

## Important week for monetary policy

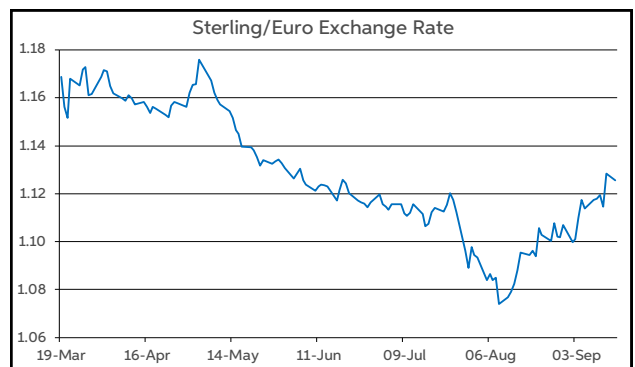
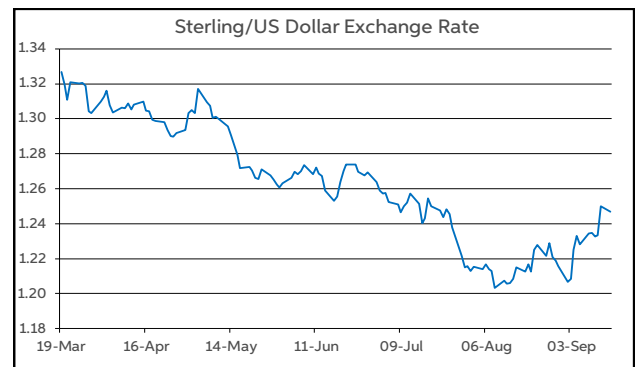
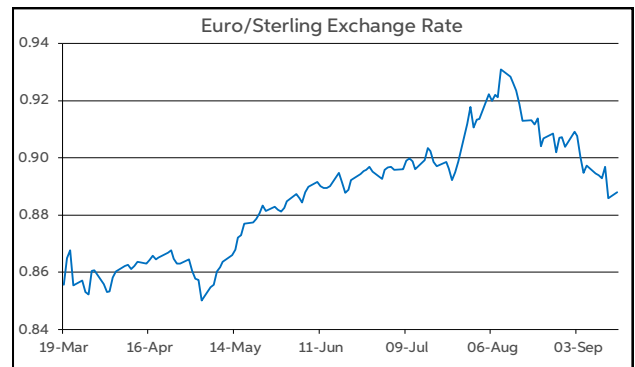
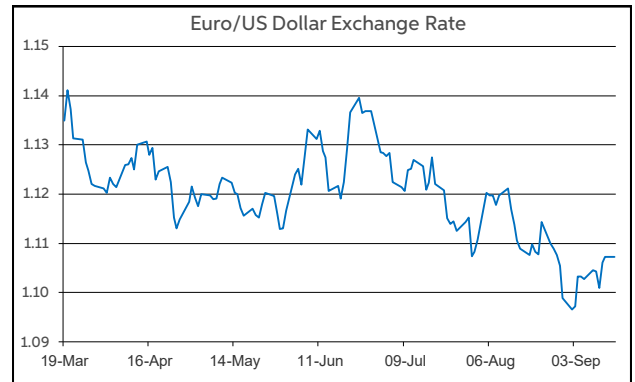
Sterling made further gains last week. Brexit newsflow suggesting a reduced risk of a no-deal scenario supported the currency. As a result, it continued to move upwards against the dollar and to a lesser extent versus the euro. Elsewhere, the euro managed to edge higher against the dollar. This occurred in the aftermath of the ECB meeting, amid some scepticism in markets about the extent of any further policy easing. The firmer tone to sterling is reflected in EUR/GBP starting this week below 89p and GBP/USD above the \$1.24 threshold. Meanwhile, EUR/USD has held onto its modest gains from last Thursday and opens in the upper half of \$1.10-1.11.

For the week ahead, the general market focus will be on monetary policy, with the Fed meeting very much front and centre in this regard. A 25bps rate cut is fully priced in, so the main point of interest will be the updated rate projections. The Fed is unlikely to indicate it is on a sustained rate easing cycle.

Overall, the meeting provides some two-way event risk for the dollar. If the Fed espouses an upbeat tone on the economy and indicates only modest further easing, the dollar could push higher. However, if the Fed is dovish and more in line with market rate expectations, then it could come under some downward pressure.

For sterling, the BoE meeting is expected to be a non-event. Brexit-wise, the Supreme Court hearing on the government's appeal regarding the suspension of parliament poses some headline risk. The macro agenda in the Eurozone this week is very quiet, with nothing due that could impact on the euro. Meanwhile, oil prices will be also be closely watched after surging overnight following weekend attacks on Saudi Arabia crude facilities, which cut its production capabilities in half.

**John Fahey, Senior Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2018
EUR/USD	1.1075	0.05	-3.44
EUR/GBP	0.8882	-0.89	-1.14
GBP/USD	1.2467	0.96	-2.27
GBP/EUR	1.1255	0.90	1.15
USD/JPY	107.81	-0.29	-1.60
EUR/JPY	119.39	-0.25	-5.03

\* v Previous Day's European Open

See Next Page for More Rates

Opening Interest Rates						
Base Rate	Short Term			Long Term		
	1-Mth	3-Mth	12-Mth	2-Yr	5-Yr	
USD	2.125	2.02	2.14	2.05	1.76	1.63
EUR	0.00	-0.44	-0.40	-0.33	-0.41	-0.34
GBP	0.75	0.71	0.78	0.96	0.84	0.85

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

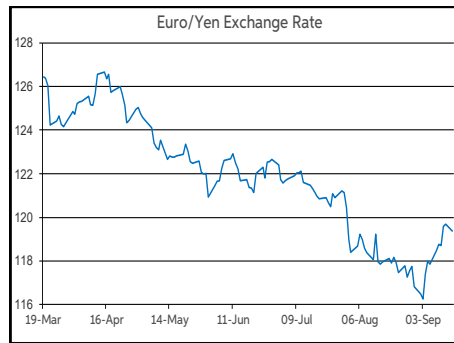
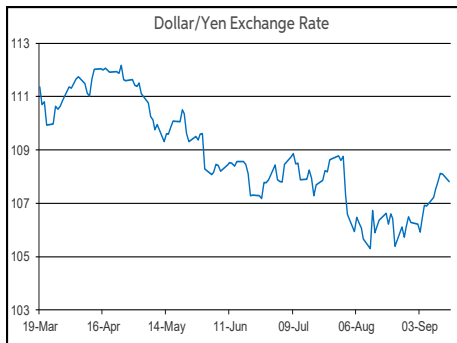
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIB 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

# Opening Levels

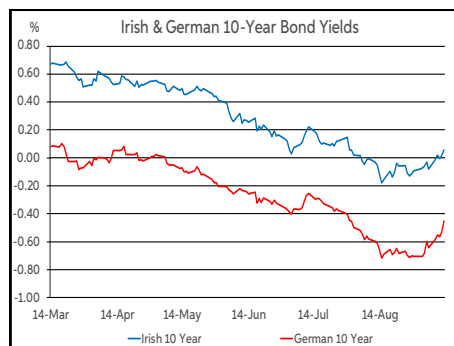
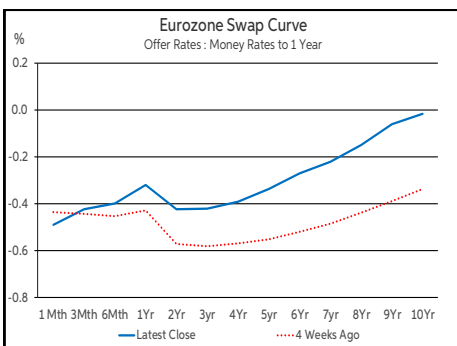
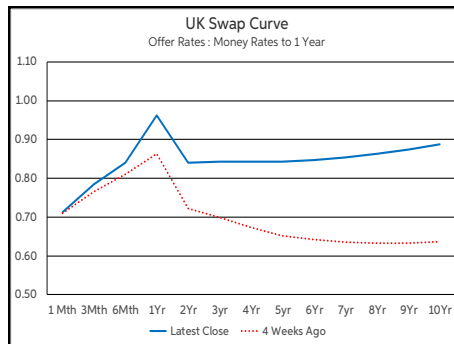
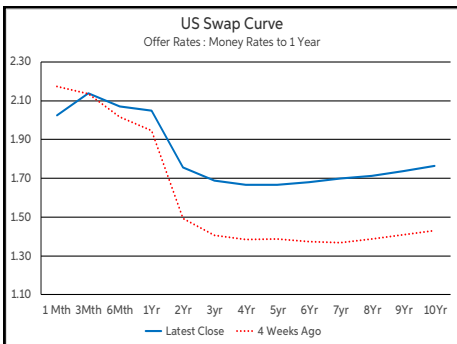
Monday 16 September 2019  
07:26 am



Euro		Sterling		Dollar	
EUR/GBP	0.8881	GBP/EUR	1.1257	USD/JPY	107.82
EUR/USD	1.1073	GBP/USD	1.2468	USD/CAD	1.3233
EUR/JPY	119.4	GBP/CAD	1.6499	USD/CHF	0.9881
EUR/SEK	10.6416	GBP/NZD	1.9524	USD/CNY	7.068
EUR/DKK	7.4671	GBP/JPY	134.42	USD/BRL	4.0842
EUR/NOK	9.8892	GBP/SEK	11.9741	USD/RUB	63.736
EUR/CHF	1.0944	GBP/DKK	8.4044	USD/INR	71.48
EUR/AUD	1.6112	GBP/NOK	11.1312	AUD/USD	0.6873
EUR/HKD	8.6636	GBP/CHF	1.2319	NZD/USD	0.6382
EUR/CAD	1.4655	GBP/AUD	1.8137		



	Close	Change bps		
		Day	4 Weeks	End 18
<b>10 Year Yield %</b>				
US	1.90	+12	+34	-78
Germany	-0.45	+8	+24	-69
UK	0.76	+9	+30	-51
<b>5 Year Swap %</b>				
US	1.67	+9	+28	-89
Eurozone	-0.34	+3	+21	-57
UK	0.84	+5	+19	-47
<b>2 Year Swap %</b>				
US	1.76	+5	+26	-88
Eurozone	-0.42	+2	+15	-28
UK	0.84	+3	+12	-32
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	51	-4	-3	N/A
Belgium	32	-2	-1	-21
France	27	-1	-0	-19
Italy	132	-5	-77	-116
Spain	73	-1	-3	-45
Portugal	75	-0	-5	-72
Greece	200	-1	-62	-206



	% Change			
	Close	Day	4 Weeks	End 18
Brent Oil	60.22	-0.26	+2.69	+11.93
West Texas Oil	54.76	-0.67	-0.13	+21.28
Gold \$	1489.0	-0.68	-1.69	+16.06

This publication is for information purposes and is not an invitation to deal. The information is believed to be reliable but is not guaranteed. Any expressions of opinions are subject to change without notice. This publication is not to be reproduced in whole or in part without prior permission. In the Republic of Ireland it is distributed by Allied Irish Banks, p.l.c. In the UK it is distributed by Allied Irish Banks, p.l.c. and Allied Irish Bank (GB). In Northern Ireland it is distributed by First Trust Bank. In the United States of America it is distributed by Allied Irish Banks, p.l.c. Allied Irish Banks, p.l.c. is regulated by the Central Bank of Ireland. Allied Irish Bank (GB) and First Trust Bank are trade marks used under licence by AIB Group (UK) p.l.c. (a wholly owned subsidiary of Allied Irish Banks, p.l.c.), incorporated in Northern Ireland. Registered Office 92 Ann Street, Belfast BT1 3HH. Registered Number NI018800. Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. In the United States of America, Allied Irish Banks, p.l.c., New York Branch, is a branch licensed by the New York State Department of Financial Services. Deposits and other investment products are not FDIC insured, they are not guaranteed by any bank and they may lose value. Please note that telephone calls may be recorded in line with market practice.