

Political developments unhelpful for sterling

Sterling came under some modest downward pressure yesterday. The move lower was prompted by political developments in the UK. It was reported and subsequently confirmed that PM Boris Johnson intends on suspending Parliament from the week of the 9th of September until October 14th.

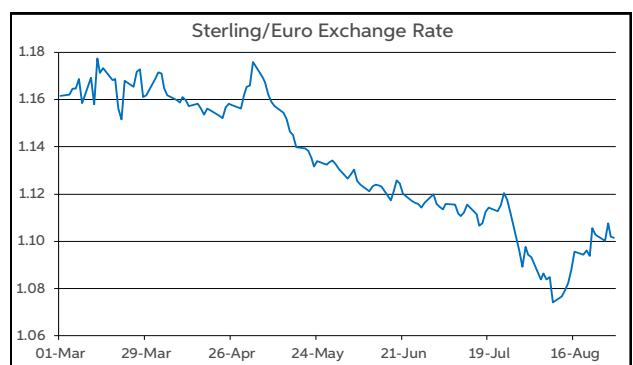
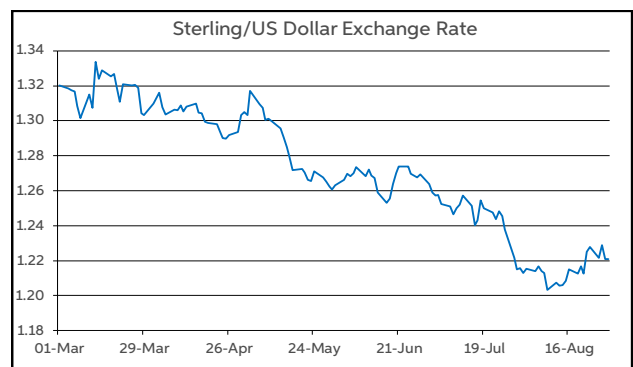
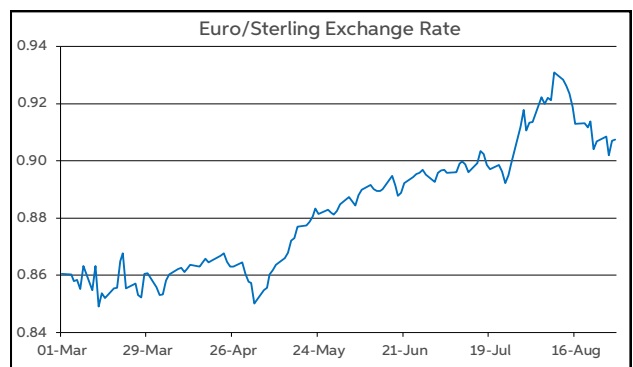
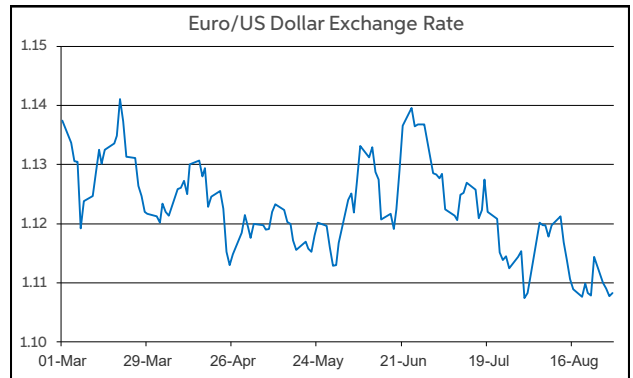
Markets viewed this development as increasing the probability of a no-deal hard Brexit at end-October. This was because it reduces the time available to opposition MPs to enact legislation that would prevent such an outcome. However, despite this negative newsflow, sterling is still trading comfortably above the multi-year lows it hit against the dollar and the euro earlier in the month.

In level terms, the softening of sterling is reflected in EUR/GBP opening this morning back in the upper half of the 90-91p band, having briefly traded above the 91p mark yesterday. At the same time, cable (GBP/USD) is operating down at the \$1.22 threshold. Meanwhile, EUR/USD continues to change hands in a tight range below the \$1.11 level.

Turning to the day ahead, the UK data schedule is once again devoid of any potential market moving releases. Therefore, moves in sterling, if any, will likely be as a result of Brexit related newsflow. The US schedule is similarly thin and is unlikely to be a source of influence for the dollar.

In the Eurozone, the EC Economic Sentiment indices for August are the highlight. Driven by a fall in consumer confidence, the forecast is for the headline index to have declined for the 13th time in 14 months, leaving it a level that is indicative of weak growth. However, given that sentiment on the Eurozone economy is already quite negative, the impact on the euro could be limited.

Conor Beakey, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2018
EUR/USD	1.1083	-0.03	-3.37
EUR/GBP	0.9076	0.55	1.02
GBP/USD	1.2209	-0.57	-4.30
GBP/EUR	1.1014	-0.55	-1.01
USD/JPY	105.87	0.03	-3.37
EUR/JPY	117.35	0.01	-6.65

* 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	2.11	2.12	1.95	1.48	1.29
EUR	0.00	-0.42	-0.42	-0.37	-0.52	-0.52
GBP	0.75	0.71	0.76	0.83	0.65	0.58

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

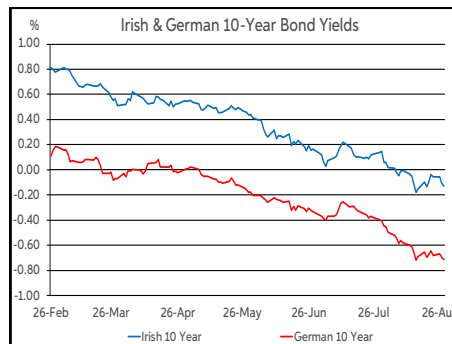
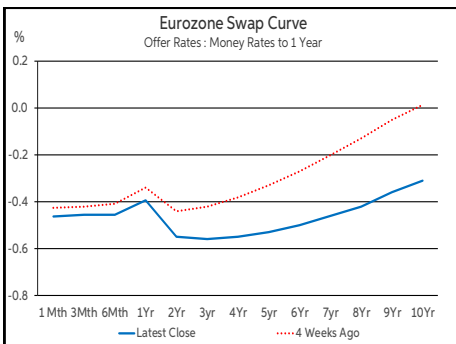
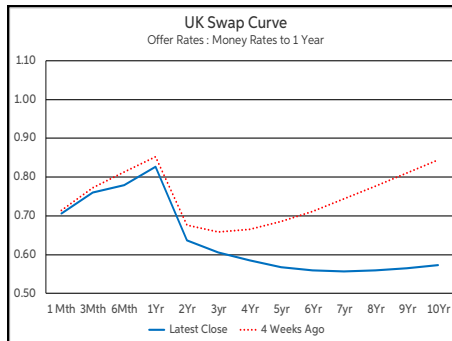
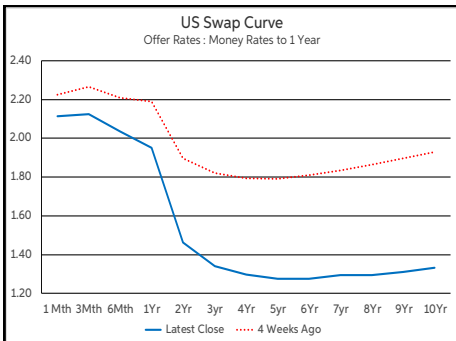
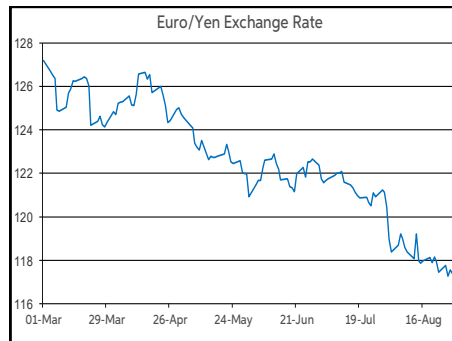
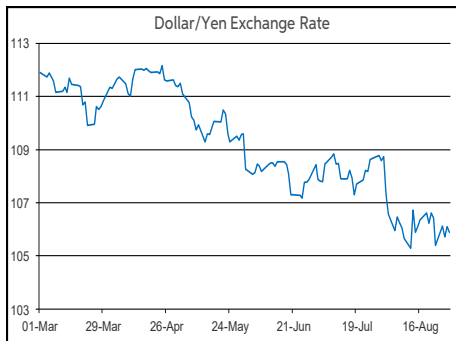
EUR/GBP	0.9076
EUR/USD	1.1083
EUR/JPY	117.35
EUR/SEK	10.785
EUR/DKK	7.4556
EUR/NOK	10.0419
EUR/CHF	1.0869
EUR/AUD	1.6486
EUR/HKD	8.6962
EUR/CAD	1.4753

Sterling

GBP/EUR	1.1014
GBP/USD	1.2209
GBP/CAD	1.6251
GBP/NZD	1.935
GBP/JPY	129.26
GBP/SEK	11.8762
GBP/DKK	8.2118
GBP/NOK	11.0582
GBP/CHF	1.1976
GBP/AUD	1.8161

Dollar

USD/JPY	105.87
USD/CAD	1.3309
USD/CHF	0.9807
USD/CNY	7.1637
USD/BRL	4.169
USD/RUB	66.6129
USD/INR	71.99
AUD/USD	0.6722
NZD/USD	0.6307



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 18
10 Year Yield %				
US	1.47	-1	-54	-122
Germany	-0.71	-2	-27	-95
UK	0.44	-6	-17	-83
Ireland	-0.13	-2	-19	N/A
Belgium	-0.38	-1	-25	-113
France	-0.44	-2	-25	-114
Italy	1.04	-10	-49	-168
Spain	0.04	-3	-24	-138
Portugal	0.07	-2	-26	-163
Greece	1.69	-10	-31	-261
5 Year Swap %				
US	1.28	-3	-52	-128
Eurozone	-0.53	-2	-20	-76
UK	0.57	-5	-12	-75
2 Year Swap %				
US	1.46	-3	-44	-118
Eurozone	-0.55	-1	-11	-41
UK	0.64	-4	-4	-53
10 Year Government Bond Spreads to Benchmark bps				
Ireland	58	-1	+8	N/A
Belgium	34	+0	+1	-19
France	28	-0	+2	-19
Italy	175	-8	-22	-73
Spain	75	-1	+3	-43
Portugal	79	-1	+0	-68
Greece	241	-8	-5	-166

Commodities				
	% Change			
	Close	Day	4 Weeks	End 18
Brent Oil	60.49	+1.65	-7.18	+12.43
West Texas Oil	55.76	+1.40	-4.73	+23.50
Gold \$	1539.4	-0.23	+8.86	+19.99

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