

## Fed event risk for the dollar today

The action on currency markets yesterday was mostly uneventful. While the agreement between US President, Donald Trump and the North Korean leader, Kim Jong Un, generated plenty of headlines and pictures, there was no noticeable impact on markets.

Data-wise, the main focus was once again on the UK schedule with a raft of labour market updates out. The results were mixed. Employment increased by more than expected, rising 1.4% y/y in the three months to April. Meanwhile, the unemployment rate was unchanged. Although, at 4.2%, it is already at a four-decade low.

However, the wage growth data were disappointing. Both headline and Ex-Bonus earnings missed to the downside of expectations, registering a slower pace of increase versus forecasts for no change. Overall though, from a sterling perspective, there was no lasting impact on the currency from the macro newsflow. Meantime, the Brexit debate in the House of Commons also had no sustained sterling impact.

Indeed, all the main currency pairs open this morning broadly unchanged from 24 hours ago, with the euro slightly lower. In level terms, EUR/USD is trading near the midpoint of the \$1.17-1.18 band, while EUR/GBP is just below the 88p level. Meanwhile, GBP/USD is changing hands near \$1.335.

Ahead today, we get another important UK release with inflation data for May due. However, the main focus of market attention today, will be this evening's (after close in Europe) conclusion of the June Fed meeting. A 25bps hike is being taken as a given by markets. So the focus will be on the updated rate projections (i.e. is there a fourth hike added for 2018). If the Fed turns more hawkish on its 2018 guidance, then the dollar could make some gains.

**John Fahey, Senior Economist, AIB**

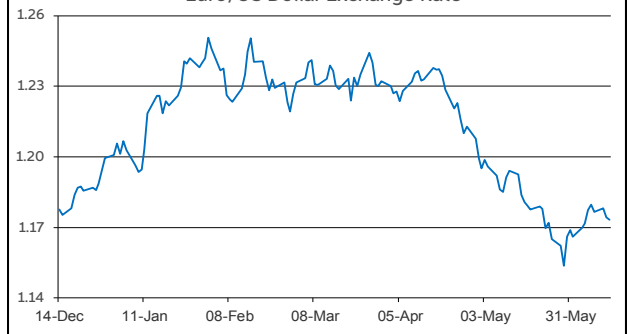
### Today's Opening Rates

		% Change	
		Day *	End 2017
EUR/USD	1.1733	-0.29	-2.19
EUR/GBP	0.8784	-0.24	-1.11
GBP/USD	1.3355	-0.05	-1.16
GBP/EUR	1.1379	0.24	1.13
USD/JPY	110.55	0.16	-1.88
EUR/JPY	129.74	-0.13	-4.02

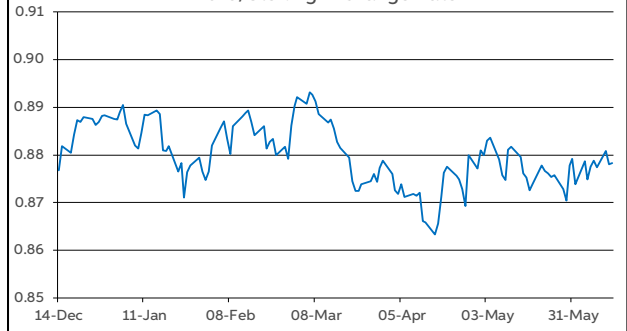
\* v Previous Day's European Open

See Next Page for More Rates ▶▶▶

Euro/US Dollar Exchange Rate



Euro/Sterling Exchange Rate



Sterling/US Dollar Exchange Rate



	Opening Interest Rates					
	Base Rate	Short Term			Long Term	
		1-Mth	3-Mth	12-Mth	2-Yr	5-Yr
USD	1.625	2.06	2.34	2.76	2.81	2.93
EUR	0.00	-0.37	-0.32	-0.18	-0.11	0.39
GBP	0.50	0.50	0.63	0.94	1.03	1.35

	Equity Indices		
	Latest Close	% Changes	
		on Day	End 2017 to Date
Dow Jones	25320.73	-0.01	+2.43
S&P 500	2786.85	+0.17	+4.24
FTSE 100	7703.81	-0.43	+0.21
DJ Stoxx 50	3475.58	-0.13	-0.81
ISEQ	7121.7	-0.39	+1.19
Nikkei	22966.38	+0.38	+0.88

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

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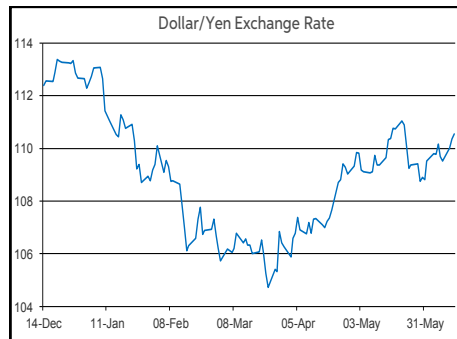
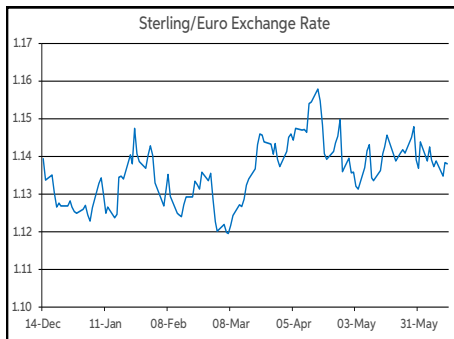
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# Opening Levels

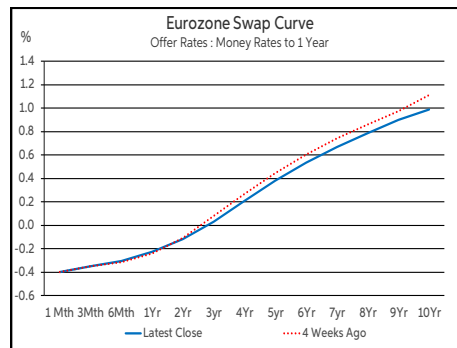
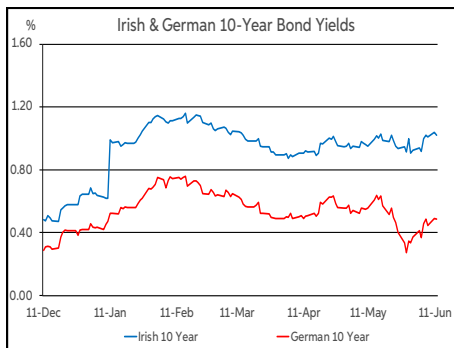
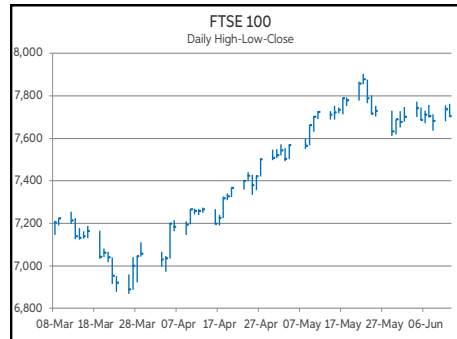
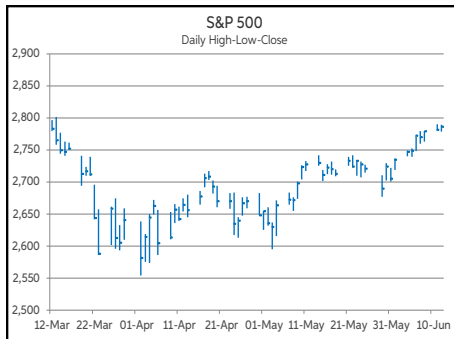
Wednesday 13 June 2018  
07:29 am



Euro		Sterling		Dollar	
EUR/GBP	0.8784	GBP/EUR	1.1379	USD/JPY	110.55
EUR/USD	1.1733	GBP/USD	1.3355	USD/CAD	1.3033
EUR/JPY	129.74	GBP/CAD	1.7408	USD/CHF	0.9878
EUR/SEK	10.1496	GBP/NZD	1.9059	USD/CNY	6.4048
EUR/DKK	7.4503	GBP/JPY	147.64	USD/BRL	3.7164
EUR/NOK	9.4549	GBP/SEK	11.549	USD/RUB	63.12
EUR/CHF	1.1593	GBP/DKK	8.4783	USD/INR	67.6225
EUR/AUD	1.5511	GBP/NOK	10.7604	AUD/USD	0.7562
EUR/HKD	9.2085	GBP/CHF	1.3193	NZD/USD	0.7006
EUR/CAD	1.5294	GBP/AUD	1.7654		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 17
<b>10 Year Yield %</b>				
US	2.96	+1	-11	+56
Germany	0.49	-0	-15	+7
UK	1.40	-1	-11	+22
Ireland	1.02	-2	+0	N/A
Belgium	0.87	-4	-1	+26
France	0.87	+3	+3	+10
Italy	2.84	+1	+89	+85
Spain	1.42	+0	+7	-12
Portugal	1.97	+0	+25	+7
Greece	4.46	+4	+36	+42
<b>5 Year Swap %</b>				
US	2.92	-1	-6	+67
Eurozone	0.38	-1	-6	+7
UK	1.34	-1	-7	+30
<b>2 Year Swap %</b>				
US	2.78	-1	+1	+70
Eurozone	-0.12	-1	-1	+2
UK	1.02	-0	-3	+22
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	53	-2	+16	N/A
Belgium	39	-3	+14	+19
France	39	+3	+18	+3
Italy	235	+2	+104	+78
Spain	93	+1	+23	-19
Portugal	148	+1	+40	+1
Greece	398	+4	+52	+35



Commodities				
	% Change			
	Close	Day	4 Weeks	End 17
Brent Oil	75.88	-0.76	-3.25	+13.47
West Texas Oil	66.38	+0.42	-6.95	+9.79
CRB - All Commodity	200.14	+0.38	-1.63	+3.24
CRB - Food	358.72	+2.09	+1.49	+6.75
Gold \$	1296.4	-0.32	+0.41	-0.48

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