

## ECB the focus this week

There was some volatility on currency markets last week. After struggling during the early part of the week, sterling recovered, making gains of over 1% against the dollar and euro. It was aided by positive UK labour market data and more hawkish talk from the BoE. For the dollar, markets weighed concerns about the Trump administration, a mixed performance from the US data schedule and a less hawkish tone from Fed Chair Yellen.

In level terms, sterling's firmer tone saw GBP/USD finish the week in the upper half of the \$1.30-1.31 band, while EUR/GBP moved back below 88p, having traded as high as 89.4p at one point. Meanwhile, EUR/USD tried to push up towards \$1.15, though so far it has been unable to sustain this and it opens this morning near \$1.145. After moving lower in recent weeks, some support for the yen saw USD/JPY move back below ¥113.

The standout event of a relatively light calendar this week is Thursday's ECB meeting. No policy changes are expected. However, markets will be looking to see if the ECB removes its guidance that it stands "ready to increase" the size and/or duration of its QE programme. Any changes to the ECB statement in this regard would likely help to provide upward support to the euro.

In the UK, June CPI will bear close watching. Headline inflation is forecast to have remained at 2.9%, above the BoE's expectations. Above target inflation prompted a number of MPC members to surprise markets by voting for a rate hike in June. Thus, such a result could help sterling retain its firmer tone. UK retail sales are also forecast to move higher in June. In the US, there is a lack of 'top-tier' data, with housing starts (June) and the NY and Philly indices (July) the main releases. Thus, the US calendar seems unlikely to provide much direction to the dollar.

**Dara Turnbull, Economist, AIB**

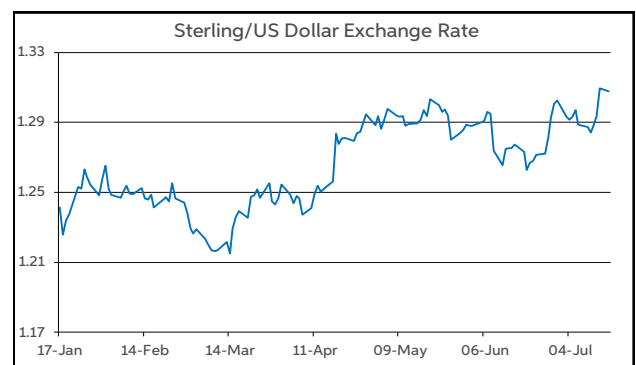
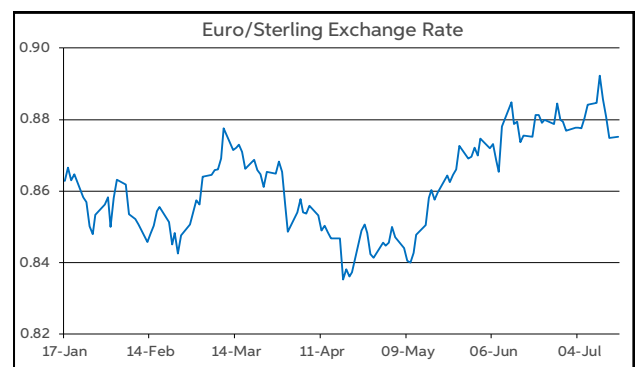
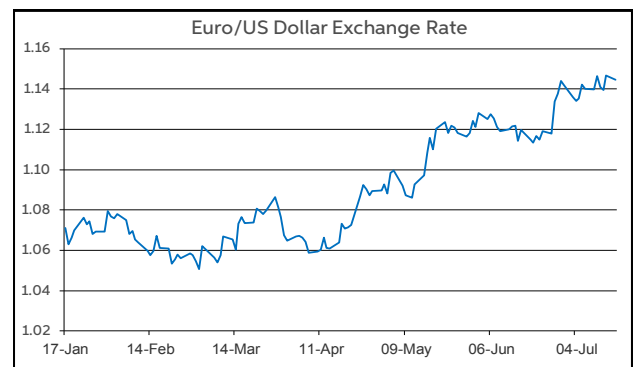
Opening Interest Rates						
	Base Rate	Short Term			Long Term	
		1-Mth	3-Mth	12-Mth	2-Yr	5-Yr
USD	1.125	1.23	1.30	1.74	1.59	1.91
EUR	0.00	-0.37	-0.33	-0.15	-0.12	0.33
GBP	0.25	0.25	0.29	0.65	0.67	0.97

Equity Indices				
	Latest Close	% Changes		
		on Day	End 2016 to Date	
Dow Jones	21637.74	+0.39	+9.49	
S&P 500	2459.27	+0.47	+9.85	
FTSE 100	7378.39	-0.47	+3.30	
DJ Stoxx 50	3525.94	-0.05	+7.15	
ISEQ	6893.47	-0.13	+5.77	
Nikkei	20118.86	+0.00	+5.26	

Today's Opening Rates			
		% Change	
		Day *	End 2016
EUR/USD	1.1447	0.39	8.88
EUR/GBP	0.8752	-0.53	2.75
GBP/USD	1.3079	0.97	6.02
GBP/EUR	1.1423	0.54	-2.67
USD/JPY	112.7	-0.64	-3.57
EUR/JPY	129.01	-0.24	4.77

\* v Previous Day's European Open

See Next Page for More Rates ▶▶▶



All rates quoted are indicative market rates

See Next Page For More Rates & Charts

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# Opening Levels

Monday 17 July 2017  
07:32 am



## Euro

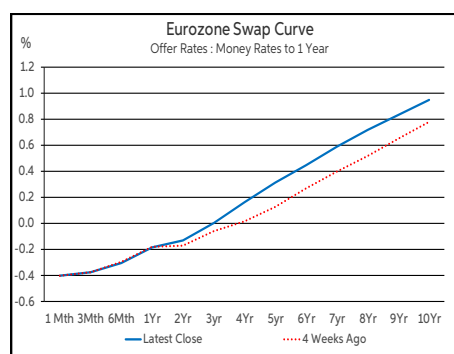
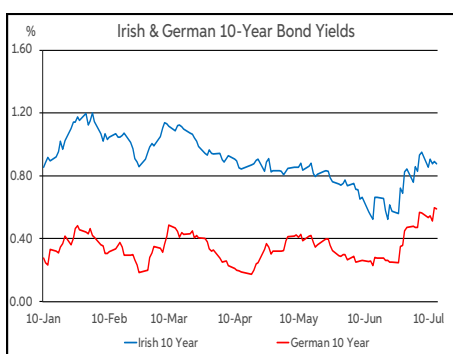
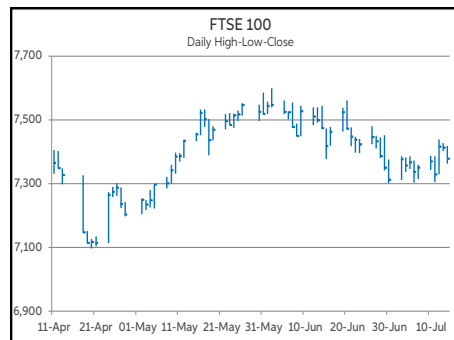
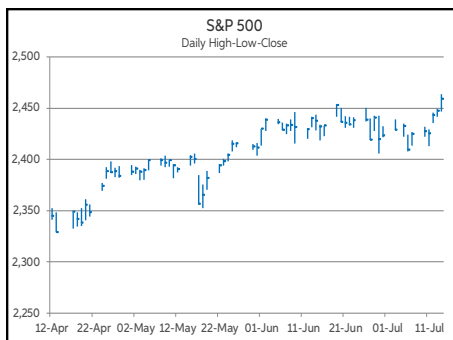
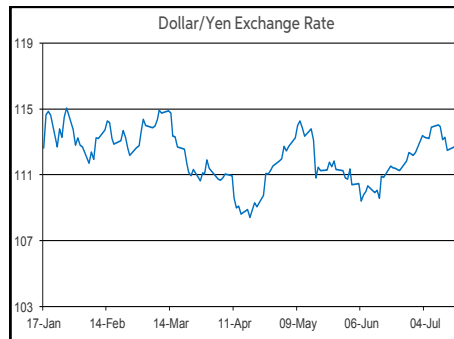
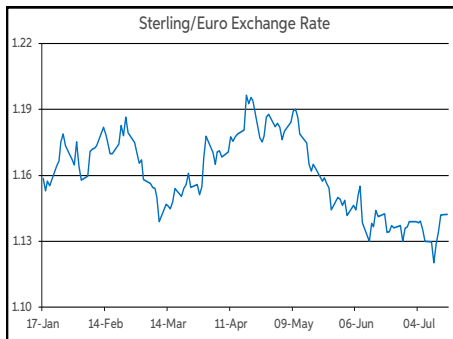
EUR/GBP	0.8752
EUR/USD	1.1447
EUR/JPY	129.01
EUR/SEK	9.529
EUR/DKK	7.4364
EUR/NOK	9.3904
EUR/CHF	1.1052
EUR/AUD	1.4668
EUR/HKD	8.9314
EUR/CAD	1.45

## Sterling

GBP/EUR	1.1423
GBP/USD	1.3079
GBP/CAD	1.6566
GBP/NZD	1.785
GBP/JPY	147.4
GBP/SEK	10.8854
GBP/DKK	8.4943
GBP/NOK	10.7228
GBP/CHF	1.2622
GBP/AUD	1.6759

## Dollar

USD/JPY	112.7
USD/CAD	1.2667
USD/CHF	0.9652
USD/CNY	6.7729
USD/BRL	3.1794
USD/RUB	59.18
USD/INR	64.37
AUD/USD	0.7804
NZD/USD	0.7326



	Close	Change bps		
		Day	4 Weeks	End 16
<b>10 Year Yield %</b>				
US	2.33	-2	+18	-11
Germany	0.59	-1	+31	+39
UK	1.30	+0	+29	+7
<b>5 Year Swap %</b>				
US	1.91	-3	+10	-5
Eurozone	0.31	-1	+18	+23
UK	0.97	-0	+22	+9
<b>2 Year Swap %</b>				
US	1.58	-1	+7	+14
Eurozone	-0.13	-2	+4	+3
UK	0.66	-1	+13	+6
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	29	-1	-10	-26
Belgium	27	+0	-5	-4
France	26	-0	-8	-21
Italy	169	-3	-1	+8
Spain	102	-7	-14	-15
Portugal	252	-2	-9	-100
Greece	464	+1	-64	-204

	Close	% Change		
		Day	4 Weeks	End 16
Brent Oil	48.91	+1.01	+3.25	-13.92
West Texas Oil	46.53	+1.02	+4.02	-13.43
CRB - All Commodity	176.28	+1.11	+1.87	-8.43
CRB - Food	370.07	+3.05	-0.23	+9.25
Gold \$	1229.4	+0.94	-1.97	+6.70

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