

EU leaders boost the euro

Currency markets adopted a somewhat more muted tone yesterday. However, the euro did managed to make some gains against the dollar and sterling.

The single currency was supported by overnight news that EU leaders had made progress on the key issue of migration. Progress in discussions has helped to alleviate market concerns about political stability in Europe, particularly over the future of the German government.

In level terms, the firmer tone to the euro has seen EUR/USD move back above the \$1.16 mark. The EUR/GBP pair has risen into the upper half of the 88-89p band. Elsewhere, cable (GBP/USD) is broadly unchanged, trading close to the \$1.31 mark.

On equity markets, the negative tone to sentiment seen on Wednesday evening carried over into yesterday's European session. The Euro Stoxx 50 gave back the previous day's gains, falling by 0.9%. The mood was more positive in the US, with the S&P 500 finishing up by 0.6% on the day.

Turning to the day ahead, flash HICP inflation for June is due in the Eurozone. With underlying price pressures expected to remain subdued, euro reaction may be muted. In the US, core-PCE inflation is forecast to edge up to 1.9%, just below the Fed's 2% target. Although, unless the data spring a surprise, potential dollar impact could be limited.

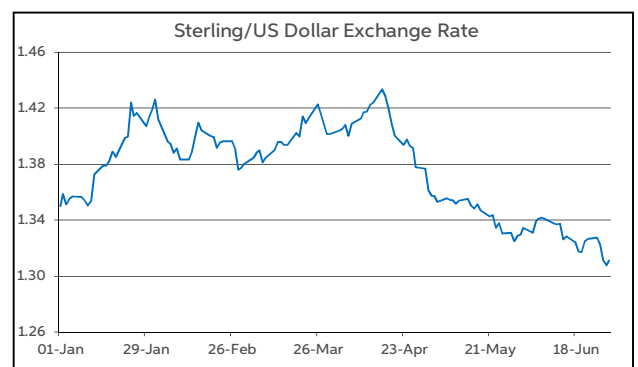
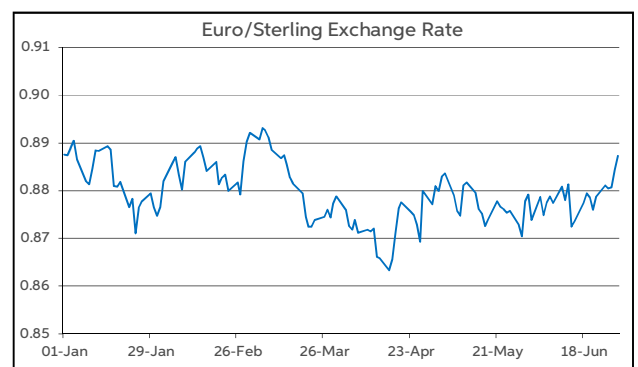
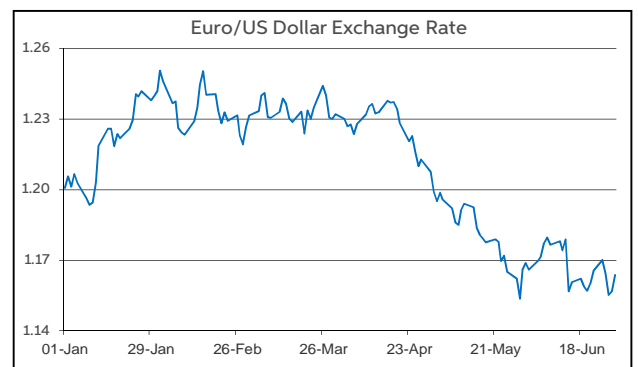
Meanwhile, the EU leaders' summit continues. With migration seemingly settle for now, markets will be looking for any updates on reform of the Eurozone and/or Brexit negotiations. Thus, there may be some event risk for the euro and sterling.

Dara Turnbull, Economist, AIB

Today's Opening Rates			
		% Change	
		Day *	End 2017
EUR/USD	1.1637	0.66	-2.99
EUR/GBP	0.8877	0.67	-0.07
GBP/USD	1.3108	0.00	-2.99
GBP/EUR	1.1263	-0.66	0.07
USD/JPY	110.65	0.34	-1.79
EUR/JPY	128.77	0.99	-4.74

* 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	1.875	2.09	2.34	2.76	2.79	2.88
EUR	0.00	-0.37	-0.32	-0.18	-0.17	0.29
GBP	0.50	0.50	0.67	0.95	1.00	1.29

Equity Indices				
	Latest Close	% Changes		
		on Day	End 2017 to Date	
Dow Jones	24216.05	+0.41	-2.04	
S&P 500	2716.31	+0.62	+1.60	
FTSE 100	7615.63	-0.08	-0.94	
DJ Stoxx 50	3365.52	-0.93	-3.95	
ISEQ	6953.15	-0.93	-1.21	
Nikkei	22304.51	+0.15	-2.02	

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

FX Spot	Karl Cooke Shane Gargan Adrian Flanagan 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

Friday 29 June 2018
07:28 am



Euro

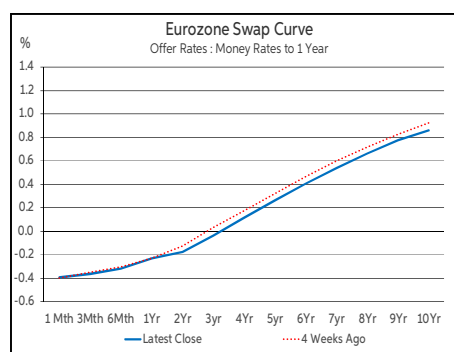
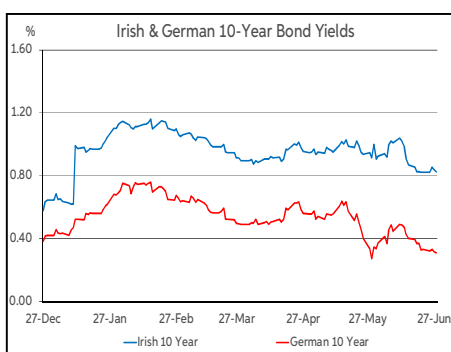
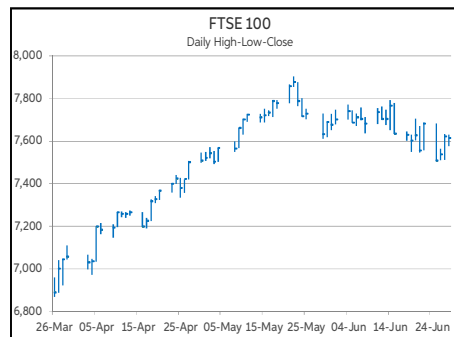
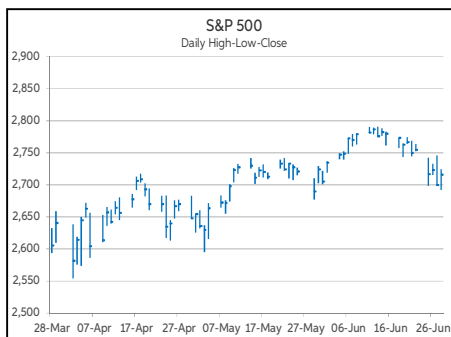
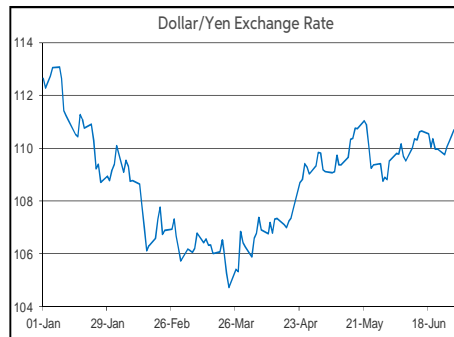
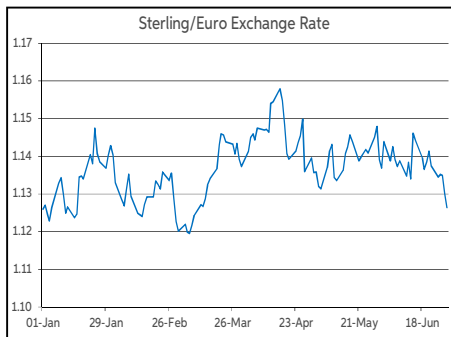
EUR/GBP	0.8877
EUR/USD	1.1637
EUR/JPY	128.77
EUR/SEK	10.4375
EUR/DKK	7.4517
EUR/NOK	9.4679
EUR/CHF	1.1569
EUR/AUD	1.5756
EUR/HKD	9.1338
EUR/CAD	1.5386

Sterling

GBP/EUR	1.1263
GBP/USD	1.3108
GBP/CAD	1.7333
GBP/NZD	1.935
GBP/JPY	145.04
GBP/SEK	11.7528
GBP/DKK	8.3938
GBP/NOK	10.6645
GBP/CHF	1.3032
GBP/AUD	1.7748

Dollar

USD/JPY	110.65
USD/CAD	1.3223
USD/CHF	0.994
USD/CNY	6.6093
USD/BRL	3.8617
USD/RUB	62.7345
USD/INR	68.5425
AUD/USD	0.7383
NZD/USD	0.6771



	Close	Change bps		
		Day	4 Weeks	End 17
10 Year Yield %				
US	2.84	+1	-2	+43
Germany	0.31	-1	-3	-11
UK	1.26	+1	+3	+8
Ireland	0.83	-1	-8	N/A
Belgium	0.72	-1	-2	+10
France	0.69	-1	+3	-8
Italy	2.76	-3	+3	+77
Spain	1.34	+1	-11	-20
Portugal	1.82	-1	-14	-8
Greece	3.99	+1	-53	-5
5 Year Swap %				
US	2.82	-1	+2	+58
Eurozone	0.26	-0	-6	-5
UK	1.28	-3	+4	+24
2 Year Swap %				
US	2.74	-2	+7	+66
Eurozone	-0.18	-1	-5	-3
UK	1.00	-2	+5	+20
10 Year Government Bond Spreads to Benchmark bps				
Ireland	52	-0	-6	N/A
Belgium	41	-0	+1	+21
France	38	-1	+5	+3
Italy	245	-2	+6	+88
Spain	103	+2	-8	-9
Portugal	151	-0	-11	+3
Greece	368	+2	-50	+6

	Close	% Change		
		Day	4 Weeks	End 17
Brent Oil	77.85	+0.30	+0.34	+16.42
West Texas Oil	73.45	-5.12	+9.66	+21.49
CRB - All Commodity	198.89	-0.03	-1.95	+2.59
CRB - Food	345.8	-0.92	-2.85	+2.90
Gold \$	1248.7	-0.30	-3.85	-4.14

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