

Equities gain on China comments

There was an improvement in risk appetite yesterday. This was prompted by comments from Chinese officials calling for a de-escalation in trade tensions. Equities rallied as a result, with the main indices each gaining around 1% on the day.

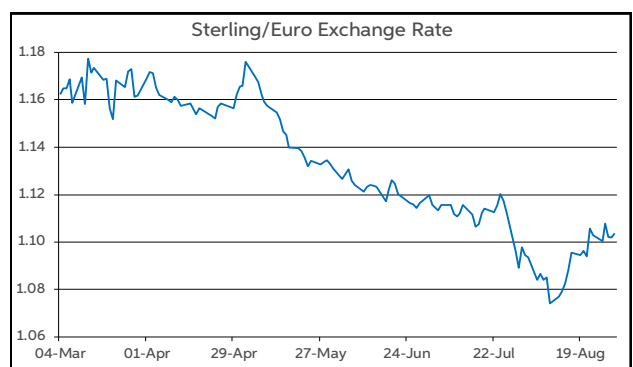
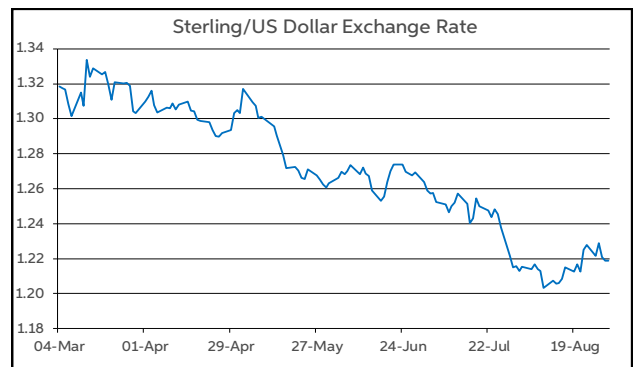
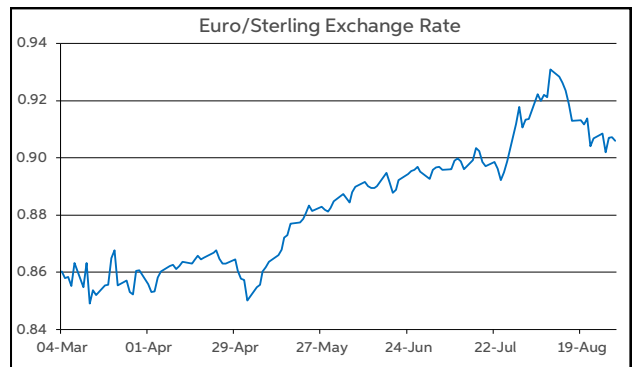
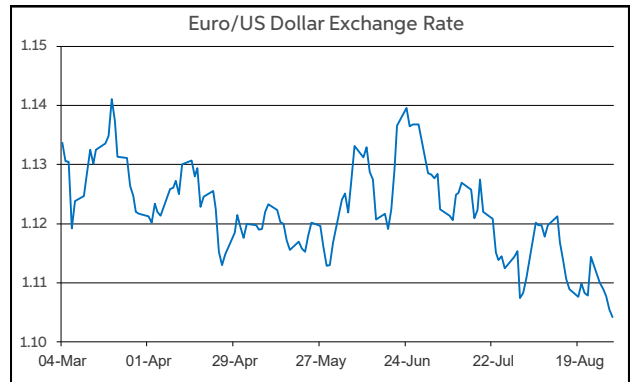
On currency markets, the action was more subdued, with the key pairs trading within relatively narrow ranges. Data-wise, the calendar was quiet, but we did get the August EC Economic sentiment indices in the Eurozone. The headline index unexpectedly edged higher, due to an improvement in the industrial sector sub-index. Euro impact, however, was minimal. Indeed, the currency is trading slightly lower this morning.

This marginal softening of the euro is reflected in EUR/USD opening in the lower half of the \$1.10-1.11 range, while EUR/GBP is back near the midpoint of the 90-91p band. Elsewhere, cable (GBP/USD) is below the \$1.22 threshold.

Today, Brexit will remain the main source of direction for sterling. Meanwhile, the Eurozone calendar includes the flash reading of August HICP. With headline inflation forecast at just 1%, the release should provide further support for an easing of monetary policy in September. Meanwhile, the Eurozone jobless rate is expected to have held at 7.5% in July. Overall though, euro reaction could be limited.

In the US, inflation data are also set to feature, with the Fed's preferred measure, core-PCE, due. In July, inflation is projected to have remained at just 1.6%. The same release will also likely confirm that consumer spending was robust in the month. However, as with the Eurozone releases, the data are unlikely to prompt a significant move in the dollar.

Conor Beakey, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2018
EUR/USD	1.1043	-0.34	-3.71
EUR/GBP	0.906	-0.20	0.85
GBP/USD	1.2187	-0.14	-4.47
GBP/EUR	1.1033	0.20	-0.84
USD/JPY	106.34	0.42	-2.94
EUR/JPY	117.42	0.05	-6.59

* v Previous Day's European Open

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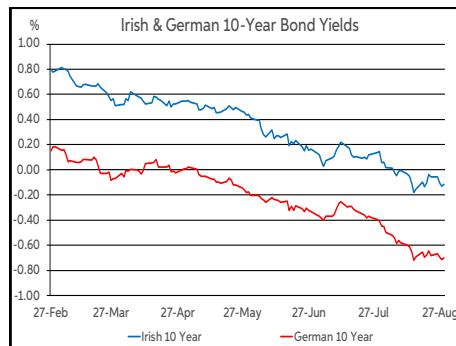
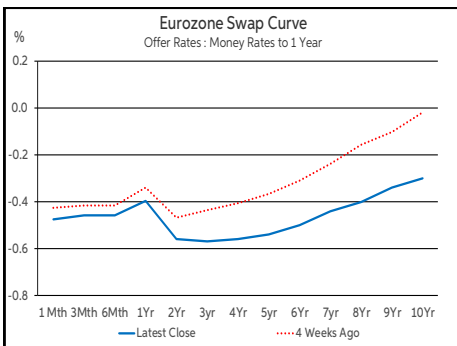
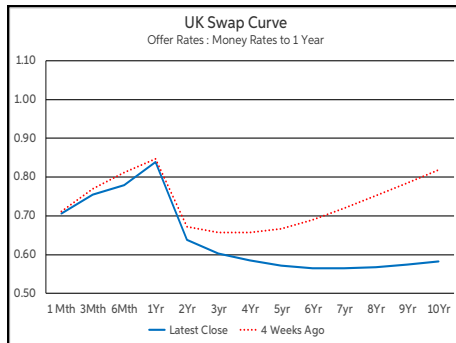
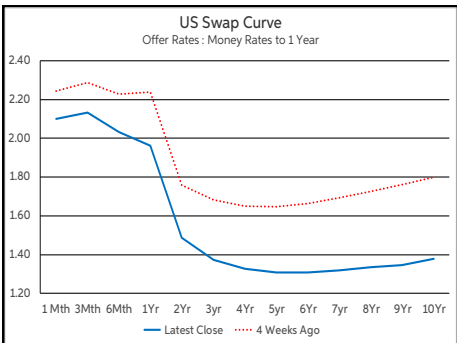
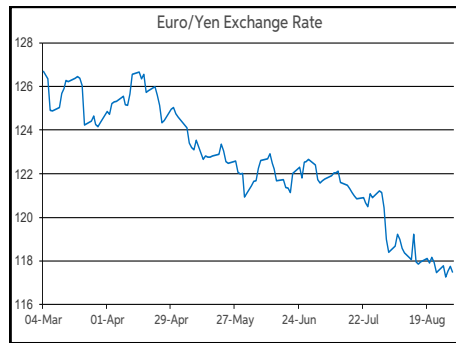
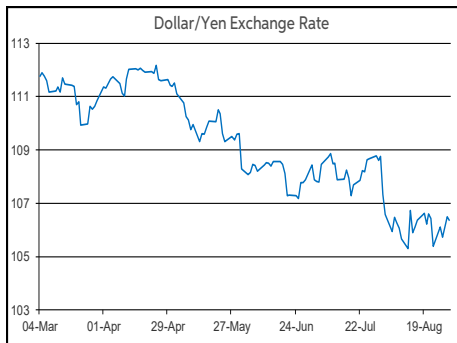
Opening Interest Rates						
Base Rate	Short Term			Long Term		
	1-Mth	3-Mth	12-Mth	2-Yr	5-Yr	
USD	2.125	2.10	2.13	1.96	1.51	1.34
EUR	0.00	-0.42	-0.42	-0.38	-0.55	-0.52
GBP	0.75	0.71	0.75	0.84	0.65	0.58

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		Sterling		Dollar	
EUR/GBP	0.906	GBP/EUR	1.1033	USD/JPY	106.34
EUR/USD	1.1043	GBP/USD	1.2187	USD/CAD	1.33
EUR/JPY	117.42	GBP/CAD	1.6213	USD/CHF	0.987
EUR/SEK	10.8092	GBP/NZD	1.935	USD/CNY	7.149
EUR/DKK	7.4558	GBP/JPY	129.6	USD/BRL	4.1688
EUR/NOK	10.0599	GBP/SEK	11.9292	USD/RUB	66.549
EUR/CHF	1.0901	GBP/DKK	8.2288	USD/INR	71.735
EUR/AUD	1.6447	GBP/NOK	11.1033	AUD/USD	0.6714
EUR/HKD	8.6616	GBP/CHF	1.2031	NZD/USD	0.6296
EUR/CAD	1.469	GBP/AUD	1.8154		



	Close	Change bps		
		Day	4 Weeks	End 18
10 Year Yield %				
US	1.49	+3	-41	-119
Germany	-0.70	+1	-25	-94
UK	0.43	-1	-16	-84
Ireland	-0.11	+2	-17	N/A
Belgium	-0.35	+2	-22	-111
France	-0.42	+2	-22	-112
Italy	0.98	-6	-59	-174
Spain	0.08	+4	-19	-133
Portugal	0.12	+4	-21	-159
Greece	1.53	-17	-50	-277
5 Year Swap %				
US	1.31	+2	-34	-125
Eurozone	-0.54	-4	-17	-77
UK	0.57	-1	-9	-74
2 Year Swap %				
US	1.49	-1	-27	-115
Eurozone	-0.56	-4	-9	-42
UK	0.64	-1	-3	-53
10 Year Government Bond Spreads to Benchmark bps				
Ireland	59	+1	+8	N/A
Belgium	35	+1	+3	-17
France	28	+1	+2	-18
Italy	168	-7	-34	-80
Spain	78	+3	+5	-40
Portugal	82	+3	+4	-65
Greece	223	-18	-25	-183

	% Change			
	Close	Day	4 Weeks	End 18
Brent Oil	61.08	+0.98	+0.96	+13.53
West Texas Oil	56.67	+1.63	+5.65	+25.51
Gold \$	1528.0	-0.74	+5.70	+19.10

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