

ECB expected to leave policy on hold today

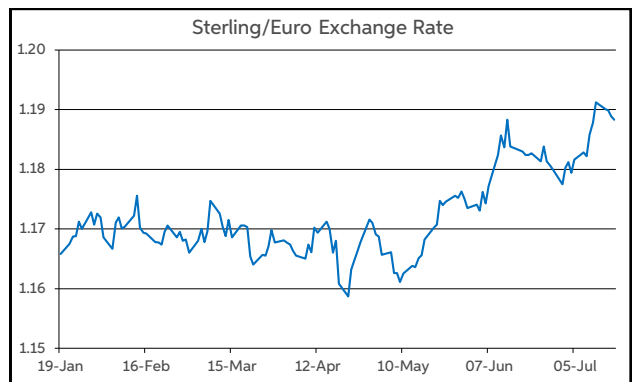
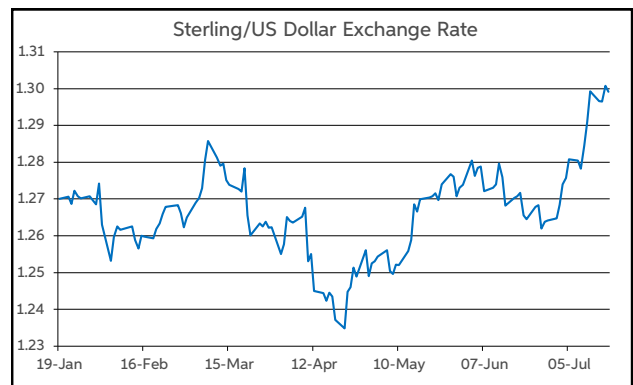
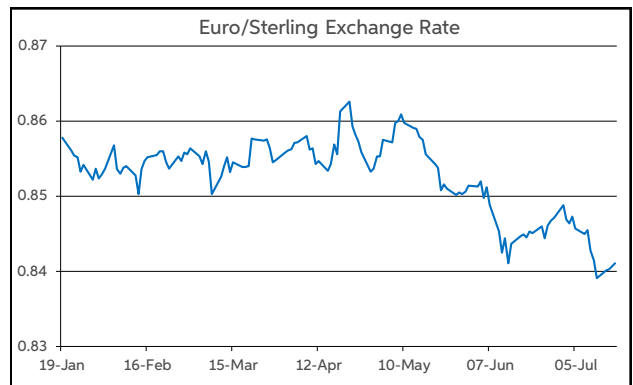
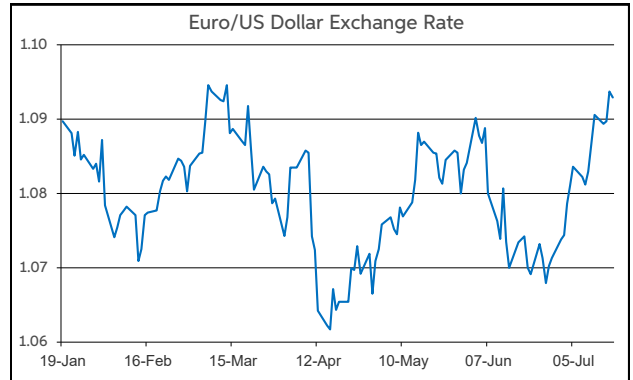
Equity markets moved lower on both sides of the Atlantic yesterday, despite some positive company earnings newsflow, dovish Fed rhetoric and better than anticipated US data. The move coincided with increased concerns of an escalation in trade tensions between the US and China. The Euro Stoxx fell by 1.1% while the S&P 500 declined by 1.4%.

Data-wise, US industrial production rose by 0.6% in June, double the 0.3% consensus. Meantime, comments from Fed officials Waller, Williams and Barkin acknowledged the recent improvement in US CPI, and indicated that the central bank is moving closer to cutting rates. However, remarks in an interview from former President Trump had a more significant impact on FX markets. He questioned whether the US would defend Taiwan, and stated that the strong dollar was hurting US competitiveness.

Against this backdrop, the dollar was under some downward pressure yesterday. This saw EUR/USD trade to a high of \$1.0948 and GBP/USD to a fresh YTD peak of \$1.3044. Elsewhere, the yen rose sharply amid speculation of further intervention by Japanese authorities to support the currency. As trading gets underway this morning, this sees USD/JPY down in the ¥156-157 range. EUR/USD opens above \$1.09. GBP/USD is operating just below \$1.30. EUR/GBP remains in and around 84p.

Already this morning, UK labour market data have printed in line with the forecast. The unemployment rate stayed at 4.4%, while average earnings growth slowed to +5.7% y/y. Later today, all eyes will be on the ECB monetary policy decision. No changes are expected, meaning the focus will be on any guidance in relation to a rate cut in September.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2023
EUR/USD	1.0929	0.24	-0.97
EUR/GBP	0.8411	0.05	-2.96
GBP/USD	1.2991	0.19	2.06
GBP/EUR	1.1882	-0.05	3.06
USD/JPY	156.2	-1.27	10.73
EUR/JPY	170.75	-1.01	9.72

* v Previous Day's European Open
See Next Page for More Rates

Opening Interest Rates						
Base Rate	Money Market		Swap Rates			
	1-Mth	3-Mth	1-Yr	2-Yr	5-Yr	
USD	5.38	5.45	5.54	5.07	4.56	4.09
EUR	4.25	3.58	3.67	3.43	3.05	2.72
GBP	5.25	5.14	5.11	4.80	4.60	4.11

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

FX Spot	Karl Cooke Shane Gargan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
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Opening Levels

Thursday 18 July 2024
07:53 am



Euro

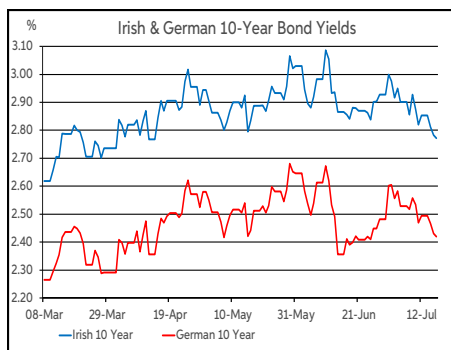
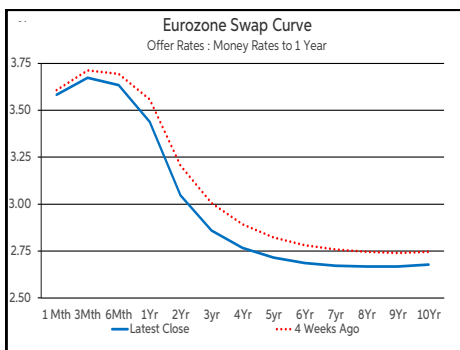
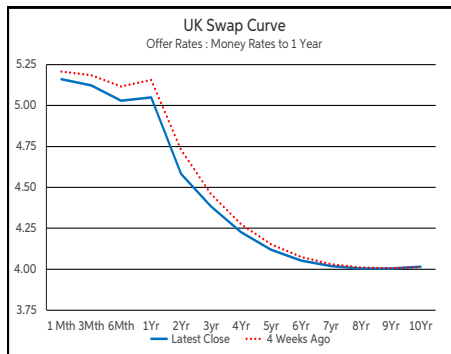
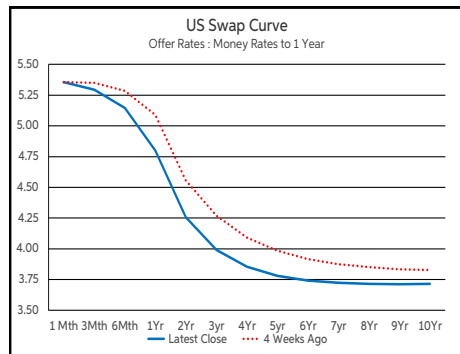
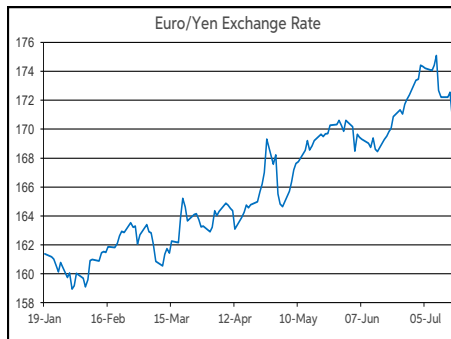
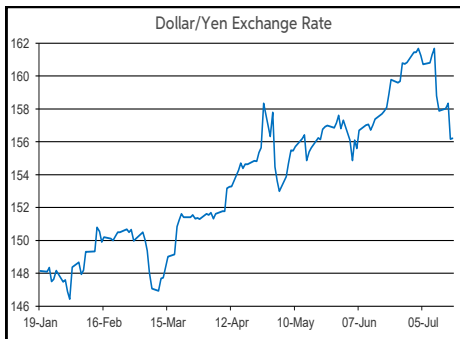
EUR/GBP	0.8411
EUR/USD	1.0929
EUR/JPY	170.75
EUR/SEK	11.5284
EUR/DKK	7.4589
EUR/NOK	11.7132
EUR/CHF	0.9662
EUR/AUD	1.6219
EUR/HKD	8.5335
EUR/CAD	1.4945

Sterling

GBP/EUR	1.1882
GBP/USD	1.2991
GBP/CAD	1.7763
GBP/NZD	2.1392
GBP/JPY	202.92
GBP/SEK	13.6993
GBP/DKK	8.8643
GBP/NOK	13.9266
GBP/CHF	1.1485
GBP/AUD	1.9276

Dollar

USD/JPY	156.2
USD/CAD	1.3672
USD/CHF	0.8839
USD/CNY	7.257
USD/BRL	5.4901
USD/RUB	87.6
USD/INR	83.6186
AUD/USD	0.6739
NZD/USD	0.6071



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 23
10 Year Yield %				
US	4.15	-2	-7	+29
Germany	2.42	-1	+2	+39
UK	4.08	+3	+1	+54
5 Year Swap %				
US	4.03	-0	-20	+24
Eurozone	2.71	+1	-10	+29
UK	4.12	+4	-3	+47
2 Year Swap %				
US	4.50	-0	-31	+17
Eurozone	3.05	+1	-15	+25
UK	4.62	+4	-10	+36
10 Year Government Bond Spreads to Benchmark bps				
Ireland	39	+1	-11	+5
Belgium	57	-0	-12	-9
France	66	+0	-10	+13
Italy	129	+2	-25	-38
Spain	78	+1	-17	-19
Portugal	60	+2	-15	-16
Greece	99	+1	-24	-6

Commodities				
	% Change			
	Close	Day	4 Weeks	End 23
Brent Oil	85.08	+1.61	+0.01	+10.44
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	2458.4	-0.41	+5.62	+19.19

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