

Some recovery in sterling

It was an eventful period on financial markets last week. Risk aversion, amid increasing concerns regarding the global economy, was the dominant feature on equity and bond markets. The main equity indices found themselves under pressure. Meanwhile, safe haven demand was a support for bond markets, reflected in falling yields.

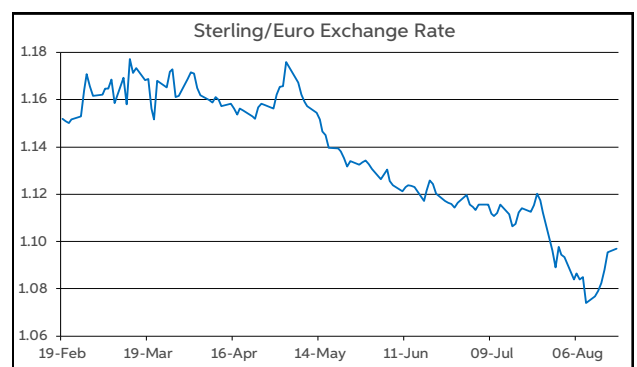
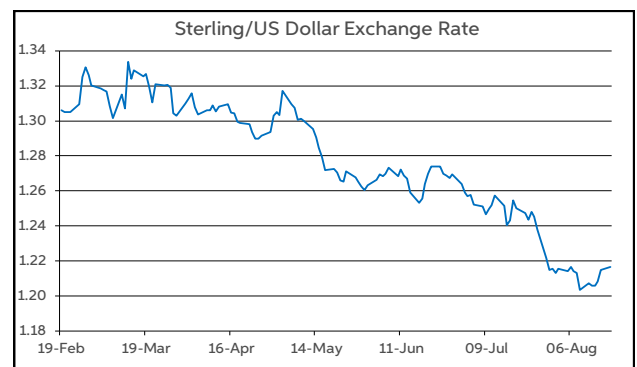
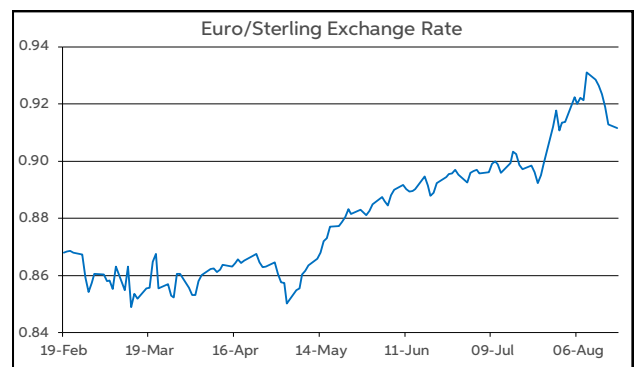
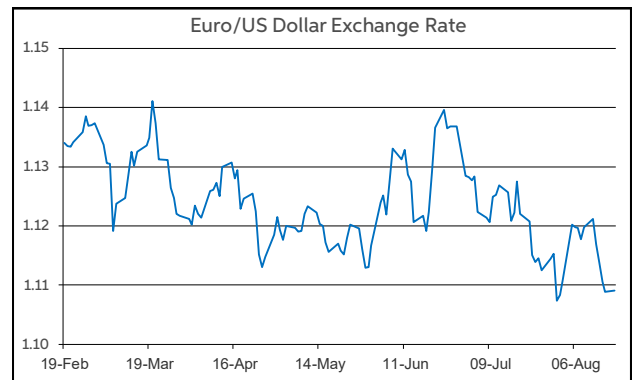
Currency-wise, sterling managed to recover some lost ground after having been on the back foot for much of the summer. Reports of talks among some MPs to avoid a no deal hard Brexit scenario created a more supportive backdrop for the currency.

At the same time, the euro was holding a somewhat softer tone over the week. Comments from a key ECB member regarding the potential for a substantial package of easing initiatives acted as a headwind. All of the above is reflected in EUR/GBP starting this week back down at 91p and EUR/USD opening under \$1.11. Meanwhile, the firmer tone to sterling sees GBP/USD in the upper half of the \$1.21-1.22 band.

This week, the global macro diary is quiet from a data viewpoint. Although, given the aforementioned global macro concerns, the flash PMIs out of the Eurozone and US will warrant attention. However, unless there are major surprises neither survey is expected to prompt much of a reaction from the respective currencies.

There is some event risk, though, for both currencies. For the euro, this in the form of the ECB meeting account. For the dollar, the Fed meeting minutes and Fed Chair Powell's speech at Jackson Hole will be closely followed. Meanwhile, sterling will likely remain sensitive to Brexit related newsflow.

John Fahey, Senior Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2018
EUR/USD	1.1091	-0.10	-3.30
EUR/GBP	0.9111	-0.76	1.41
GBP/USD	1.2168	0.62	-4.62
GBP/EUR	1.097	0.77	-1.39
USD/JPY	106.38	0.25	-2.90
EUR/JPY	118	0.16	-6.13

* v Previous Day's European Open

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Opening Interest Rates						
Base Rate	Short Term			Long Term		
	1-Mth	3-Mth	12-Mth	2-Yr	5-Yr	
USD	2.125	2.17	2.14	1.95	1.52	1.38
EUR	0.00	-0.42	-0.42	-0.39	-0.56	-0.54
GBP	0.75	0.71	0.77	0.86	0.72	0.65

All rates quoted are indicative market rates

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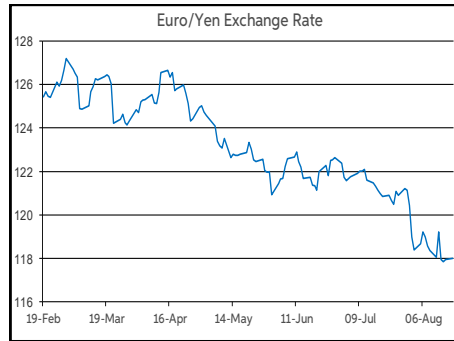
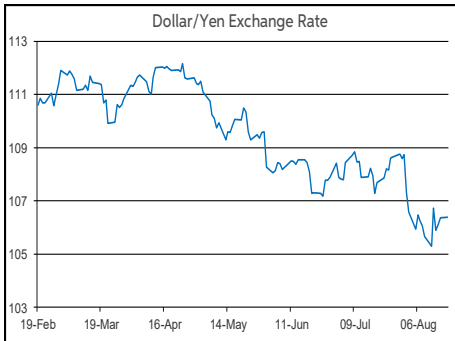
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite Lenny Hogan	Reuters Phone	AIB 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Opening Levels

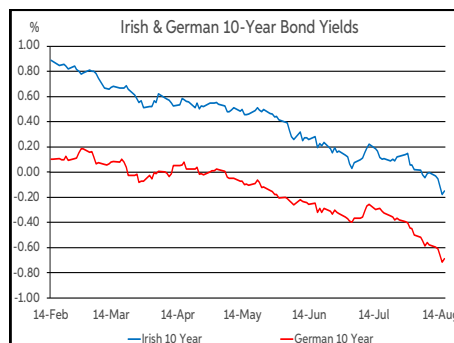
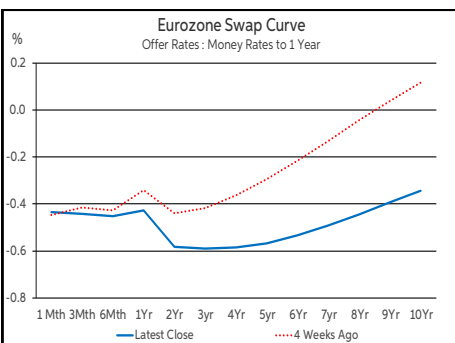
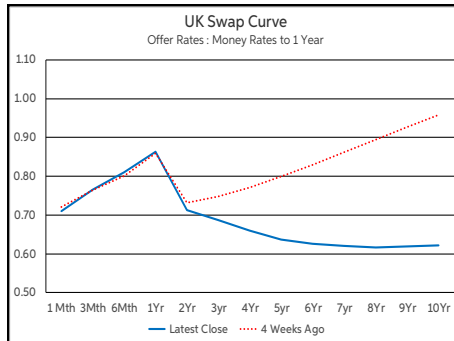
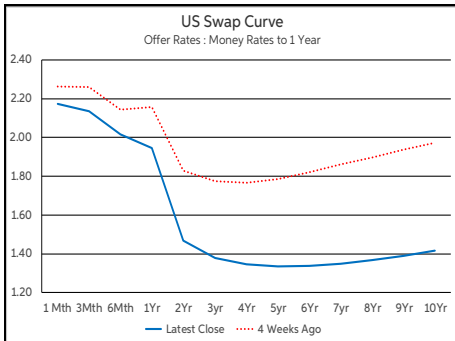
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Euro		Sterling		Dollar	
EUR/GBP	0.9111	GBP/EUR	1.097	USD/JPY	106.38
EUR/USD	1.1091	GBP/USD	1.2168	USD/CAD	1.327
EUR/JPY	118	GBP/CAD	1.6148	USD/CHF	0.9793
EUR/SEK	10.7206	GBP/NZD	1.8944	USD/CNY	7.0449
EUR/DKK	7.4582	GBP/JPY	129.45	USD/BRL	4.0022
EUR/NOK	9.985	GBP/SEK	11.7617	USD/RUB	66.365
EUR/CHF	1.0862	GBP/DKK	8.1828	USD/INR	71.3625
EUR/AUD	1.6352	GBP/NOK	10.9505	AUD/USD	0.6782
EUR/HKD	8.6996	GBP/CHF	1.1917	NZD/USD	0.6421
EUR/CAD	1.4718	GBP/AUD	1.7941		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 18
10 Year Yield %				
US	1.56	+6	-49	-112
Germany	-0.69	+3	-36	-93
UK	0.46	+6	-27	-81
Ireland	-0.15	+3	-26	N/A
Belgium	-0.37	+2	-35	-113
France	-0.42	+2	-34	-112
Italy	1.40	+8	-19	-131
Spain	0.08	+4	-29	-134
Portugal	0.10	+4	-34	-160
Greece	1.93	-9	-18	-237
5 Year Swap %				
US	1.34	-2	-45	-123
Eurozone	-0.57	-1	-27	-80
UK	0.64	+5	-16	-68
2 Year Swap %				
US	1.47	-2	-36	-117
Eurozone	-0.58	-2	-14	-44
UK	0.71	+4	-2	-45
10 Year Government Bond Spreads to Benchmark bps				
Ireland	54	-0	+10	N/A
Belgium	32	-1	+1	-20
France	27	-1	+2	-19
Italy	209	+5	+17	-39
Spain	76	+1	+7	-41
Portugal	79	+1	+2	-68
Greece	262	-12	+18	-144



Commodities				
	% Change			
	Close	Day	4 Weeks	End 18
Brent Oil	58.64	+0.70	-6.13	+9.00
West Texas Oil	54.83	+0.59	-1.06	+21.44
Gold \$	1514.6	-0.58	+6.23	+18.06

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