

ECB poses 2-way risk for euro

Over the past 24 hours both the euro and sterling have adopted a softer tone. The former has been on the defensive ahead of today's ECB meeting. The latter has edged lower following a ruling by a Scottish court that PM Johnson's move to prorogue Parliament was "unlawful". The UK government has stated that it will appeal the decision to the Supreme Court.

Overnight, President Trump announced a delay in the imposition of additional tariffs on China. However, currency market impact to the latest trade-related development has been limited.

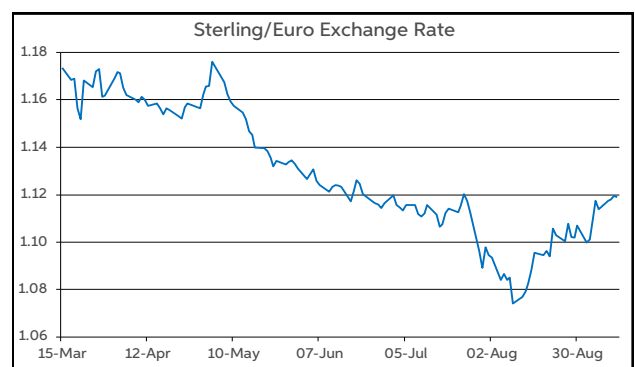
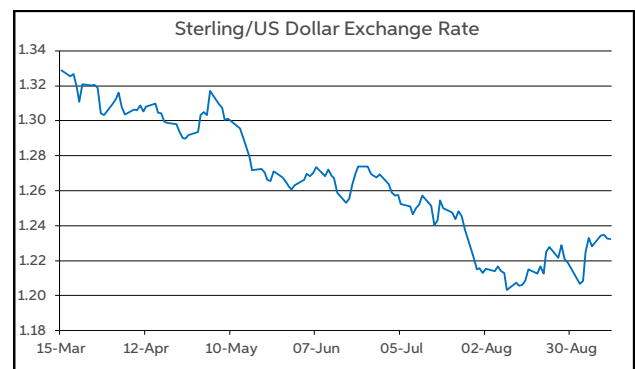
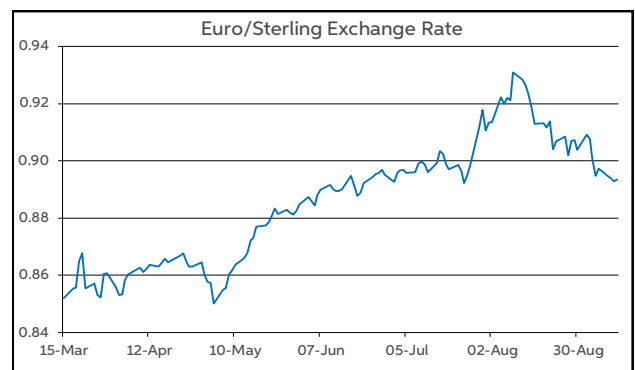
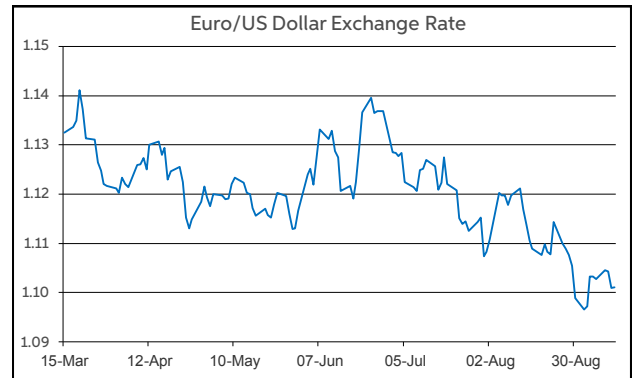
All of the above is reflected in EUR/USD opening this morning down at the \$1.10 threshold, while cable (GBP/USD) is back in the lower half of the \$1.23-1.24 band. Meantime, EUR/GBP continues to operate below the midpoint of the 89-90p range.

Today, we get the August print of US CPI. Headline inflation is expected to hold below 2%, though core is forecast to have edged up to 2.3%. Such evidence of a build up in price pressures could see the dollar move higher. There is little out to influence sterling.

The highlight, though, is the ECB's policy meeting. The consensus is that the central bank will cut the depo rate by 10bps to -0.5%. It may also introduce a tiered deposit facility to negate the impact on banks of negative rates. The ECB could also guide that it may cut rates further and make an announcement regarding QE.

The meeting poses some two-way risk to the euro. If the central bank is seen to under-deliver (e.g. no QE announcement or less dovish rate guidance), the currency could move higher. At the same time, a rate cut in excess of 10bps or the announcement of a sizeable QE programme could see the euro lose ground.

Conor Beakey, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2018
EUR/USD	1.1011	-0.37	-3.99
EUR/GBP	0.8935	-0.08	-0.55
GBP/USD	1.2324	-0.26	-3.39
GBP/EUR	1.1189	0.08	0.55
USD/JPY	108	0.23	-1.42
EUR/JPY	118.93	-0.13	-5.39

* v Previous Day's European Open

See Next Page for More Rates

Opening Interest Rates						
Base Rate	Short Term			Long Term		
	1-Mth	3-Mth	12-Mth	2-Yr	5-Yr	
USD	2.125	2.04	2.13	2.01	1.67	1.53
EUR	0.00	-0.46	-0.44	-0.37	-0.49	-0.43
GBP	0.75	0.71	0.78	0.93	0.78	0.75

All rates quoted are indicative market rates

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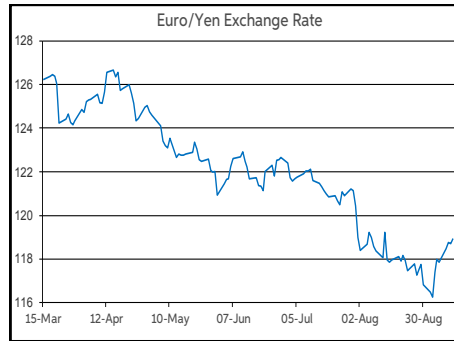
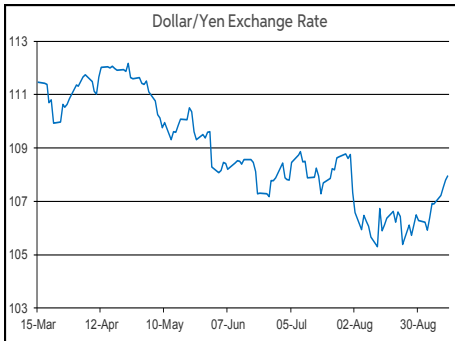
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Opening Levels

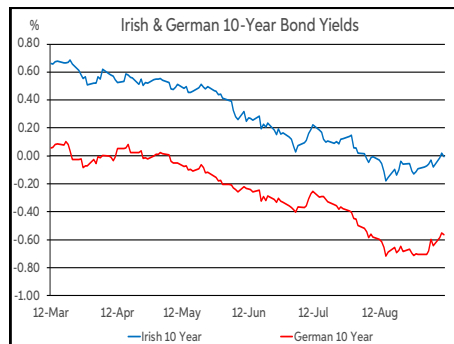
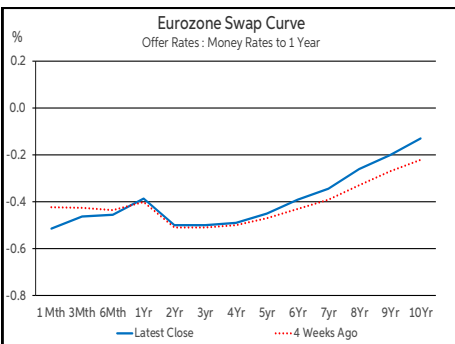
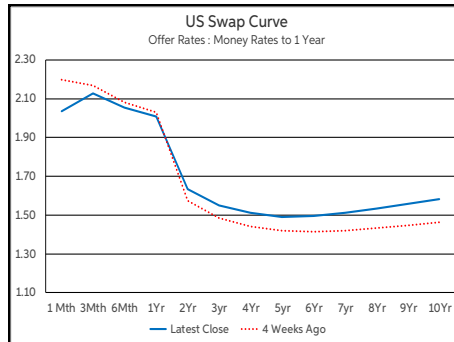
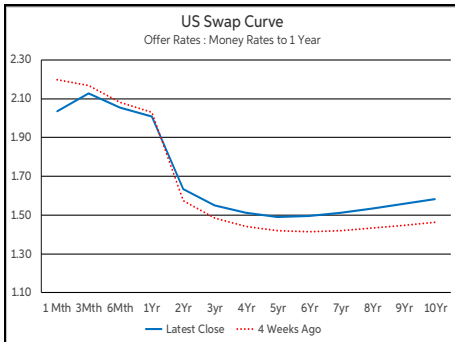
Thursday 12 September 2019
07:13 am



Euro		Sterling		Dollar	
EUR/GBP	0.8935	GBP/EUR	1.1189	USD/JPY	108
EUR/USD	1.1011	GBP/USD	1.2324	USD/CAD	1.3181
EUR/JPY	118.93	GBP/CAD	1.6242	USD/CHF	0.993
EUR/SEK	10.6484	GBP/NZD	1.9146	USD/CNY	7.0872
EUR/DKK	7.4606	GBP/JPY	133.1	USD/BRL	4.0675
EUR/NOK	9.8556	GBP/SEK	11.9135	USD/RUB	65.3401
EUR/CHF	1.0937	GBP/DKK	8.3476	USD/INR	71.3266
EUR/AUD	1.6005	GBP/NOK	11.0285	AUD/USD	0.6878
EUR/HKD	8.6179	GBP/CHF	1.2237	NZD/USD	0.6436
EUR/CAD	1.4513	GBP/AUD	1.7911		



Debt Markets				
	Close	Day	4 Weeks	End 18
10 Year Yield %				
US	1.74	+0	+16	-94
Germany	-0.56	-1	+9	-80
UK	0.63	-0	+19	-63
Ireland	0.00	-3	+11	N/A
Belgium	-0.21	-2	+11	-97
France	-0.27	-1	+11	-97
Italy	0.96	-5	-53	-175
Spain	0.24	-1	+11	-118
Portugal	0.25	-1	+9	-145
Greece	1.63	+2	-38	-267
5 Year Swap %				
US	1.49	-1	+7	-107
Eurozone	-0.45	-2	+2	-68
UK	0.74	+0	+13	-58
2 Year Swap %				
US	1.63	-1	+6	-101
Eurozone	-0.50	+0	+1	-36
UK	0.77	+0	+10	-40
10 Year Government Bond Spreads to Benchmark bps				
Ireland	56	-2	+2	N/A
Belgium	35	-1	+2	-17
France	30	-0	+2	-17
Italy	153	-4	-62	-95
Spain	80	+0	+2	-37
Portugal	82	-0	-0	-65
Greece	220	+3	-47	-187



Commodities				
	Close	Day	4 Weeks	End 18
Brent Oil	60.81	-2.52	+2.24	+13.03
West Texas Oil	55.66	-2.98	+0.91	+23.28
Gold \$	1497.9	+0.71	-1.23	+16.76

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