

Dollar makes further gains; Fed in focus

Financial markets adopted a more subdued tone yesterday. This partly reflected a quiet schedule, with much of Europe closed for Labour Day. In the US, the S&P 500 was modestly higher at the close on Wall Street.

Of the data which were out yesterday, the UK manufacturing PMI for April fell more than had been expected. The index came in at a 17-month low of 53.9, versus expectations for a 54.8 print. The data proved to be unhelpful for sterling.

Elsewhere, the dollar continued to make gains yesterday. Some repositioning ahead of this evening's Fed meeting outcome, as short dollar positions get closed out, may have been a factor. Yesterday's gains now mean that the dollar index is at its highest level since early January.

The firmer dollar and weaker sterling mean that cable (GBP/USD) opens this morning down at the \$1.36 mark, while EUR/USD has moved down to the \$1.20 level. Meantime, EUR/GBP has regained a footing above 88p.

The focus today will be the aforementioned Fed meeting. With no policy changes expected, the key issue will be the Fed's assessment of the economy. Given that recent US data have been solid, while geopolitical risks have declined, the FOMC may adopt a more hawkish tone in the meeting statement.

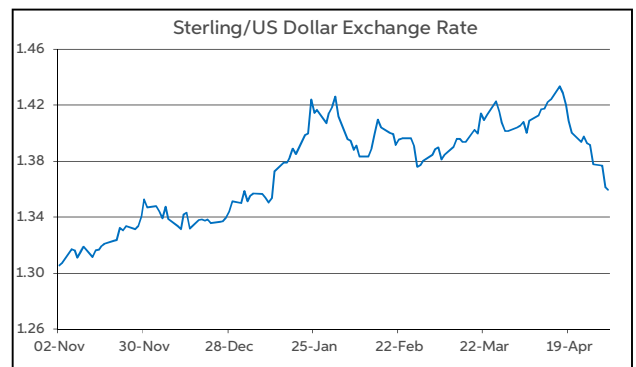
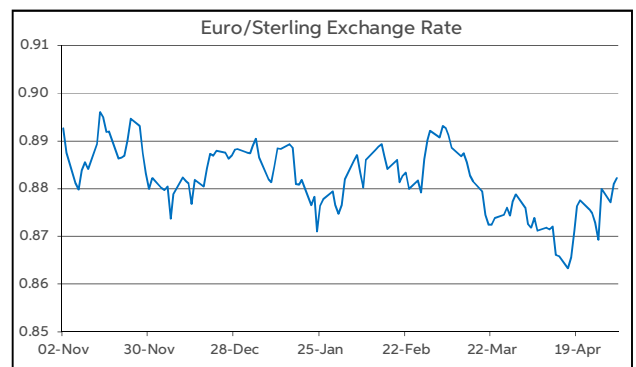
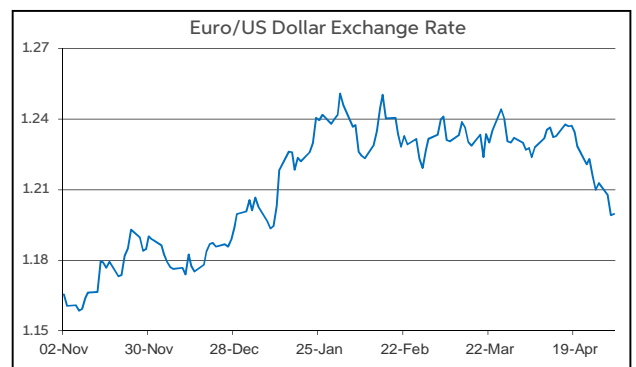
Such a development may help to increase expectations on markets for three more rate hikes in 2018, further boosting the dollar. Although, if the Fed view on the economy is broadly unchanged from March, then this may prove a disappointment to some investors, and it could, in turn, act as a headwind to the dollar.

Dara Turnbull, Economist, AIB

Today's Opening Rates			
		% Change	
		Day *	End 2017
EUR/USD	1.2001	-0.57	0.04
EUR/GBP	0.8822	0.55	-0.69
GBP/USD	1.3601	-1.11	0.66
GBP/EUR	1.133	-0.54	0.69
USD/JPY	109.8	0.39	-2.55
EUR/JPY	131.83	-0.19	-2.48

* 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	1.625	1.91	2.35	2.77	2.75	2.93
EUR	0.00	-0.37	-0.33	-0.19	-0.14	0.40
GBP	0.50	0.51	0.71	0.96	1.05	1.34

Equity Indices				
	Latest Close	% Changes		
		on Day	End 2017 to Date	
Dow Jones	24099.05	-0.27	-2.51	
S&P 500	2654.8	+0.25	-0.70	
FTSE 100	7520.36	+0.15	-2.18	
DJ Stoxx 50	3536.26	-0.01	+0.92	
ISEQ	6797.37	-0.11	-3.42	
Nikkei	22472.78	-0.16	-1.28	

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

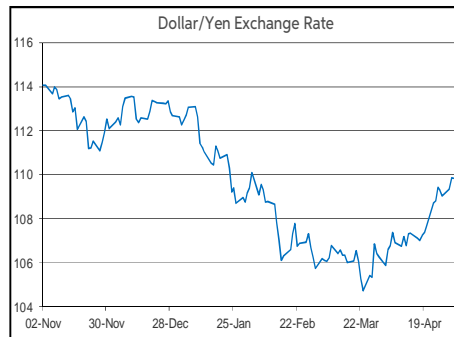
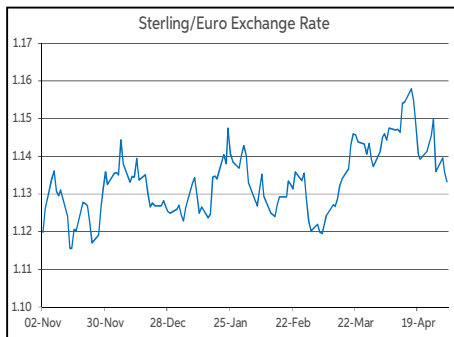
FX Spot	Karl Cooke Shane Gargan Adrian Flanagan Enda Homan	FX Options	Mark Tuite Lenny Hogan	Reuters Phone	AIB 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Opening Levels

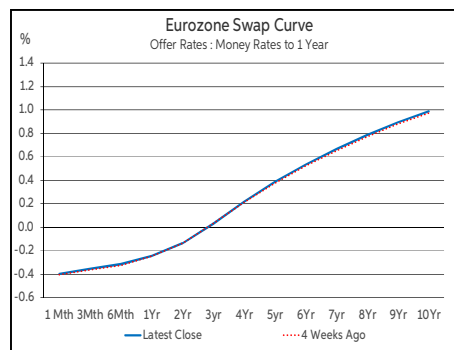
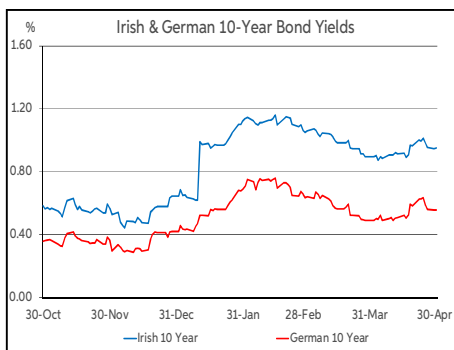
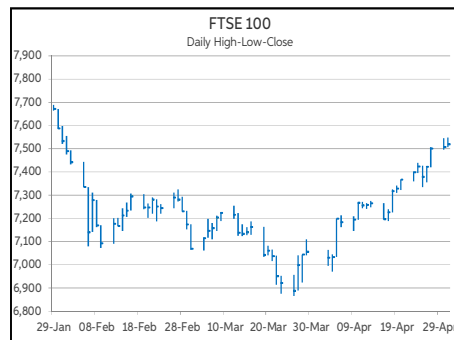
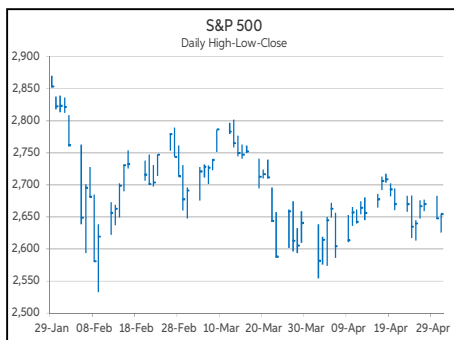
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07:29 am



Euro		Sterling		Dollar	
EUR/GBP	0.8822	GBP/EUR	1.1329	USD/JPY	109.79
EUR/USD	1.2001	GBP/USD	1.3601	USD/CAD	1.2821
EUR/JPY	131.84	GBP/CAD	1.7445	USD/CHF	0.9956
EUR/SEK	10.6	GBP/NZD	1.9383	USD/CNY	6.3595
EUR/DKK	7.4503	GBP/JPY	149.33	USD/BRL	3.5071
EUR/NOK	9.6815	GBP/SEK	12.0128	USD/RUB	63.7455
EUR/CHF	1.1952	GBP/DKK	8.4426	USD/INR	66.6525
EUR/AUD	1.5976	GBP/NOK	10.9711	AUD/USD	0.751
EUR/HKD	9.4203	GBP/CHF	1.3543	NZD/USD	0.7016
EUR/CAD	1.5393	GBP/AUD	1.8105		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 17
10 Year Yield %				
US	2.97	+1	+19	+56
Germany	0.56	-0	+6	+14
UK	1.40	-2	+5	+22
Ireland	0.95	+1	+5	N/A
Belgium	0.80	-1	+3	+19
France	0.79	-0	+6	+1
Italy	1.78	+5	+0	-21
Spain	1.27	+2	+10	-27
Portugal	1.65	+3	+4	-24
Greece	3.76	-10	-44	-28
5 Year Swap %				
US	2.89	-2	+18	+65
Eurozone	0.38	-1	+1	+7
UK	1.33	-3	-4	+29
2 Year Swap %				
US	2.73	-0	+15	+64
Eurozone	-0.14	-1	+0	+0
UK	1.04	-3	-9	+23
10 Year Government Bond Spreads to Benchmark bps				
Ireland	39	+1	-1	N/A
Belgium	25	-1	-3	+5
France	23	+0	-0	-13
Italy	122	+5	-6	-35
Spain	71	+2	+4	-41
Portugal	110	+3	-2	-38
Greece	320	-10	-49	-42



Commodities				
	Close	% Change		
		Day	4 Weeks	End 17
Brent Oil	73.13	-2.71	+7.35	+9.36
West Texas Oil	67.28	-1.87	+6.10	+11.28
CRB - All Commodity	201.26	-0.36	+4.17	+3.81
CRB - Food	355.61	+2.13	+5.73	+5.82
Gold \$	1304.4	-0.87	-2.16	+0.13

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