

EUR/GBP back below 91p

The action on currency markets yesterday saw sterling move higher. Despite the lack of evidence that a solution is close to hand to the Brexit deadlock, sterling appeared to react positively to the UK PM's meetings with the German and French heads of state.

Data-wise, the release of the flash Eurozone PMIs for August provided a rare upside surprise in the region. The composite index improved to 51.8, from 51.5. Meanwhile, the US composite PMI fell to a 3-year low in August. Notably, the manufacturing index dipped below the key 50 level for the first time since 2009. Overall though, there was no reaction on currency markets to the releases.

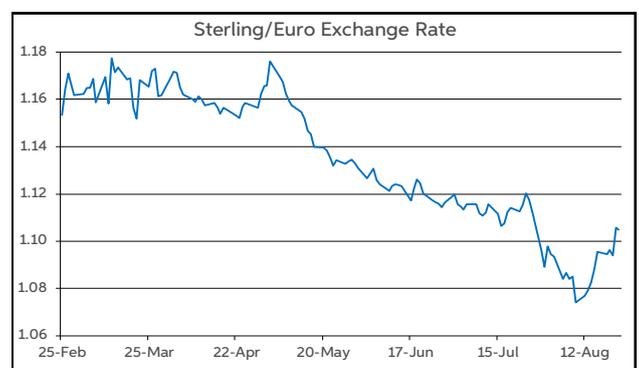
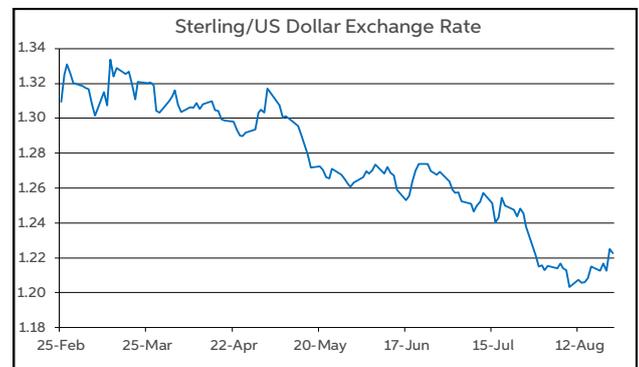
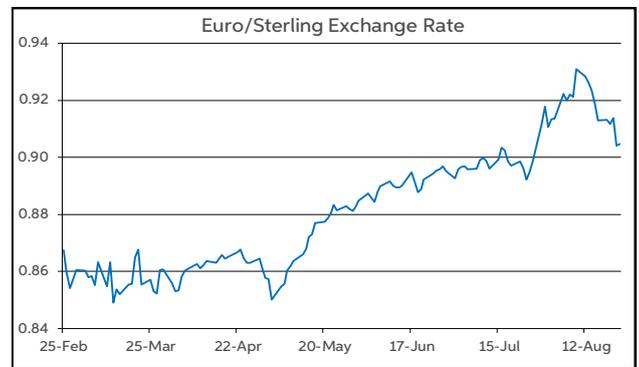
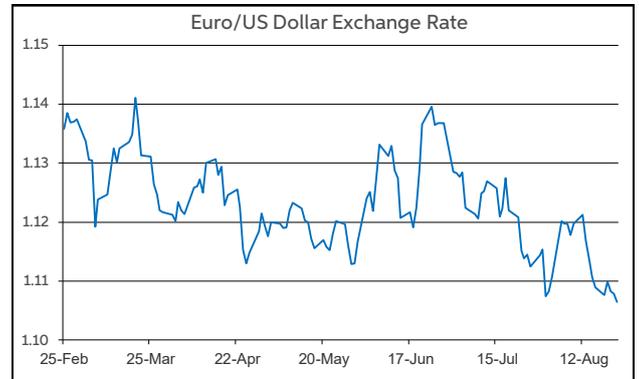
As trading gets underway this morning, the firmer sterling tone sees EUR/GBP open back down at the midpoint of the 90-91p band, while GBP/USD has regained the \$1.22 handle. Meanwhile, EUR/USD remains below the \$1.11 threshold.

Turning to the day ahead, the macro schedule in the Eurozone and the UK is unlikely to provide direction to EUR/GBP. Therefore, in the absence of any Brexit related developments, the currency pair could trade in a narrow range as we head into the weekend.

In the US, attention will be focussed on Fed Chair Powell's much anticipated speech at Jackson Hole this afternoon. Markets will hope to gain an insight into what impact the more unfavourable outlook for the global economy may have on US monetary policy.

The speech poses some two-way risk to the dollar. If Powell restates that the Fed does not intend to ease policy in a sustained manner, in contrast to futures contracts pricing, the dollar may move higher. However, if his comments don't diminish rate cut expectations, the currency could soften slightly.

Conor Beake, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2018
EUR/USD	1.1065	-0.14	-3.52
EUR/GBP	0.9049	-1.03	0.72
GBP/USD	1.2228	0.90	-4.15
GBP/EUR	1.1047	1.04	-0.72
USD/JPY	106.62	0.18	-2.68
EUR/JPY	118	0.04	-6.13

* v Previous Day's European Open

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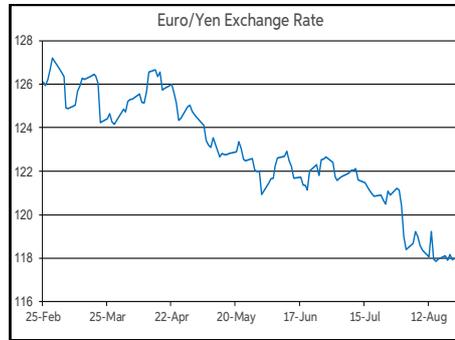
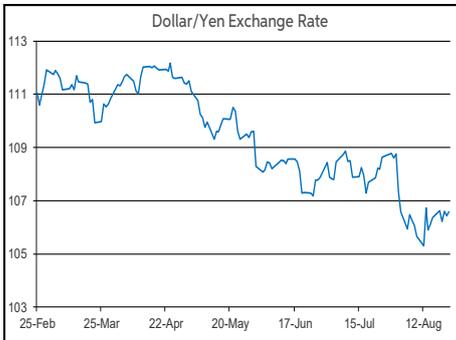
Opening Interest Rates						
Base Rate	Short Term			Long Term		
	1-Mth	3-Mth	12-Mth	2-Yr	5-Yr	
USD	2.125	2.15	2.13	1.97	1.62	1.48
EUR	0.00	-0.41	-0.42	-0.40	-0.49	-0.44
GBP	0.75	0.71	0.76	0.85	0.72	0.70

All rates quoted are indicative market rates

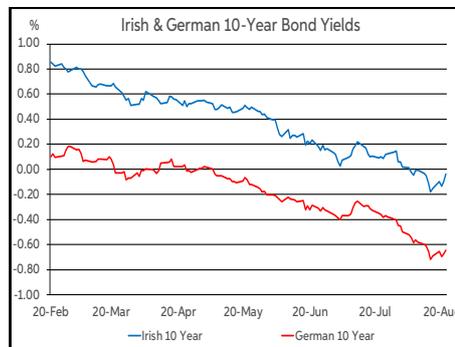
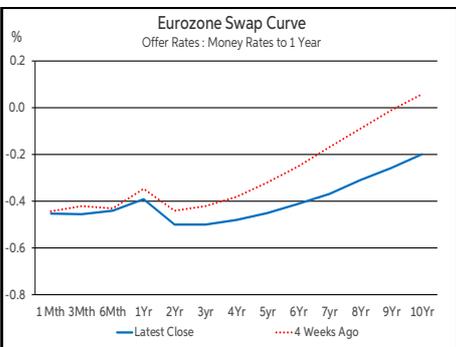
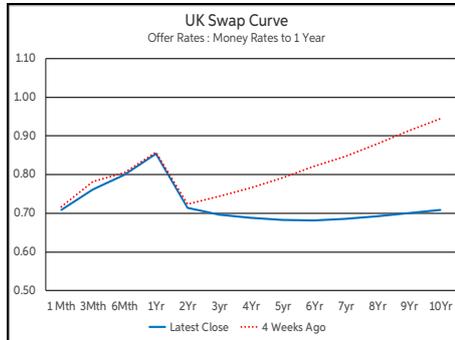
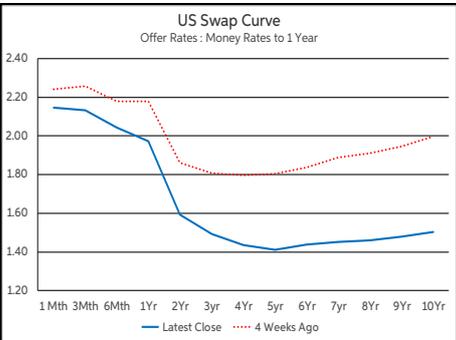
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FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIB 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Euro		Sterling		Dollar	
EUR/GBP	0.9049	GBP/EUR	1.1047	USD/JPY	106.62
EUR/USD	1.1065	GBP/USD	1.2228	USD/CAD	1.3312
EUR/JPY	118	GBP/CAD	1.6283	USD/CHF	0.9855
EUR/SEK	10.7151	GBP/NZD	1.9142	USD/CNY	7.0852
EUR/DKK	7.4554	GBP/JPY	130.37	USD/BRL	4.0692
EUR/NOK	9.941	GBP/SEK	11.8385	USD/RUB	65.5282
EUR/CHF	1.0906	GBP/DKK	8.2372	USD/INR	71.72
EUR/AUD	1.6376	GBP/NOK	10.9856	AUD/USD	0.6757
EUR/HKD	8.6753	GBP/CHF	1.2048	NZD/USD	0.6387
EUR/CAD	1.4736	GBP/AUD	1.8095		



	Close	Change bps		
		Day	4 Weeks	End 18
10 Year Yield %				
US	1.61	+2	-47	-107
Germany	-0.65	+3	-28	-88
UK	0.52	+4	-19	-75
Ireland	-0.04	+6	-16	N/A
Belgium	-0.31	+4	-25	-106
France	-0.37	+4	-25	-107
Italy	1.30	-2	-20	-142
Spain	0.13	+6	-21	-129
Portugal	0.17	+5	-25	-154
Greece	1.92	-3	-2	-238
5 Year Swap %				
US	1.41	+0	-39	-115
Eurozone	-0.45	+3	-13	-68
UK	0.68	+3	-11	-63
2 Year Swap %				
US	1.59	+4	-27	-105
Eurozone	-0.50	+1	-6	-36
UK	0.71	+2	-1	-45
10 Year Government Bond Spreads to Benchmark bps				
Ireland	61	+3	+12	N/A
Belgium	34	+1	+3	-18
France	28	+0	+3	-19
Italy	195	-6	+8	-53
Spain	77	+2	+7	-40
Portugal	81	+2	+3	-65
Greece	257	-6	+26	-149



	Commodities			
	% Change			
	Close	Day	4 Weeks	End 18
Brent Oil	59.92	-0.63	-5.47	+11.38
West Texas Oil	55.33	-0.58	-0.98	+22.55
Gold \$	1499.0	-0.24	+5.94	+16.84

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