

Fed in focus

Oil prices fell by 6% yesterday, though they are still well above Friday's levels, as reports suggested that Saudi production may restart sooner than anticipated. As a result, oil exporting currencies (NOK and CAD) lost some ground.

Against the backdrop of lower oil prices, the dollar was also trading lower in the lead-up to today's Fed meeting. The currency was unreactive to yesterday's industrial production figures. Output rose by a robust 0.6% (f'cast +0.2%). However, this partly reflected the impact of technicalities that are unlikely to be repeated.

In level terms, the softer dollar tone sees EUR/USD open this morning just above the midpoint of the \$1.10-1.11 band. At the same time, GBP/USD is in the upper half of the \$1.24-1.25 range. Meanwhile, EUR/GBP continues to trade below the 89p level.

Today, the data schedule contains the August reading of UK CPI. In spite of rising labour costs, headline inflation is forecast to have eased to 1.9%. However, sterling impact could be limited. Meantime, there is no data out to influence the euro.

The key event for markets, though, will be the conclusion (after the close in Europe) of the Fed's aforementioned policy meeting. A 25bps rate cut is fully priced in. Therefore, attention will be focussed on the FOMC's updated projections.

Overall, the meeting poses some two-way risk for the dollar. If the Fed indicates that the extent of further easing will be modest, the currency could make some gains. However, if the central bank adopts a more dovish tone and moves its view for the likely path for rates more in line with the market, the dollar could soften.

Conor Beakey, Economist, AIB

Today's Opening FX Rates

		% Change	
		Day *	End 2018
EUR/USD	1.1061	0.44	-3.56
EUR/GBP	0.8859	-0.09	-1.39
GBP/USD	1.2486	0.56	-2.12
GBP/EUR	1.1284	0.09	1.41
USD/JPY	108.2	-0.02	-1.24
EUR/JPY	119.72	0.45	-4.76

* v Previous Day's European Open

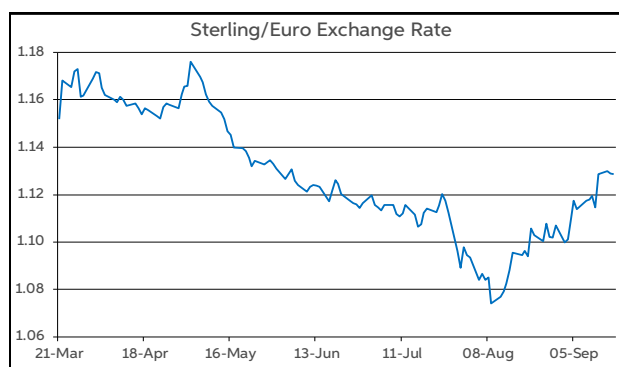
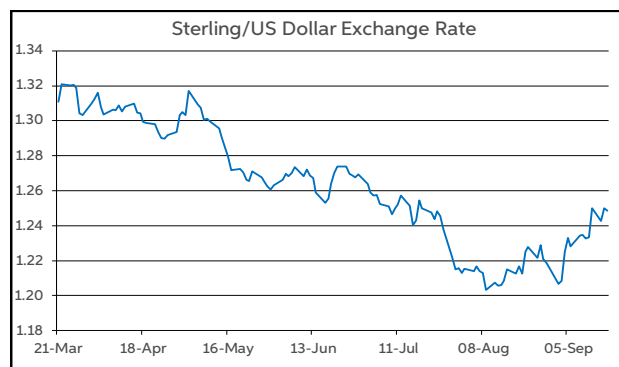
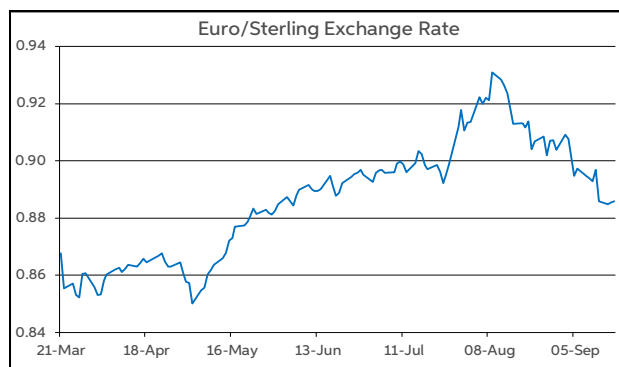
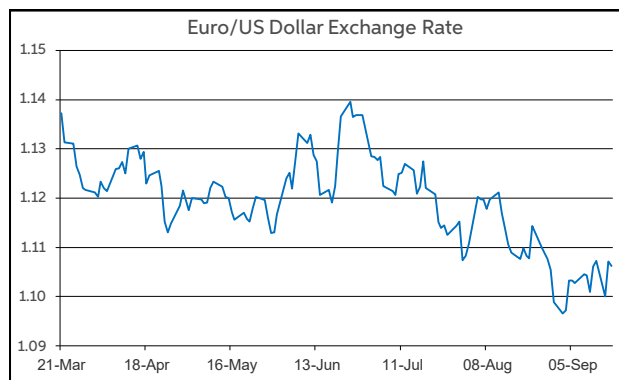
See Next Page for More Rates

Opening Interest Rates

	Base Rate	Short Term			Long Term	
		1-Mth	3-Mth	12-Mth	2-Yr	5-Yr
USD	2.125	2.06	2.16	2.07	1.72	1.58
EUR	0.00	-0.45	-0.39	-0.31	-0.42	-0.36
GBP	0.75	0.71	0.78	0.95	0.81	0.79

All rates quoted are indicative market rates

See Next Page For More Rates & Charts



FX Spot

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Opening Levels

Wednesday 18 September 2019
07:21 am



Euro

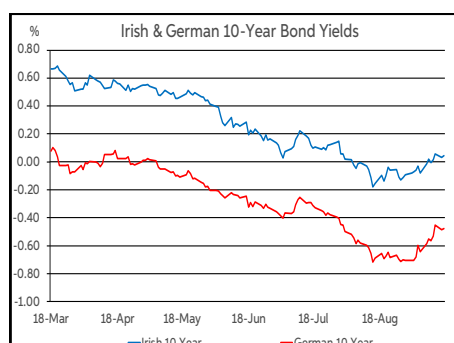
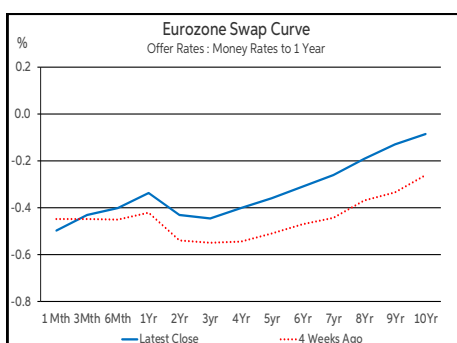
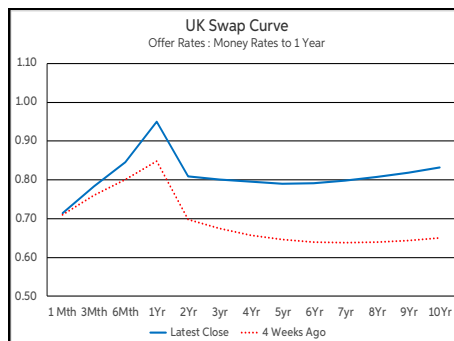
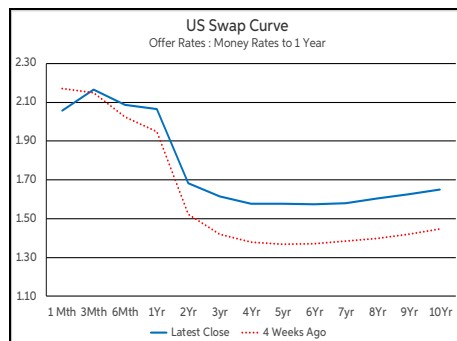
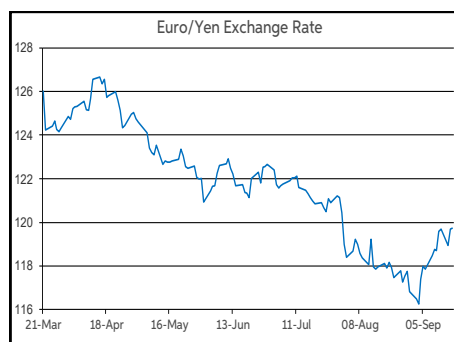
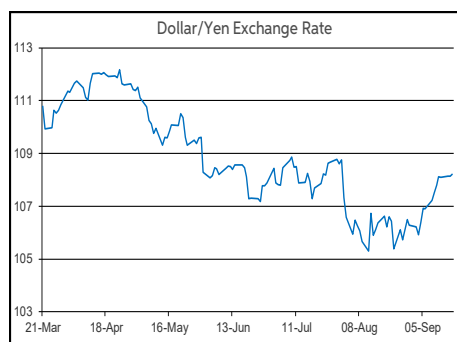
EUR/GBP	0.8859
EUR/USD	1.1061
EUR/JPY	119.72
EUR/SEK	10.7122
EUR/DKK	7.4674
EUR/NOK	9.8934
EUR/CHF	1.0994
EUR/AUD	1.6153
EUR/HKD	8.6578
EUR/CAD	1.467

Sterling

GBP/EUR	1.1284
GBP/USD	1.2486
GBP/CAD	1.6557
GBP/NZD	1.9697
GBP/JPY	135.1
GBP/SEK	12.0868
GBP/DKK	8.4281
GBP/NOK	11.163
GBP/CHF	1.2405
GBP/AUD	1.8231

Dollar

USD/JPY	108.2
USD/CAD	1.3257
USD/CHF	0.9936
USD/CNY	7.0858
USD/BRL	4.0773
USD/RUB	64.4279
USD/INR	71.325
AUD/USD	0.6848
NZD/USD	0.6338



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 18
10 Year Yield %				
US	1.81	-3	+26	-87
Germany	-0.48	+1	+22	-71
UK	0.69	+0	+24	-58
Ireland	0.05	+2	+18	N/A
Belgium	-0.14	+2	+22	-90
France	-0.19	+2	+23	-89
Italy	0.92	+9	-44	-180
Spain	0.27	+3	+20	-115
Portugal	0.29	+4	+18	-141
Greece	1.46	-5	-49	-283
5 Year Swap %				
US	1.58	-5	+21	-98
Eurozone	-0.36	-2	+15	-59
UK	0.79	-2	+14	-52
2 Year Swap %				
US	1.68	-6	+16	-96
Eurozone	-0.43	-1	+11	-29
UK	0.81	-1	+11	-36
10 Year Government Bond Spreads to Benchmark bps				
Ireland	52	+1	-4	N/A
Belgium	34	+1	+0	-18
France	29	+1	+1	-17
Italy	139	+8	-66	-109
Spain	74	+2	-2	-43
Portugal	77	+3	-3	-70
Greece	194	-6	-71	-212

Commodities				
	% Change			
	Close	Day	4 Weeks	End 18
Brent Oil	64.55	-6.48	+7.53	+19.98
West Texas Oil	59.26	-6.09	+5.48	+31.25
Gold \$	1504.0	+0.29	-0.22	+17.23

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