

Geopolitics spurs market moves

Global risk aversion prompted some significant moves on currency markets over the last 24 hours. This largely reflected the news that the US is to impose fresh economic sanctions on Russia and the uncertainty over the potential implications of this. Concerns over possible contagion effects (primarily in Europe) from risks around the stability of the Turkish financial system, as the value of the Turkish lira continued to plummet, have also impacted FX markets.

The geopolitical developments sparked some safe-haven demand for the dollar, yen and Swiss franc. The headlines around Turkey have seen the euro fall back, with media reports that the ECB is concerned about the exposure of some Eurozone banks to the country.

In level terms, the firmer dollar and softer euro have seen EUR/USD fall from around \$1.16, through its key \$1.15 support, to open this morning at \$1.146. This is its weakest level since July 2017. GBP/USD has moved below its modest support at \$1.28, changing hands at its lowest level since June 2017. The EUR/GBP pair is currently trading near 89.5p.

Turning to the day ahead, the main data release is the first reading of UK Q2 GDP. Quarterly growth is expected to have improved, with a 0.4% rise forecast (vs 0.2% in Q1). Although, given the lagging nature of the data, as well as the on-going uncertainty over Brexit, potential sterling impact may be limited.

Dollar-wise, US CPI inflation for July is due out. With no change in underlying price pressures expected, the data seem unlikely to have much impact on the US currency. Overall then, FX markets may continue to be driven by geopolitical considerations today.

Dara Turnbull, Economist, AIB

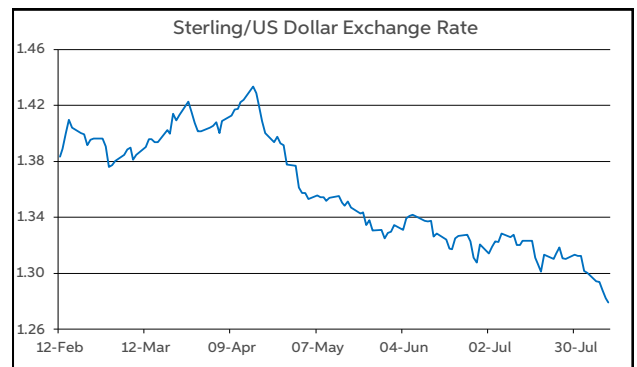
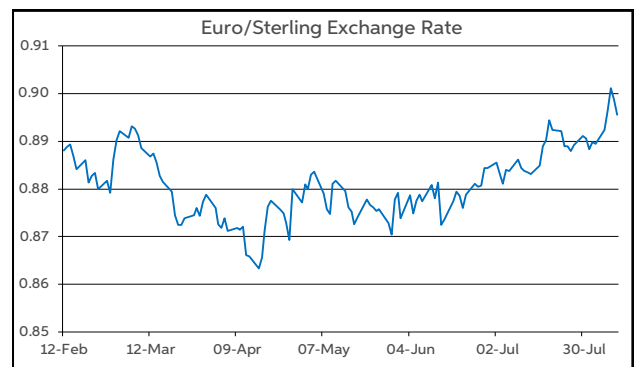
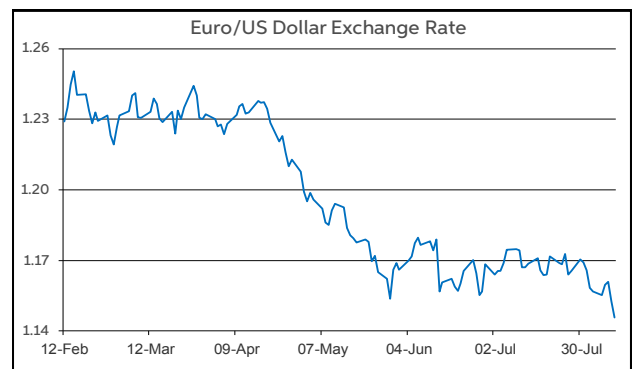
Opening Interest Rates						
	Base Rate	Short Term			Long Term	
		1-Mth	3-Mth	12-Mth	2-Yr	5-Yr
USD	1.875	2.07	2.34	2.83	2.82	2.89
EUR	0.00	-0.37	-0.32	-0.18	-0.13	0.29
GBP	0.75	0.72	0.81	1.05	1.10	1.36

Equity Indices				
	Latest Close	% Changes		
		on Day	End 2017 to Date	
Dow Jones	25509.23	-0.29	+3.20	
S&P 500	2853.58	-0.14	+6.73	
FTSE 100	7741.77	-0.45	+0.70	
DJ Stoxx 50	3494.13	+0.02	-0.28	
ISEQ	6745.64	-0.24	-4.16	
Nikkei	22298.08	-1.33	-2.05	

Today's Opening Rates			
		% Change	
		Day *	End 2017
EUR/USD	1.1459	-1.25	-4.48
EUR/GBP	0.8956	-0.67	0.82
GBP/USD	1.2792	-0.61	-5.33
GBP/EUR	1.1161	0.67	-0.82
USD/JPY	110.92	0.01	-1.55
EUR/JPY	127.11	-1.25	-5.97

* 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

Friday 10 August 2018
07:30 am



Euro

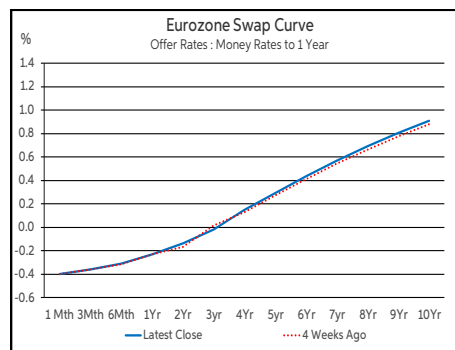
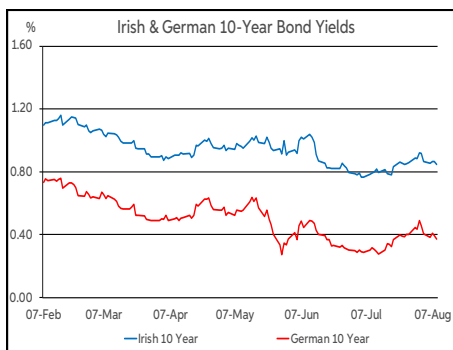
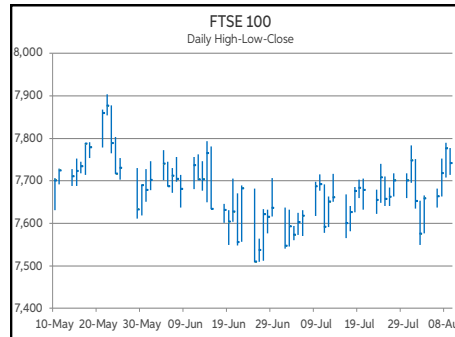
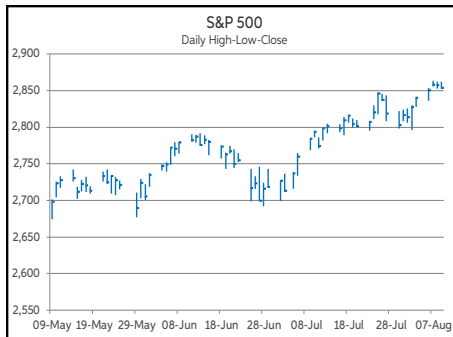
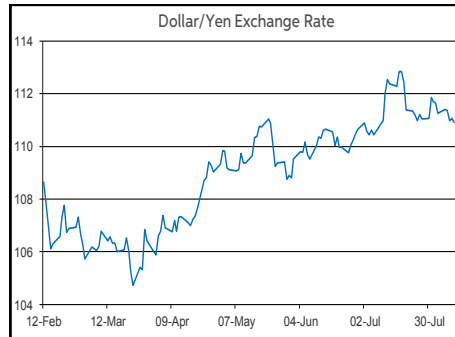
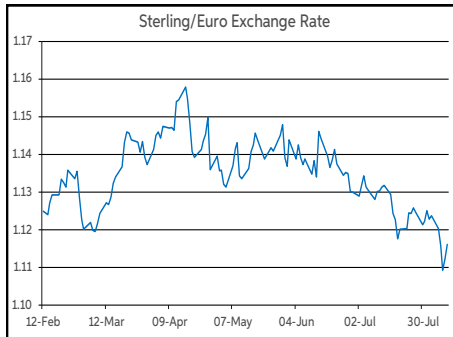
EUR/GBP	0.8956
EUR/USD	1.1459
EUR/JPY	127.11
EUR/SEK	10.374
EUR/DKK	7.454
EUR/NOK	9.5638
EUR/CHF	1.1418
EUR/AUD	1.5676
EUR/HKD	8.9936
EUR/CAD	1.4994

Sterling

GBP/EUR	1.1161
GBP/USD	1.2792
GBP/CAD	1.674
GBP/NZD	1.9418
GBP/JPY	141.89
GBP/SEK	11.579
GBP/DKK	8.3222
GBP/NOK	10.6778
GBP/CHF	1.2748
GBP/AUD	1.7502

Dollar

USD/JPY	110.92
USD/CAD	1.3081
USD/CHF	0.9964
USD/CNY	6.857
USD/BRL	3.8012
USD/RUB	67.045
USD/INR	68.95
AUD/USD	0.7307
NZD/USD	0.6585



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 17
10 Year Yield %				
US	2.93	-3	+8	+52
Germany	0.37	-2	+8	-5
UK	1.30	-2	+2	+12
5 Year Swap %				
US	2.91	-5	+4	+66
Eurozone	0.29	-2	+2	-2
UK	1.35	-3	+2	+31
2 Year Swap %				
US	2.82	-4	+2	+73
Eurozone	-0.14	-1	+3	+0
UK	1.09	-2	+4	+29
10 Year Government Bond Spreads to Benchmark bps				
Ireland	48	+1	-5	N/A
Belgium	35	+7	-1	+16
France	33	+0	-1	-2
Italy	252	+2	+19	+94
Spain	99	+0	+1	-13
Portugal	138	+5	-7	-9
Greece	369	+13	+15	+7

Commodities				
	Close	% Change		
		Day	4 Weeks	End 17
Brent Oil	72.07	-0.29	-3.20	+7.78
West Texas Oil	66.81	-0.16	-4.94	+10.50
CRB - All Commodity	192.43	-0.32	-0.81	-0.74
CRB - Food	330.68	-1.84	-4.31	-1.60
Gold \$	1212.7	-0.11	-2.79	-6.90

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