

Sterling edges higher

Sterling continued to show sensitivity to Brexit newsflow yesterday. The currency made some gains amid positive newsflow following a meeting of MPs from a number of opposition parties who want to try and find a way to prevent a no-deal Brexit.

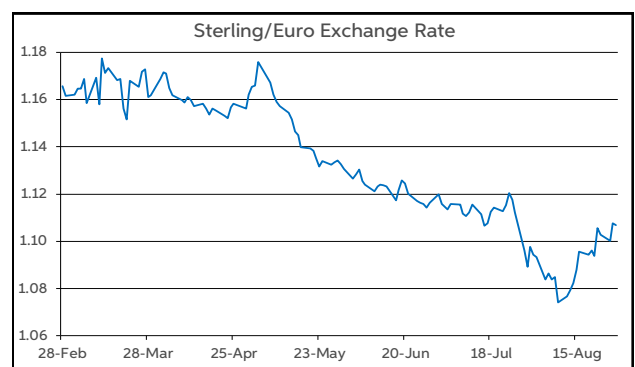
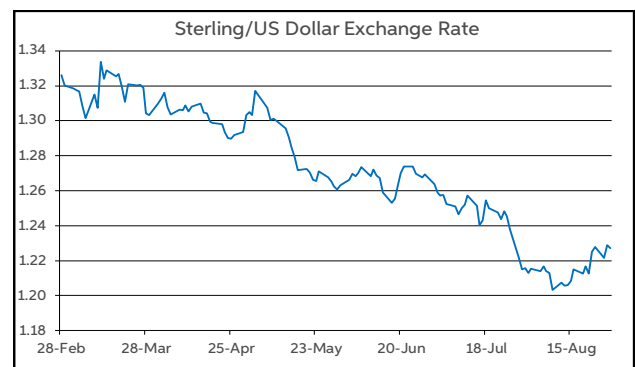
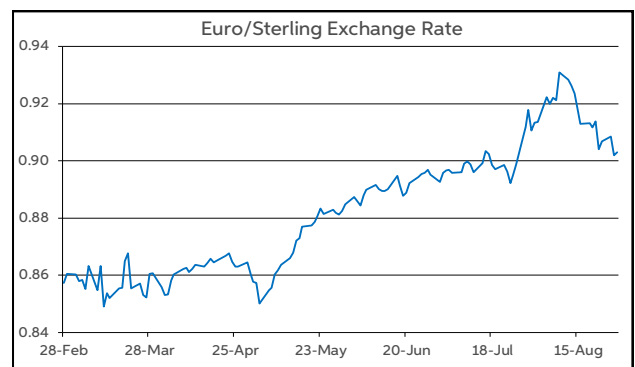
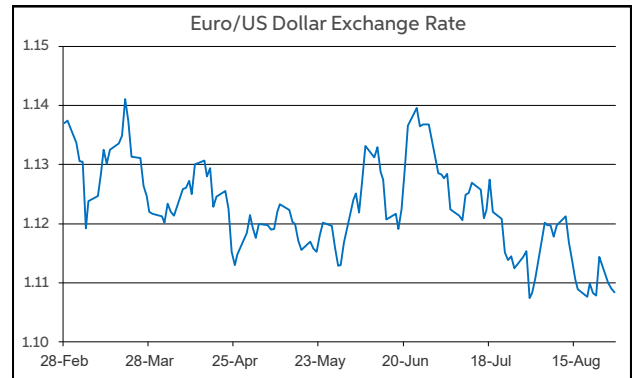
Data-wise, the main release of the day was from the US diary. The Conference Board measure of consumer sentiment for August printed ahead of expectations. The index dipped to 135.1 (f'cast 129.5) from 135.8. It remains at a level consistent with a solid rate of growth in consumer spending. The data had no major impact on the dollar.

In level terms, the firmer tone to sterling is reflected in EUR/GBP opening this morning back below the midpoint of the 90-91p band. The modest gains for sterling are also evident in cable (GBP/USD). The pair has moved into the upper half of the \$1.22-1.23 range. Meanwhile, EUR/USD has been confined to a very tight range over the past 24 hours, straddling the \$1.11 level.

Elsewhere on markets, there continued to be a mood of caution. The main equity indices generally traded sideways for much of the day. At the close last night on Wall Street, the S&P 500 was modestly lower on the day.

Turning to the day ahead, the global macro schedule is very sparse. Indeed, there are no top tier data due from any of the main economies. Therefore, from a currency market viewpoint, it could be a day of subdued trading amongst most of the main pairs. Although, there are some potential non-data events that might warrant attention. In this regard, on the euro's side, political developments in Italy will be closely followed. Meanwhile, Brexit remains a potential directional factor for sterling.

John Fahey, Senior Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2018
EUR/USD	1.1085	-0.11	-3.35
EUR/GBP	0.9031	-0.56	0.52
GBP/USD	1.2273	0.46	-3.79
GBP/EUR	1.107	0.56	-0.52
USD/JPY	105.79	0.06	-3.44
EUR/JPY	117.27	-0.06	-6.71

* v Previous Day's European Open

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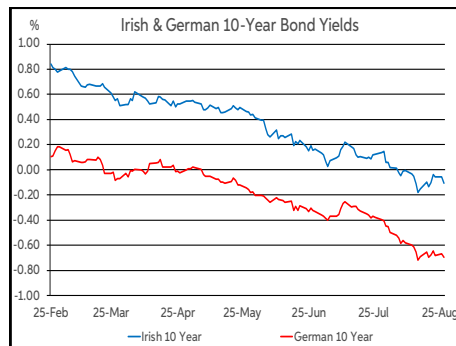
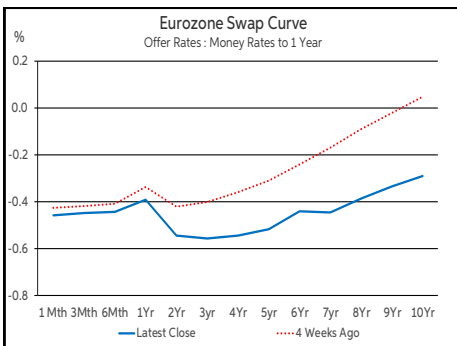
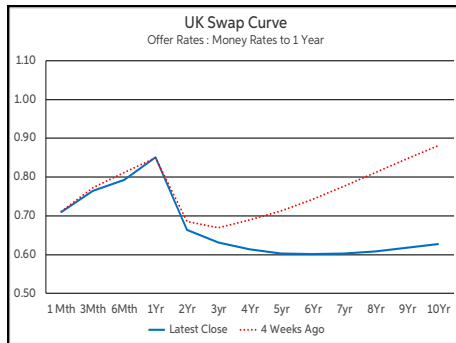
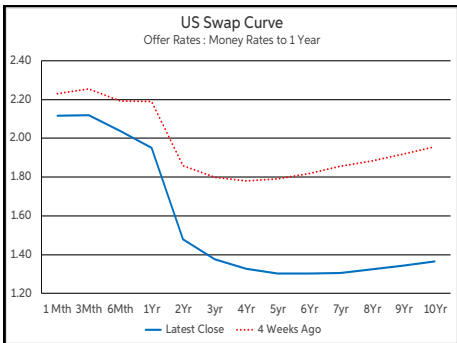
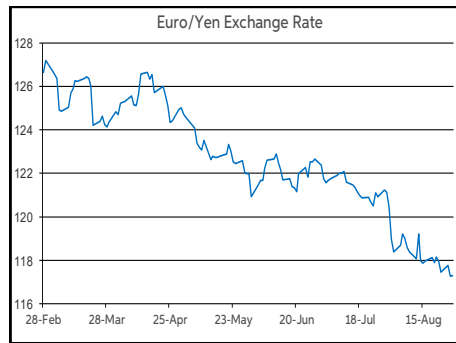
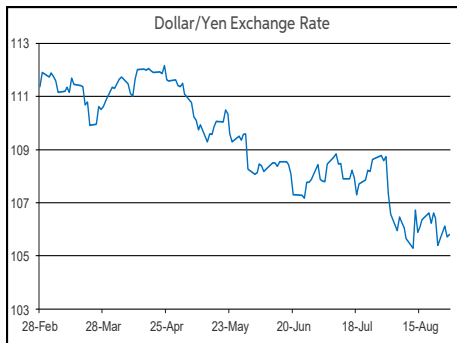
Opening Interest Rates						
	Base Rate	Short Term			Long Term	
		1-Mth	3-Mth	12-Mth	2-Yr	5-Yr
USD	2.125	2.12	2.12	1.95	1.50	1.33
EUR	0.00	-0.42	-0.42	-0.36	-0.52	-0.51
GBP	0.75	0.71	0.76	0.85	0.68	0.61

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	Reuters Phone	AIB 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Euro		Sterling		Dollar	
EUR/GBP	0.9031	GBP/EUR	1.107	USD/JPY	105.79
EUR/USD	1.1085	GBP/USD	1.2273	USD/CAD	1.3307
EUR/JPY	117.27	GBP/CAD	1.6334	USD/CHF	0.9822
EUR/SEK	10.7282	GBP/NZD	1.9367	USD/CNY	7.1609
EUR/DKK	7.4567	GBP/JPY	129.84	USD/BRL	4.1264
EUR/NOK	9.9947	GBP/SEK	11.8734	USD/RUB	66.4993
EUR/CHF	1.0889	GBP/DKK	8.2565	USD/INR	71.705
EUR/AUD	1.6454	GBP/NOK	11.068	AUD/USD	0.6737
EUR/HKD	8.6985	GBP/CHF	1.2058	NZD/USD	0.6336
EUR/CAD	1.4751	GBP/AUD	1.8217		



Debt Markets				
	Close	Day	4 Weeks	End 18
10 Year Yield %				
US	1.47	-6	-59	-121
Germany	-0.70	-3	-29	-93
UK	0.50	+2	-13	-77
Ireland	-0.11	-5	-25	N/A
Belgium	-0.36	-4	-28	-112
France	-0.42	-4	-28	-112
Italy	1.14	-19	-44	-158
Spain	0.06	-5	-27	-135
Portugal	0.10	-5	-30	-161
Greece	1.79	-10	-24	-251
5 Year Swap %				
US	1.30	-7	-49	-126
Eurozone	-0.52	-5	-21	-75
UK	0.60	-5	-11	-71
2 Year Swap %				
US	1.48	-5	-38	-116
Eurozone	-0.54	-2	-12	-40
UK	0.66	-4	-2	-50
10 Year Government Bond Spreads to Benchmark bps				
Ireland	59	-2	+4	N/A
Belgium	33	-1	+1	-19
France	28	-1	+2	-19
Italy	183	-16	-15	-65
Spain	76	-2	+2	-42
Portugal	79	-2	-1	-67
Greece	249	-7	+6	-157

Commodities				
	Close	Day	4 Weeks	End 18
Brent Oil	59.51	+1.38	-8.05	+10.61
West Texas Oil	54.99	+2.71	-5.25	+21.79
Gold \$	1542.9	+1.06	+7.81	+20.27

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