

## EUR/USD back above \$1.11

The action on currency markets last week saw sterling manage to continue to recover some lost ground. This came despite no breakthrough in the current Brexit impasse which had been weighing on the currency. Meanwhile, Fed Chair Powell's much anticipated speech on Friday at Jackson Hole highlighted the challenge for the Fed of trying to factor in global trade tensions in its policy deliberations. From a dollar viewpoint, the currency came under some modest downward pressure following his comments.

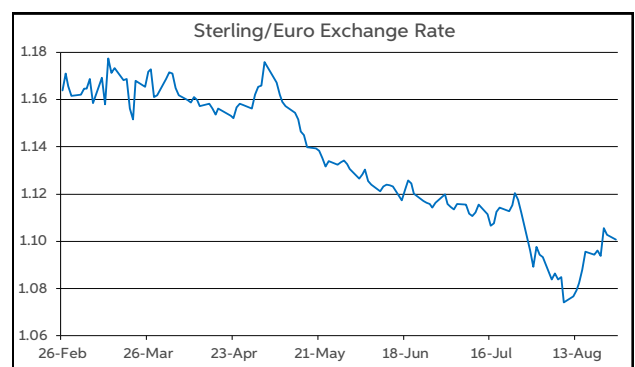
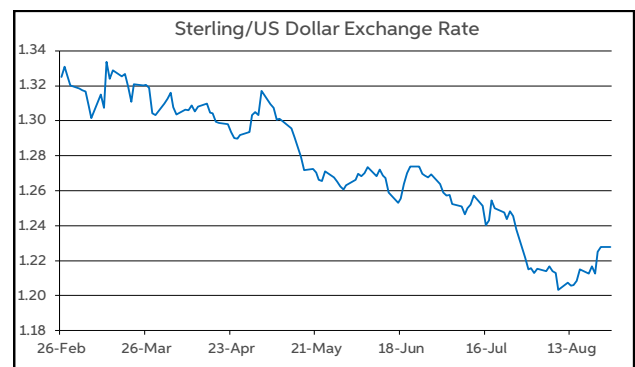
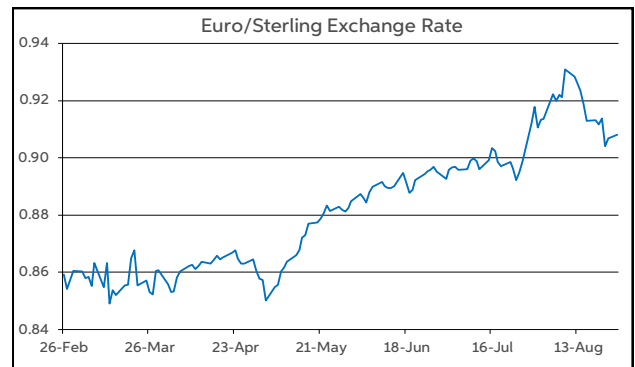
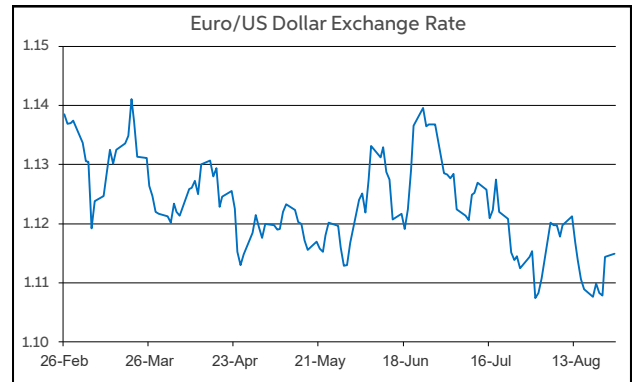
The firmer tone to sterling is reflected in EUR/GBP starting this week below the 91p mark and GBP/USD in the upper half of \$1.22-1.23. Meantime, EUR/USD opens this morning up around the midpoint of \$1.11-1.12. Elsewhere, following the weekend escalation of US/China trade tensions and associated risk averse tone to investor sentiment (falling equity markets), the yen has benefitted from safe haven demand, with USD/JPY below ¥106.

This week, given weekend developments, global trade concerns will remain a key focus for markets. Data-wise the Eurozone diary includes the August EC sentiment indices and flash HICP inflation. The releases are likely to provide further signs of subdued growth and may create somewhat of an unhelpful backdrop for the euro.

Meanwhile, for the dollar, the highlight of the US schedule is the July reading of the Fed's preferred measure of inflation, core-PCE. Personal consumption/income and durable goods figures (for July) also feature. However, in the absence of significant surprises, dollar reaction to the data could be limited.

In the UK, the macro calendar is unlikely to give direction to sterling, with no major releases due. However, the currency will likely remain sensitive to Brexit related newsflow.

**John Fahey, Senior Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2018
EUR/USD	1.115	0.73	-2.78
EUR/GBP	0.9081	0.34	1.08
GBP/USD	1.2277	0.39	-3.76
GBP/EUR	1.1007	-0.34	-1.07
USD/JPY	105.28	-1.23	-3.91
EUR/JPY	117.41	-0.49	-6.60

\* v Previous Day's European Open

See Next Page for More Rates

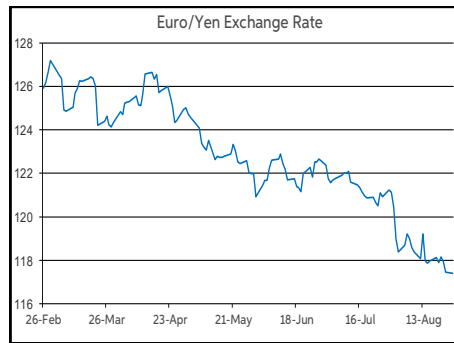
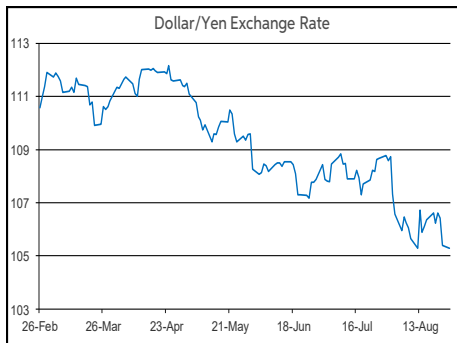
Opening Interest Rates						
	Base Rate	Short Term			Long Term	
		1-Mth	3-Mth	12-Mth	2-Yr	5-Yr
USD	2.125	2.14	2.14	2.03	1.45	1.30
EUR	0.00	-0.41	-0.41	-0.36	-0.52	-0.47
GBP	0.75	0.71	0.76	0.87	0.71	0.66

All rates quoted are indicative market rates

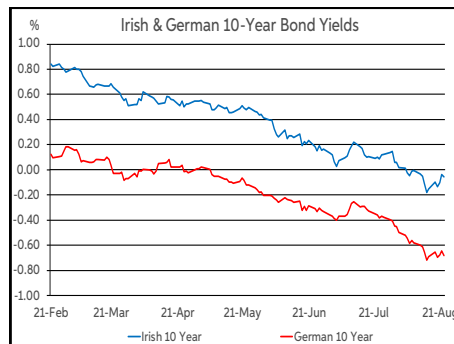
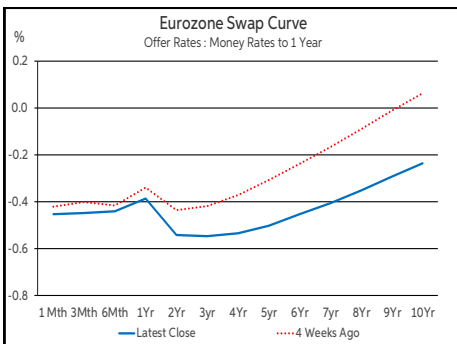
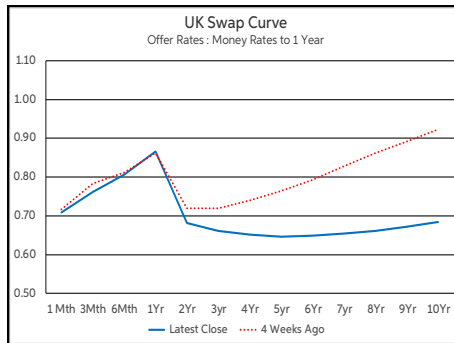
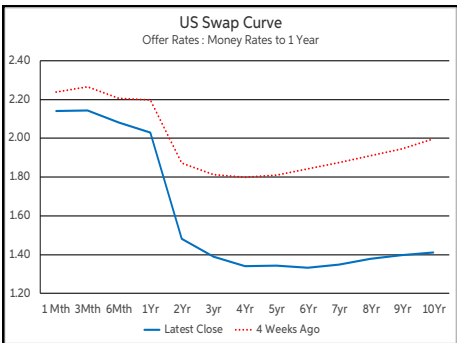
See Next Page For More Rates & Charts

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				

Euro		Sterling		Dollar	
EUR/GBP	0.9081	GBP/EUR	1.1007	USD/JPY	105.28
EUR/USD	1.115	GBP/USD	1.2277	USD/CAD	1.3308
EUR/JPY	117.41	GBP/CAD	1.6339	USD/CHF	0.975
EUR/SEK	10.7362	GBP/NZD	1.9243	USD/CNY	7.1465
EUR/DKK	7.456	GBP/JPY	129.25	USD/BRL	4.1196
EUR/NOK	10.0128	GBP/SEK	11.821	USD/RUB	66.1605
EUR/CHF	1.0872	GBP/DKK	8.2081	USD/INR	72.235
EUR/AUD	1.6553	GBP/NOK	11.024	AUD/USD	0.6735
EUR/HKD	8.7447	GBP/CHF	1.1971	NZD/USD	0.6377
EUR/CAD	1.4841	GBP/AUD	1.8226		



	Close	Change bps		
		Day	4 Weeks	End 18
<b>10 Year Yield %</b>				
US	1.53	-8	-54	-115
Germany	-0.68	-4	-30	-92
UK	0.48	-4	-21	-79
Ireland	-0.06	-2	-18	N/A
Belgium	-0.32	-1	-26	-108
France	-0.37	-1	-25	-108
Italy	1.30	+0	-26	-141
Spain	0.11	-2	-24	-130
Portugal	0.15	-1	-27	-155
Greece	1.92	-1	-11	-238
<b>5 Year Swap %</b>				
US	1.34	-10	-46	-122
Eurozone	-0.50	-6	-20	-73
UK	0.65	-5	-12	-67
<b>2 Year Swap %</b>				
US	1.48	-12	-39	-116
Eurozone	-0.54	-5	-11	-40
UK	0.68	-4	-4	-48
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	63	+2	+12	N/A
Belgium	37	+2	+5	-16
France	31	+3	+6	-15
Italy	199	+4	+5	-49
Spain	80	+2	+7	-38
Portugal	84	+2	+3	-63
Greece	260	+3	+20	-146



	% Change			
	Close	Day	4 Weeks	End 18
Brent Oil	59.34	-0.97	-6.49	+10.30
West Texas Oil	54.08	-2.26	-3.50	+19.78
Gold \$	1527.6	+1.91	+7.65	+19.07

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