

Equities rise on easing of trade tensions

Risk appetite improved yesterday following an apparent easing of trade tensions. The US administration announced a delay in the imposition of additional tariffs on a number of Chinese exports from September until December.

In terms of the market reaction, equities rallied on the newsflow, with the S&P closing up 1.5%. Bond market impact saw US 10-year Treasury yields rising by 6bps. Currency-wise, the less risk averse mood coincided with the yen losing ground to the other majors.

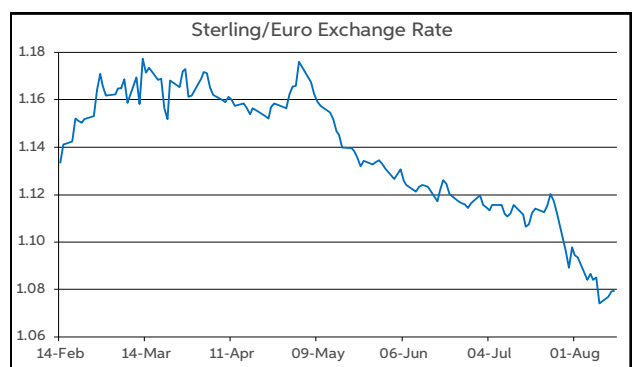
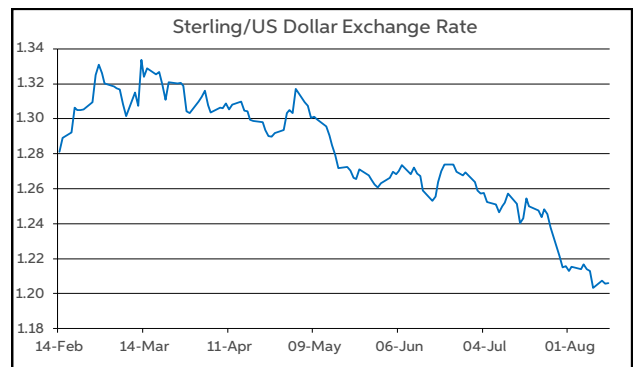
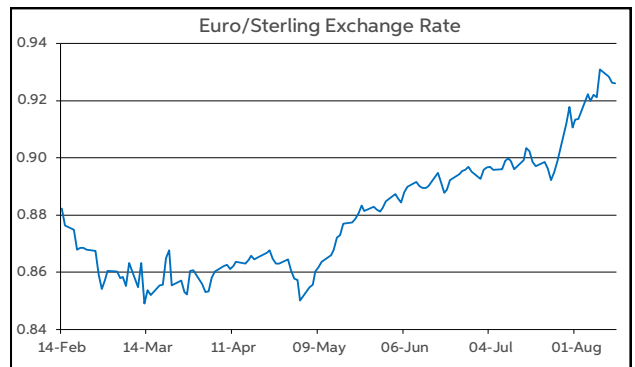
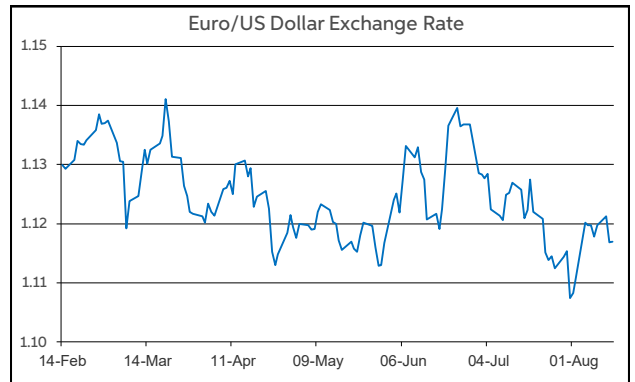
Data-wise, UK labour market figures released yesterday were generally better than expected. Employment growth picked up strongly, while underlying wage inflation accelerated. There was a small unexpected increase in the jobless rate. Overall though, there was no notable impact on sterling. Elsewhere, headline US CPI surprised to the upside of forecasts in July, rising to 1.8% (f'cast 2.1%). However, it failed to prompt much of a move in the dollar.

As trading gets underway this morning, EUR/USD remains in the upper half of the \$1.11-1.12 range, while EUR/GBP is changing hands around the 92.5p mark. Elsewhere, cable (GBP/USD) is close to the midpoint of the \$1.20-1.21 band.

Today, the highlight of the schedule is UK CPI for July. Headline inflation is forecast to have eased to 1.9%, from 2.0%, while the core rate looks to have held at 1.8%. Barring a major surprise, the release is unlikely to have much of an impact on sterling.

In the Eurozone, the Q2 flash estimate of employment (f'cast +0.3%) and June industrial output figures (-1.4%) are due but are not expected to have much influence on the euro. Meantime, there is no data out that could move the dollar.

Conor Beakey, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2018
EUR/USD	1.1171	-0.16	-2.60
EUR/GBP	0.9261	-0.13	3.08
GBP/USD	1.206	-0.05	-5.46
GBP/EUR	1.0793	0.13	-2.99
USD/JPY	106.36	0.90	-2.92
EUR/JPY	118.84	0.59	-5.46

* 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	2.20	2.16	1.97	1.62	1.49
EUR	0.00	-0.41	-0.40	-0.35	-0.51	-0.45
GBP	0.75	0.71	0.76	0.82	0.66	0.62

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

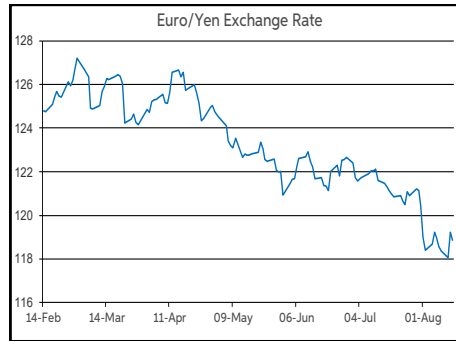
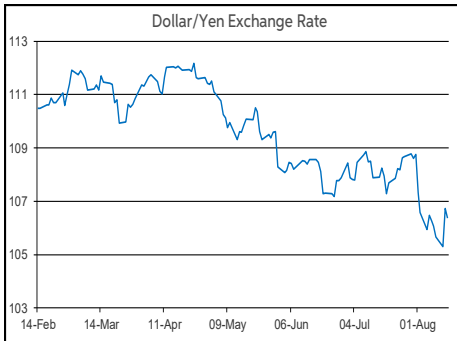
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite Lenny Hogan	Reuters Phone	AIB 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Opening Levels

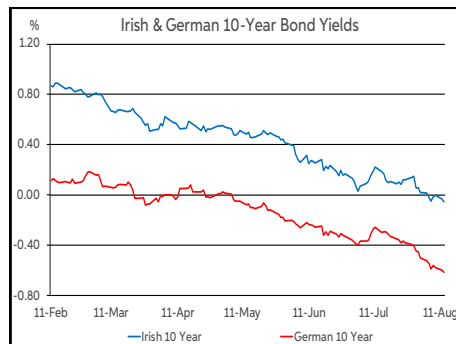
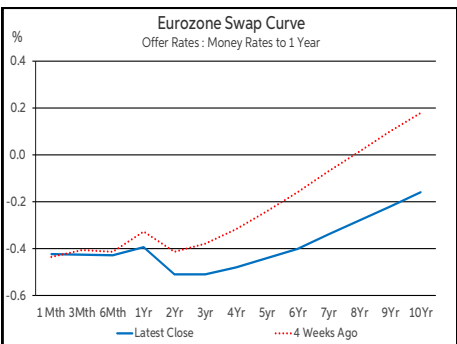
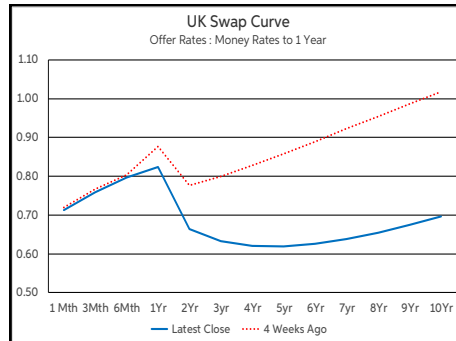
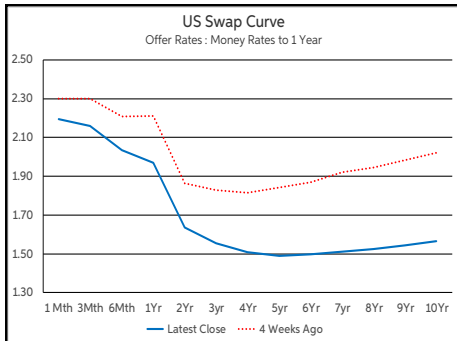
Wednesday 14 August 2019
07:19 am



Euro		Sterling		Dollar	
EUR/GBP	0.9261	GBP/EUR	1.0793	USD/JPY	106.36
EUR/USD	1.1171	GBP/USD	1.206	USD/CAD	1.3222
EUR/JPY	118.84	GBP/CAD	1.5948	USD/CHF	0.9755
EUR/SEK	10.6608	GBP/NZD	1.8671	USD/CNY	7.0191
EUR/DKK	7.462	GBP/JPY	128.27	USD/BRL	3.9635
EUR/NOK	9.919	GBP/SEK	11.5098	USD/RUB	64.9775
EUR/CHF	1.09	GBP/DKK	8.0542	USD/INR	71.09
EUR/AUD	1.645	GBP/NOK	10.7076	AUD/USD	0.679
EUR/HKD	8.7624	GBP/CHF	1.1766	NZD/USD	0.6457
EUR/CAD	1.4771	GBP/AUD	1.7759		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 18
10 Year Yield %				
US	1.70	+6	-40	-98
Germany	-0.61	-1	-32	-85
UK	0.49	+0	-33	-78
Ireland	-0.05	-2	-22	N/A
Belgium	-0.27	-3	-33	-103
France	-0.32	-3	-31	-102
Italy	1.61	-11	-0	-111
Spain	0.20	-2	-27	-121
Portugal	0.22	-2	-32	-149
Greece	2.10	-4	-10	-220
5 Year Swap %				
US	1.49	+7	-35	-107
Eurozone	-0.44	-1	-20	-67
UK	0.62	+2	-24	-70
2 Year Swap %				
US	1.64	+6	-23	-100
Eurozone	-0.51	-1	-10	-37
UK	0.66	+4	-11	-50
10 Year Government Bond Spreads to Benchmark bps				
Ireland	56	-1	+10	N/A
Belgium	35	-1	-1	-18
France	30	-1	+1	-17
Italy	222	-9	+32	-26
Spain	82	-0	+5	-36
Portugal	83	-0	-0	-64
Greece	271	-3	+22	-135



Commodities				
	% Change			
	Close	Day	4 Weeks	End 18
Brent Oil	61.3	+4.66	-4.74	+13.94
West Texas Oil	57.05	+3.77	-0.68	+26.36
Gold \$	1501.6	-0.66	+6.75	+17.05

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