

Equities suffer; Euro firmer

Markets remained risk-averse yesterday, as trade tensions escalated further. In what was viewed as a retaliatory move, the People's Bank of China (PBoC) allowed the yuan to move to a decade low level against the dollar. This prompted the US administration to officially designate China as a currency manipulator. Although, in overnight trading the yuan has adopted a slightly firmer tone.

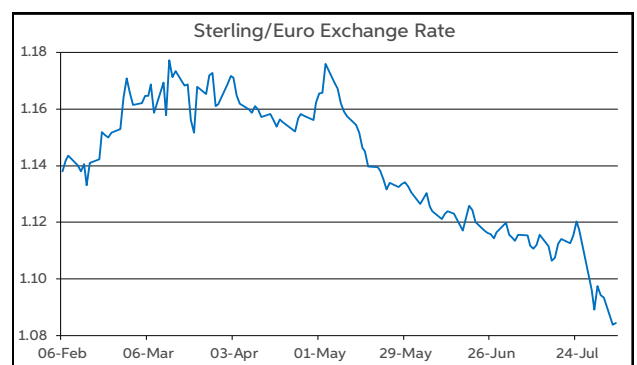
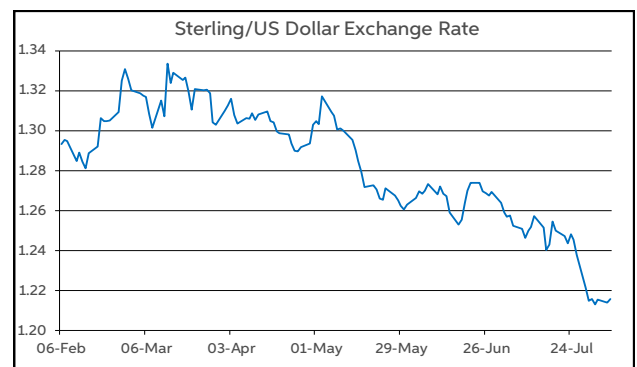
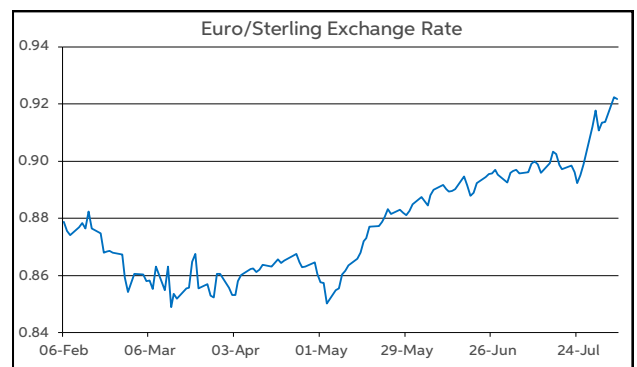
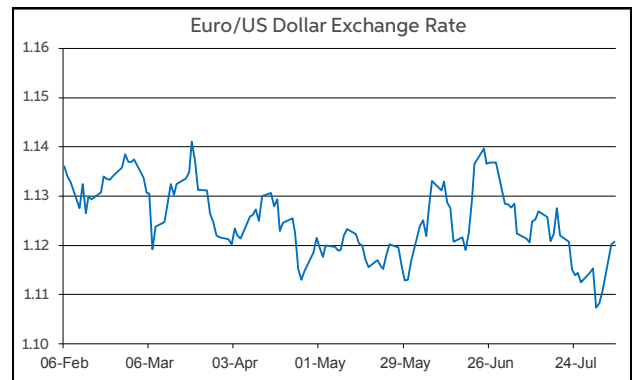
These developments led to a sell-off in equities. The main US indices were down around 3.0% at the close on Wall Street. The uncertain global economic outlook has also seen bonds continue to rally. US 10-year Treasury yields have fallen by a further 13bps and are standing at a near 3-year low level of 1.72%. Irish 10-year yields also briefly turned negative yesterday for the first time.

On currency markets, the euro has been trading higher across the board over the past 24 hours. The dollar has not been helped by the market pricing in more rate cuts for the Fed amid the escalation in trade tensions. Meanwhile, sterling continues to be hindered by ongoing Brexit related uncertainty.

In level terms, the firmer euro is reflected in EUR/GBP opening this morning at close to a 2-year high, above the 92p level. At the same time, EUR/USD has regained the \$1.12 handle. Elsewhere, cable (GBP/USD) is changing hands close to the midpoint of the \$1.21-1.22 band.

Today, the global macro-data schedule is devoid of any potential market moving data releases. Therefore, geo-political developments may continue to drive markets. Overall, investor sentiment is likely to remain highly sensitive to any further trade related newsflow.

Conor Beakey, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2018
EUR/USD	1.1209	0.75	-2.27
EUR/GBP	0.9217	0.69	2.59
GBP/USD	1.2158	0.05	-4.70
GBP/EUR	1.0843	-0.68	-2.53
USD/JPY	106.43	0.38	-2.86
EUR/JPY	119.33	1.14	-5.08

* 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	2.22	2.21	2.04	1.58	1.48
EUR	0.00	-0.39	-0.38	-0.30	-0.46	-0.38
GBP	0.75	0.71	0.77	0.84	0.65	0.60

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

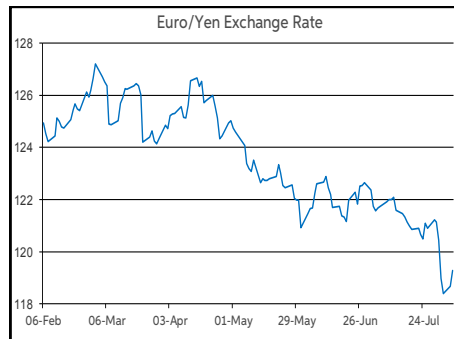
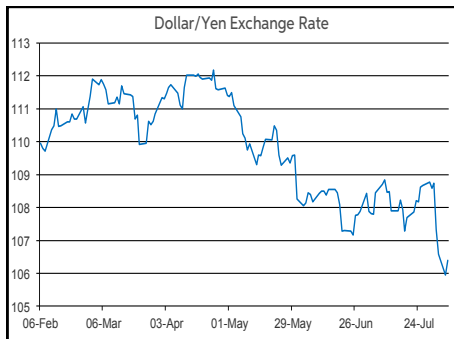
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite Lenny Hogan	Reuters Phone	AIB 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Opening Levels

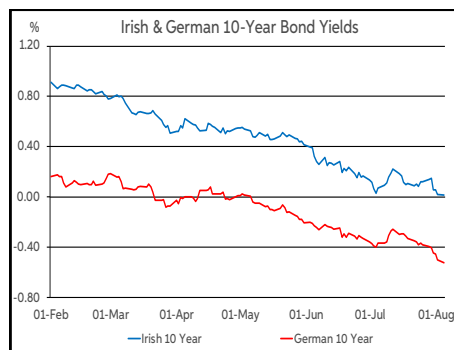
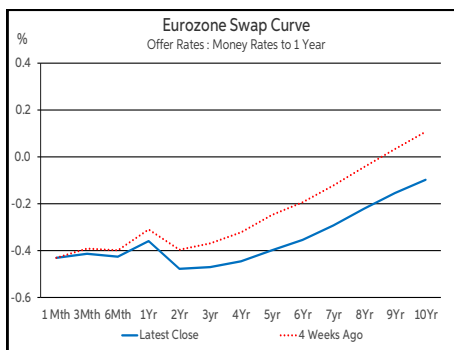
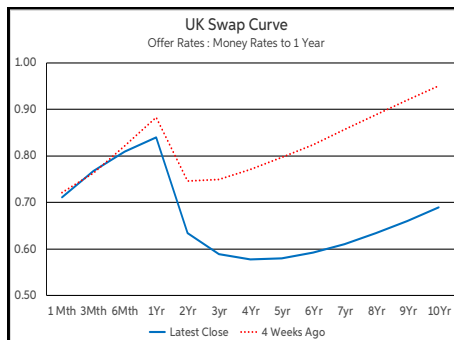
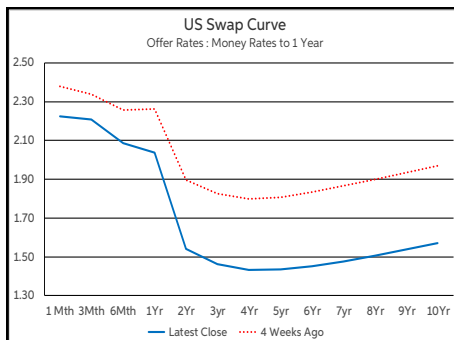
Tuesday 06 August 2019
07:18 am



Euro		Sterling		Dollar	
EUR/GBP	0.9217	GBP/EUR	1.0843	USD/JPY	106.43
EUR/USD	1.1209	GBP/USD	1.2158	USD/CAD	1.3193
EUR/JPY	119.33	GBP/CAD	1.6045	USD/CHF	0.9741
EUR/SEK	10.752	GBP/NZD	1.8611	USD/CNY	7.0422
EUR/DKK	7.4636	GBP/JPY	129.41	USD/BRL	3.9745
EUR/NOK	9.9873	GBP/SEK	11.6622	USD/RUB	65.2588
EUR/CHF	1.0922	GBP/DKK	8.0936	USD/INR	70.695
EUR/AUD	1.6527	GBP/NOK	10.8325	AUD/USD	0.6782
EUR/HKD	8.7867	GBP/CHF	1.1848	NZD/USD	0.6531
EUR/CAD	1.4793	GBP/AUD	1.7927		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 18
10 Year Yield %				
US	1.72	-13	-33	-97
Germany	-0.52	-2	-15	-76
UK	0.51	-4	-20	-76
Ireland	0.01	-0	-8	N/A
Belgium	-0.17	+0	-16	-93
France	-0.24	-0	-17	-94
Italy	1.55	+2	-22	-116
Spain	0.22	+0	-21	-119
Portugal	0.27	-1	-20	-143
Greece	2.01	-0	-2	-229
5 Year Swap %				
US	1.43	-19	-37	-113
Eurozone	-0.40	-4	-15	-63
UK	0.58	-6	-22	-74
2 Year Swap %				
US	1.54	-19	-35	-110
Eurozone	-0.48	-3	-8	-34
UK	0.63	-3	-11	-53
10 Year Government Bond Spreads to Benchmark bps				
Ireland	54	+2	+7	N/A
Belgium	35	+2	-1	-18
France	28	+2	-2	-18
Italy	208	+4	-7	-40
Spain	74	+2	-5	-43
Portugal	79	+1	-5	-67
Greece	253	+2	+13	-153



Commodities				
	% Change			
	Close	Day	4 Weeks	End 18
Brent Oil	59.81	-3.36	-6.71	+11.17
West Texas Oil	54.63	-1.87	-4.74	+21.00
Gold \$	1464.0	+1.60	+4.89	+14.12

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