

## Risk appetite recovers

There was an improvement in risk appetite yesterday, with equities recovering some of the lost ground from the previous day's session. However, bond yields remain close to record lows. The People's Bank of China's move on Monday night to stall the depreciation of the yuan against the dollar appeared to assuage market fears that a currency war was about to break out.

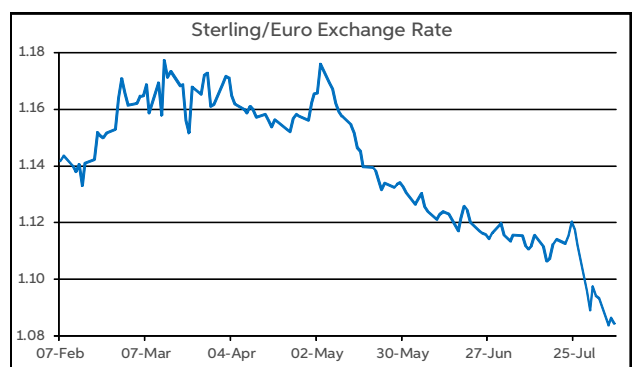
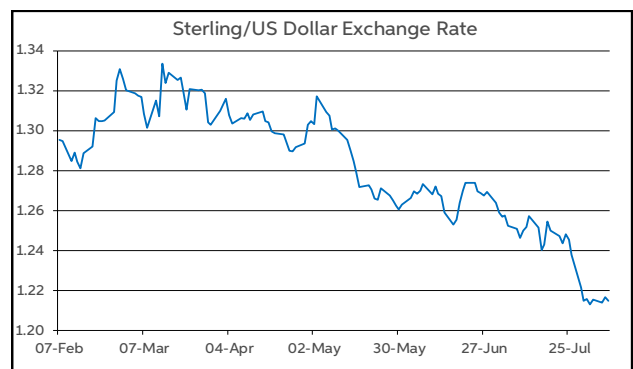
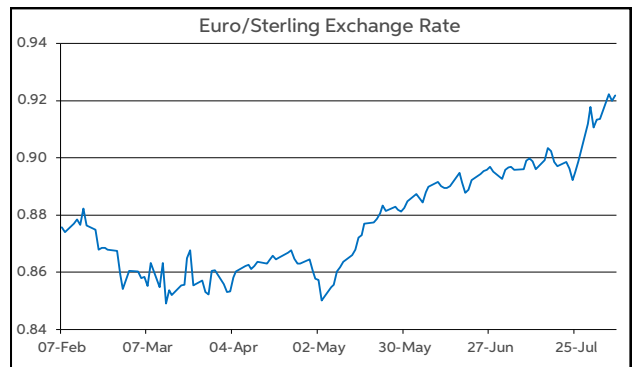
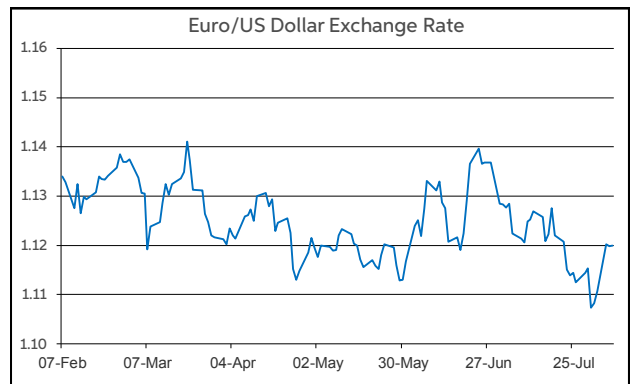
Data-wise, the only release of any note over the past 24 hours was German industrial production for June earlier this morning. Output dropped by 1.5% (f'cast -0.4%), leaving the index at its lowest level since December 2016. The more challenging global trading environment has weighed heavily on the sector over the past year. However, despite the steep fall in the month, there was no notable impact on the euro.

Overnight, the Reserve Bank of New Zealand became the latest central bank to ease policy in the face of the slowdown of the global economy. In a surprise move, it cut rates by 50bps, rather than 25bps as expected, putting its key policy rate at a record low level of 1%. As a result, the kiwi dollar has come under pressure.

The main currency pairs open this morning broadly unchanged from yesterday's opening levels. EUR/GBP continues to change hands above the 92p handle, having traded in a 91.5-92.3p band. At the same time, EUR/USD is straddling the \$1.12 threshold. Elsewhere, cable (GBP/USD) is operating close to the midpoint of the \$1.21-1.22 range.

Turning to the day ahead, the global data schedule is devoid of any potential market moving releases. Therefore, in the absence of any geo-political developments, we could see the main pairs struggle for fresh direction.

**Conor Beakey, Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2018
EUR/USD	1.12	-0.02	-2.35
EUR/GBP	0.9219	0.09	2.62
GBP/USD	1.2147	-0.11	-4.78
GBP/EUR	1.0844	-0.09	-2.55
USD/JPY	106.24	-0.40	-3.03
EUR/JPY	119	-0.42	-5.34

\* 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	2.21	2.19	1.99	1.57	1.44
EUR	0.00	-0.40	-0.38	-0.31	-0.48	-0.40
GBP	0.75	0.71	0.77	0.84	0.66	0.61

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

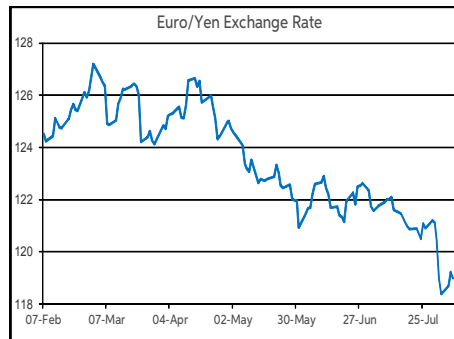
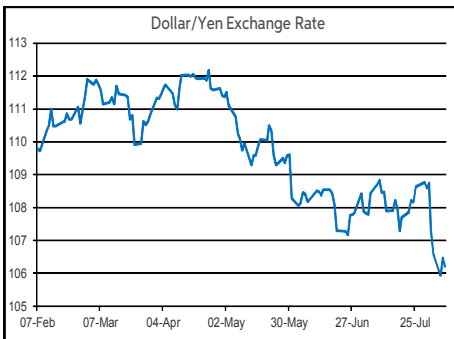
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite Lenny Hogan	Reuters Phone	AIB 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

# Opening Levels

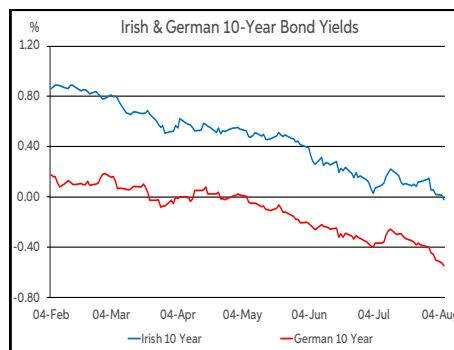
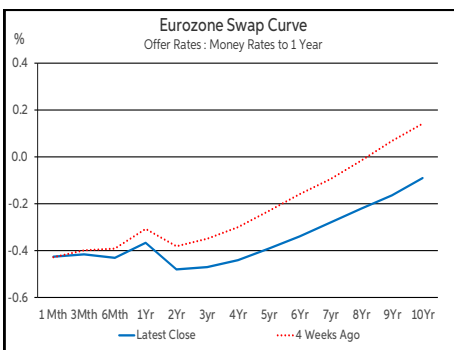
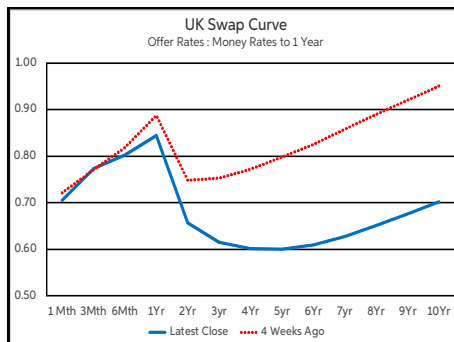
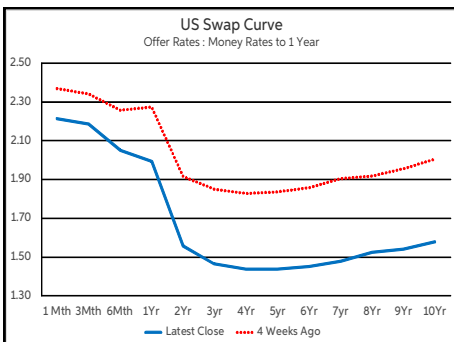
Wednesday 07 August 2019  
07:18 am



Euro		Sterling		Dollar	
EUR/GBP	0.922	GBP/EUR	1.0842	USD/JPY	106.24
EUR/USD	1.12	GBP/USD	1.2148	USD/CAD	1.329
EUR/JPY	119	GBP/CAD	1.6145	USD/CHF	0.9765
EUR/SEK	10.7464	GBP/NZD	1.8963	USD/CNY	7.0399
EUR/DKK	7.4642	GBP/JPY	129.06	USD/BRL	3.9601
EUR/NOK	9.9794	GBP/SEK	11.6512	USD/RUB	65.185
EUR/CHF	1.0938	GBP/DKK	8.0935	USD/INR	70.9325
EUR/AUD	1.6678	GBP/NOK	10.8228	AUD/USD	0.6714
EUR/HKD	8.7822	GBP/CHF	1.1863	NZD/USD	0.6404
EUR/CAD	1.4888	GBP/AUD	1.8087		



	Close	Change bps		
		Day	4 Weeks	End 18
<b>10 Year Yield %</b>				
US	1.71	-0	-36	-97
Germany	-0.55	-2	-19	-78
UK	0.51	+0	-21	-76
Ireland	-0.02	-4	-13	N/A
Belgium	-0.20	-3	-21	-96
France	-0.27	-3	-21	-97
Italy	1.51	-5	-22	-121
Spain	0.21	-2	-20	-121
Portugal	0.24	-3	-22	-146
Greece	2.02	+1	-15	-228
<b>5 Year Swap %</b>				
US	1.44	-0	-40	-112
Eurozone	-0.39	+0	-16	-62
UK	0.60	+1	-20	-72
<b>2 Year Swap %</b>				
US	1.56	+0	-36	-108
Eurozone	-0.48	-1	-10	-34
UK	0.66	+1	-9	-51
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	52	-1	+6	N/A
Belgium	34	-1	-2	-18
France	28	-0	-2	-19
Italy	205	-3	-3	-43
Spain	75	+1	-1	-43
Portugal	79	-1	-3	-68
Greece	257	+3	+4	-150



	% Change			
	Close	Day	4 Weeks	End 18
Brent Oil	58.94	-1.45	-8.14	+9.55
West Texas Oil	53.6	-1.89	-6.90	+18.72
Gold \$	1474.7	+0.73	+5.48	+14.95

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