

## No surprises from the Fed

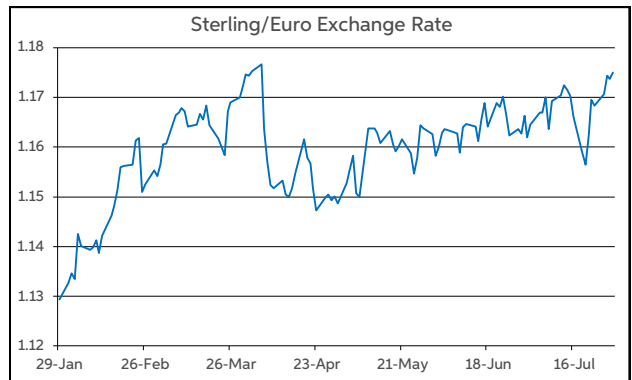
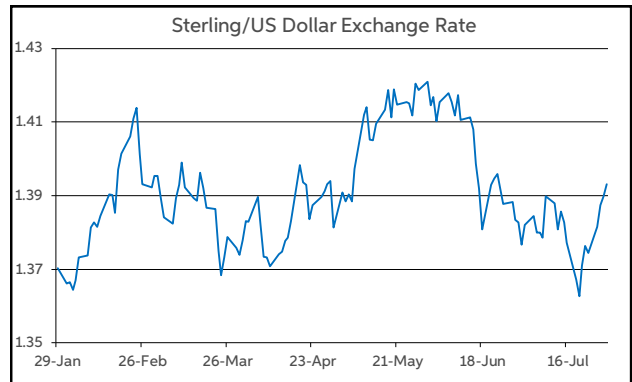
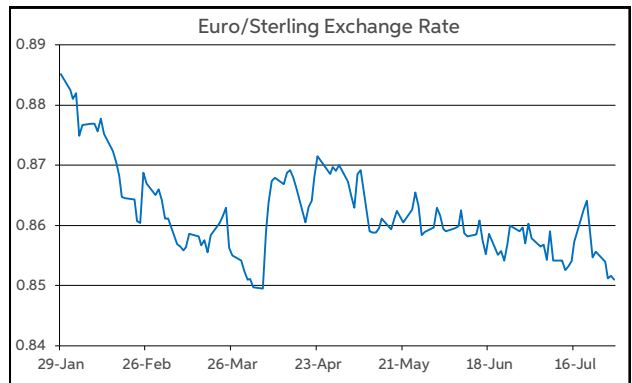
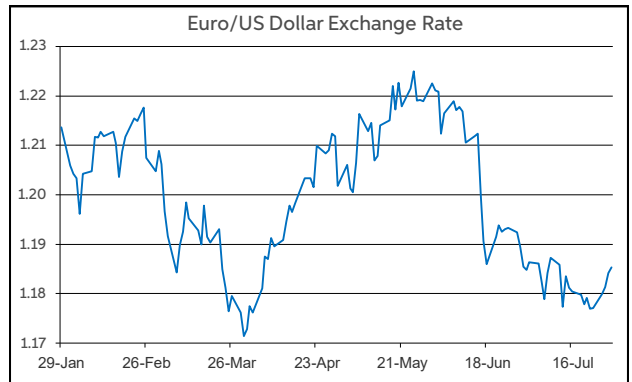
The action on markets yesterday was muted for much of the day. This was in part due to the quiet data calendar and the fact that the main event of note, the US Fed meeting did not conclude until after the close in Europe. As expected, the meeting provided few surprises with the central bank leaving policy unchanged.

In the context of its on-going discussion around QE tapering, the FOMC acknowledged in its statement that the “economy had made further progress” towards its employment and inflation goals. This indicates that the Fed remains on course to start to taper towards the end of this year, or early 2022.

In terms of the dollar, the currency was slightly softer following the meeting. This suggests currency watchers may have been expecting somewhat stronger guidance from the Fed on the ‘tapering’ issue. As the European session gets underway this morning, the modestly softer dollar tone is reflected in EUR/USD trading up at the midpoint of \$1.18-1.19, while GBP/USD has regained some ground in \$1.39 territory. Elsewhere, EUR/GBP remains pinned down near to the 85p mark.

Looking ahead to today, we get the first of this week’s batch of Q2 GDP data with the US releasing its initial estimate of growth for the period. US GDP is expected to register an 8.5% annualised growth rate (was 6.4% in Q1) with the pick-up in activity in the quarter supported by the vaccine rollout and fiscal stimulus. Meanwhile, in the Eurozone, the main data highlight, are the EC sentiment surveys for July. They are pencilled in to show further improvement. Overall though, neither release may have much impact on their respective currencies.

**John Fahey, Senior Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2020
EUR/USD	1.1854	0.30	-2.94
EUR/GBP	0.8507	-0.16	-4.81
GBP/USD	1.393	0.44	1.88
GBP/EUR	1.1747	0.16	5.05
USD/JPY	109.78	0.01	6.33
EUR/JPY	130.14	0.32	3.15

\* 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	0.125	0.09	0.13	0.14	0.30	0.82
EUR	0.00	-0.56	-0.54	-0.52	-0.48	-0.35
GBP	0.10	0.05	0.07	0.24	0.44	0.68

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

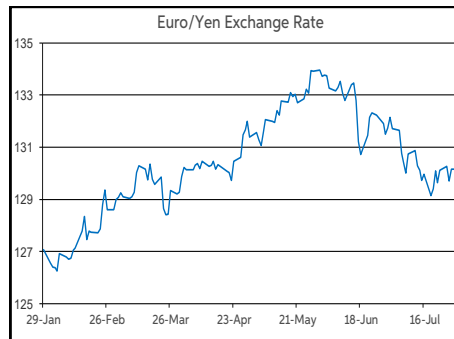
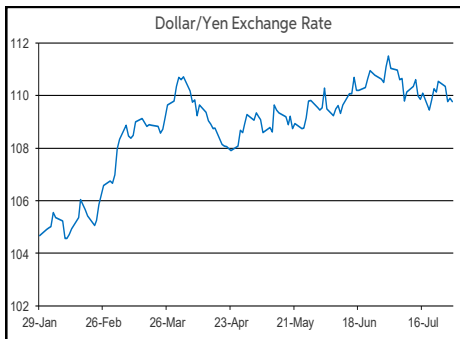
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

# Opening Levels

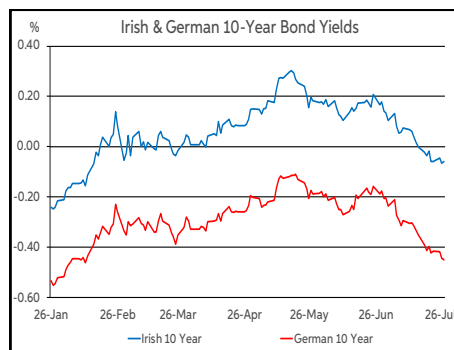
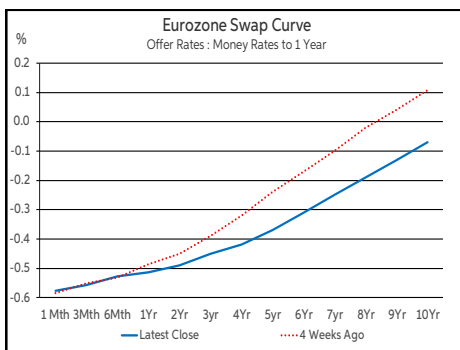
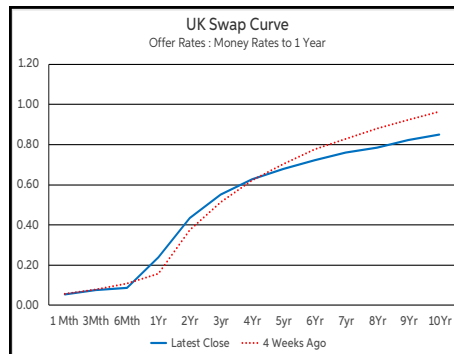
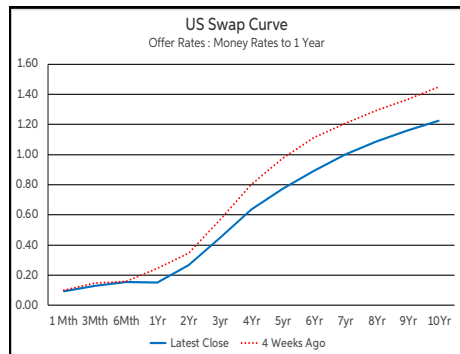
Thursday 29 July 2021  
07:25 am



Euro		Sterling		Dollar	
EUR/GBP	0.8508	GBP/EUR	1.1748	USD/JPY	109.76
EUR/USD	1.1854	GBP/USD	1.3931	USD/CAD	1.2485
EUR/JPY	130.14	GBP/CAD	1.7394	USD/CHF	0.9089
EUR/SEK	10.1731	GBP/NZD	1.9962	USD/CNY	6.4711
EUR/DKK	7.4375	GBP/JPY	152.91	USD/BRL	5.1158
EUR/NOK	10.405	GBP/SEK	11.952	USD/RUB	73.2545
EUR/CHF	1.0776	GBP/DKK	8.7374	USD/INR	74.263
EUR/AUD	1.6048	GBP/NOK	12.2222	AUD/USD	0.7386
EUR/HKD	9.2177	GBP/CHF	1.2665	NZD/USD	0.6977
EUR/CAD	1.4801	GBP/AUD	1.8857		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 20
<b>10 Year Yield %</b>				
US	1.24	-0	-23	+32
Germany	-0.45	-1	-24	+13
UK	0.58	+2	-14	+38
Ireland	-0.03	+1	-20	+28
Belgium	-0.10	+1	-20	+29
France	-0.08	+0	-22	+26
Italy	0.62	-1	-20	+10
Spain	0.28	-0	-14	+22
Portugal	0.19	-0	-22	+13
Greece	0.62	-0	-21	-1
<b>5 Year Swap %</b>				
US	0.77	+0	-16	+35
Eurozone	-0.37	-1	-12	+9
UK	0.68	+2	-2	+49
<b>2 Year Swap %</b>				
US	0.27	+1	-5	+8
Eurozone	-0.49	-0	-3	+4
UK	0.43	+0	+7	+41
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	42	+1	+4	+15
Belgium	35	+1	+4	+16
France	36	+1	+3	+13
Italy	107	-0	+4	-3
Spain	72	+0	+10	+9
Portugal	64	+0	+3	+0
Greece	107	+0	+4	-14



Commodities				
	% Change			
	Close	Day	4 Weeks	End 20
Brent Oil	74.74	+0.35	-0.52	+44.29
West Texas Oil	72.37	+0.96	-1.56	+49.68
Gold \$	1806.9	+0.45	+2.10	-4.72

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