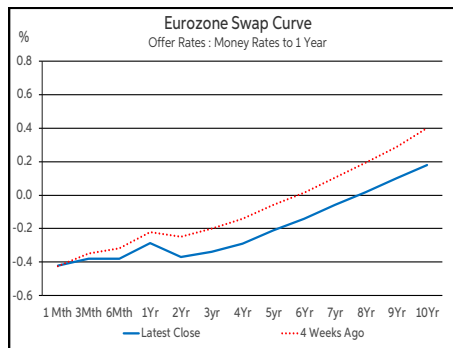
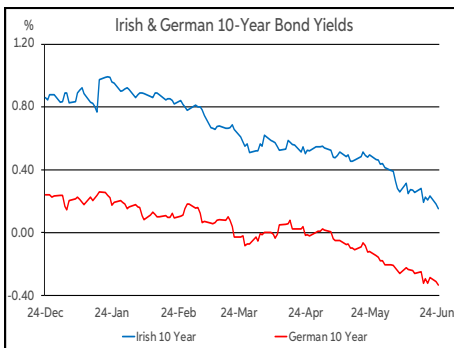
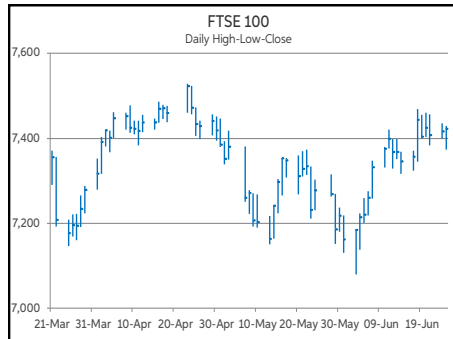
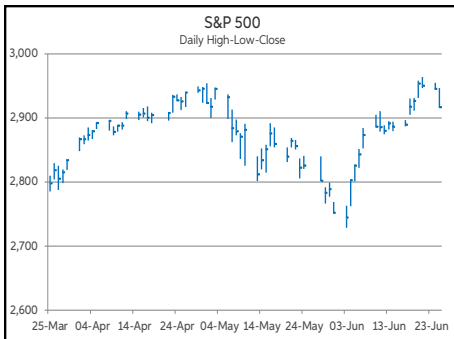
Wednesday 26 June 2019
07:17 am



Euro		Sterling		Dollar	
EUR/GBP	0.8961	GBP/EUR	1.1157	USD/JPY	107.4
EUR/USD	1.1361	GBP/USD	1.2677	USD/CAD	1.3173
EUR/JPY	122.02	GBP/CAD	1.67	USD/CHF	0.9759
EUR/SEK	10.553	GBP/NZD	1.9032	USD/CNY	6.8826
EUR/DKK	7.4653	GBP/JPY	136.15	USD/BRL	3.8468
EUR/NOK	9.6886	GBP/SEK	11.7713	USD/RUB	62.752
EUR/CHF	1.1089	GBP/DKK	8.3299	USD/INR	69.32
EUR/AUD	1.6292	GBP/NOK	10.8123	AUD/USD	0.6972
EUR/HKD	8.8707	GBP/CHF	1.2372	NZD/USD	0.6659
EUR/CAD	1.4966	GBP/AUD	1.8174		



	Close	Change bps		
		Day	4 Weeks	End 18
10 Year Yield %				
US	1.99	-3	-28	-70
Germany	-0.33	-2	-18	-57
UK	0.79	-2	-13	-48
Ireland	0.15	-3	-31	N/A
Belgium	0.06	-3	-29	-70
France	-0.01	-3	-26	-71
Italy	2.15	-0	-53	-56
Spain	0.37	-3	-41	-104
Portugal	0.47	-5	-45	-124
Greece	2.44	+5	-70	-186
5 Year Swap %				
US	1.67	-4	-40	-89
Eurozone	-0.21	-1	-15	-44
UK	0.85	-3	-14	-47
2 Year Swap %				
US	1.70	-2	-44	-94
Eurozone	-0.37	-1	-12	-23
UK	0.82	-2	-8	-35
10 Year Government Bond Spreads to Benchmark bps				
Ireland	49	-1	-13	N/A
Belgium	39	-1	-11	-13
France	32	-1	-8	-14
Italy	248	+2	-35	+1
Spain	70	-1	-24	-47
Portugal	80	-3	-27	-67
Greece	277	+7	-52	-129



	Close	% Change		
		Day	4 Weeks	End 18
Brent Oil	65.05	+0.29	-7.22	+20.91
West Texas Oil	57.63	-0.17	-2.17	+27.64
CRB - All Commodity	180.88	+0.49	+0.34	+6.52
CRB - Food	352.49	-3.88	+0.45	+8.72
Gold \$	1423.7	+0.26	+11.23	+10.97

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