

## Germany at risk of recession

There was some improvement in risk appetite yesterday. This coincided with more positive sounding comments by President Trump on US-China trade tensions. This helped equities recover some of the ground from Friday's sell-off, with the S&P 500 closing 1.1% higher on the day.

Data-wise, the August reading of the German Ifo suggested that economic activity continues to slow. The data added to concerns that the Eurozone's largest economy may enter into a technical recession at end-Q3. Despite the unexpectedly weak reading, there was no major impact on the euro.

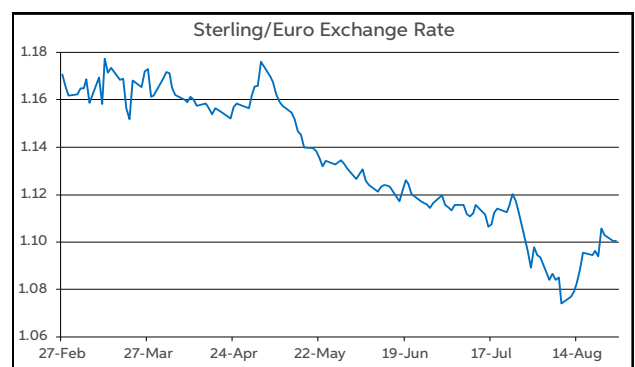
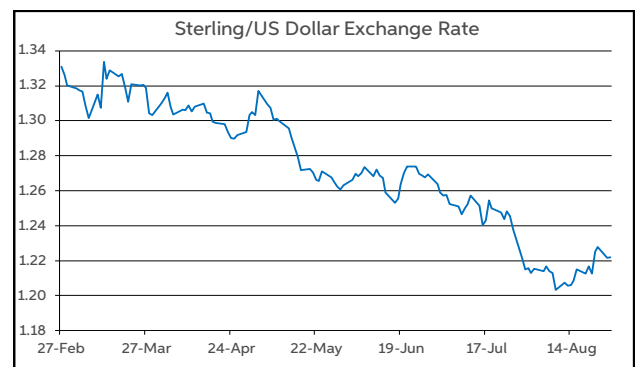
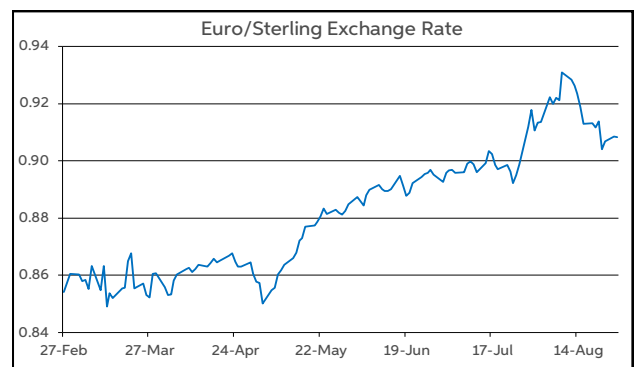
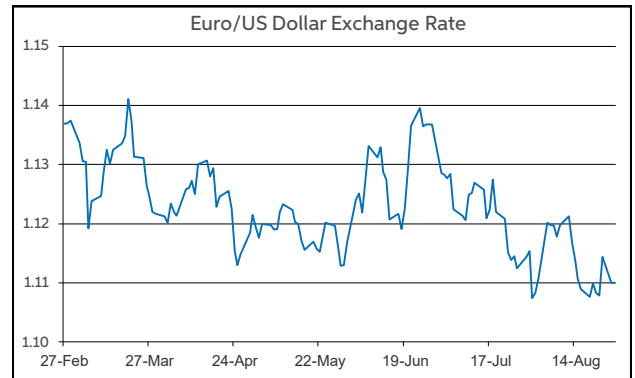
In the US, headline durable goods orders increased by a solid 1.2% in July. The closely watched core measure (non-defense, ex-aircraft) rose by a modest 0.4% (f'cast -0.1%), while the previous month's figures were revised downward (+1.5% to 0.9%). However, dollar reaction was limited. Overall, the currency has been trading slightly higher over the past 24 hours.

This partial reversal of last Friday's weakening of the dollar sees EUR/USD open this morning back down at the \$1.11 level, while GBP/USD is just above the \$1.22 threshold. Meanwhile, EUR/GBP continues to change hands in the upper half of the 90-91p band.

Today, the macro schedules in the Eurozone and the UK are very sparse. Therefore, in the absence of fresh Brexit developments, we could see EUR/GBP trade in a narrow range.

Across the Atlantic, the only release of any note is the August print of the Conference Board measure of consumer confidence. Sentiment is forecast to have declined in the month, however dollar impact is likely to be negligible.

**Conor Beakey, Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2018
EUR/USD	1.1099	-0.39	-3.23
EUR/GBP	0.9084	0.02	1.11
GBP/USD	1.2218	-0.38	-4.23
GBP/EUR	1.1004	-0.02	-1.10
USD/JPY	105.65	0.36	-3.57
EUR/JPY	117.28	-0.01	-6.71

\* 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	2.14	2.14	2.03	1.50	1.33
EUR	0.00	-0.41	-0.41	-0.36	-0.53	-0.46
GBP	0.75	0.71	0.76	0.87	0.71	0.66

All rates quoted are indicative market rates

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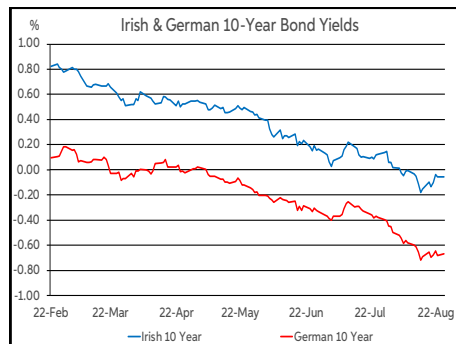
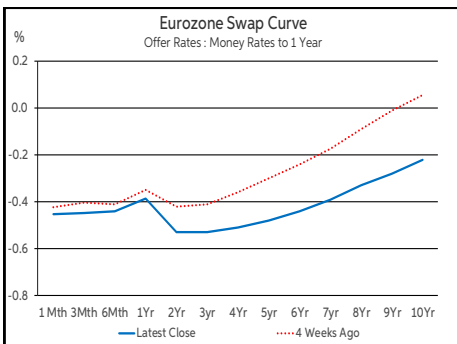
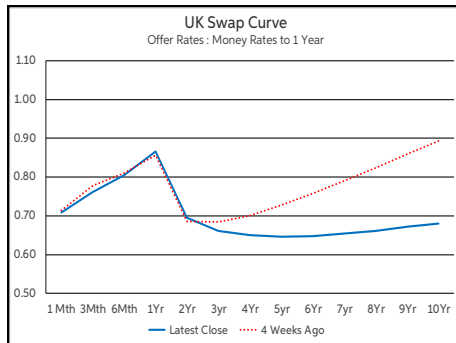
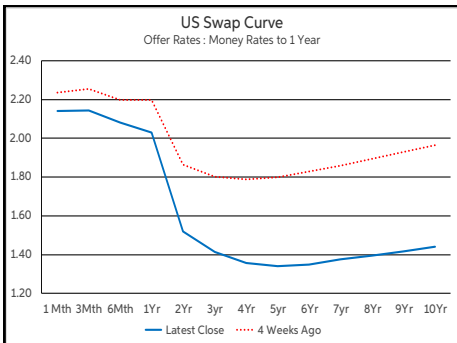
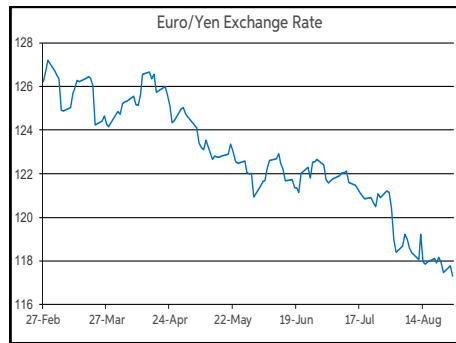
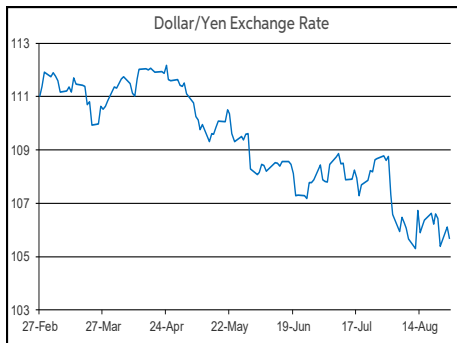
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIB 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

# Opening Levels

Tuesday 27 August 2019  
07:17 am



Euro		Sterling		Dollar	
EUR/GBP	0.9084	GBP/EUR	1.1004	USD/JPY	105.65
EUR/USD	1.1099	GBP/USD	1.2218	USD/CAD	1.3236
EUR/JPY	117.28	GBP/CAD	1.6172	USD/CHF	0.9787
EUR/SEK	10.74	GBP/NZD	1.9174	USD/CNY	7.1611
EUR/DKK	7.4563	GBP/JPY	129.08	USD/BRL	4.1548
EUR/NOK	10.012	GBP/SEK	11.8189	USD/RUB	66.1063
EUR/CHF	1.0865	GBP/DKK	8.2059	USD/INR	71.8
EUR/AUD	1.6419	GBP/NOK	11.0208	AUD/USD	0.676
EUR/HKD	8.7064	GBP/CHF	1.1962	NZD/USD	0.637
EUR/CAD	1.4696	GBP/AUD	1.8072		



Debt Markets				
	Close	Day	4 Weeks	End 18
<b>10 Year Yield %</b>				
US	1.54	+0	-52	-115
Germany	-0.67	+2	-27	-91
UK	0.48	-4	-18	-79
Ireland	-0.06	+0	-19	N/A
Belgium	-0.33	-1	-24	-108
France	-0.38	-0	-23	-108
Italy	1.33	+2	-24	-139
Spain	0.11	-0	-23	-130
Portugal	0.15	-1	-26	-156
Greece	1.89	-3	-12	-241
<b>5 Year Swap %</b>				
US	1.34	-1	-46	-122
Eurozone	-0.48	+0	-18	-71
UK	0.65	-1	-8	-67
<b>2 Year Swap %</b>				
US	1.52	+1	-35	-112
Eurozone	-0.53	-0	-11	-39
UK	0.70	+0	+1	-47
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	61	-1	+8	N/A
Belgium	34	-2	+3	-18
France	29	-2	+4	-17
Italy	199	+1	+4	-49
Spain	78	-2	+4	-40
Portugal	81	-2	+1	-65
Greece	256	-4	+15	-151

Commodities				
	Close	Day	4 Weeks	End 18
Brent Oil	58.7	-1.08	-7.86	+9.11
West Texas Oil	53.54	-1.00	-5.82	+18.58
Gold \$	1526.7	-0.06	+6.97	+19.00

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