

## Market sentiment remain cautious

The action on financial markets yesterday showed that investor sentiment remains on a fragile footing at the moment. This cautious mood comes against the backdrop of mounting concerns over the outlook for the global economy and heightened international trade tensions.

This was especially evident on Wall Street. The main equity indices there opened the day down over 1%. However, they recovered heading into the close to finish flat on the day. At the same time, during the sell off on equity markets, bonds continued to rally amid the demand for safe havens.

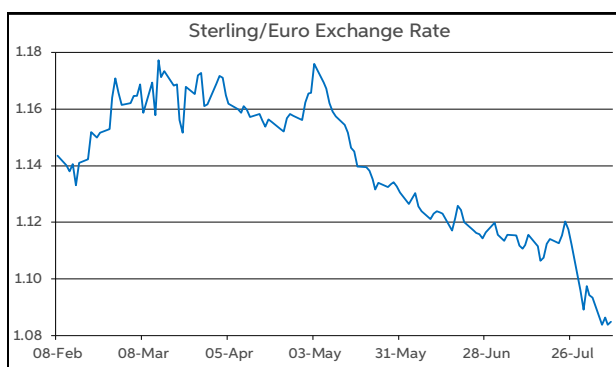
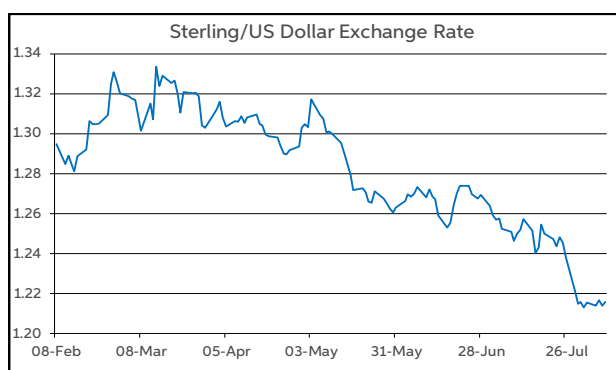
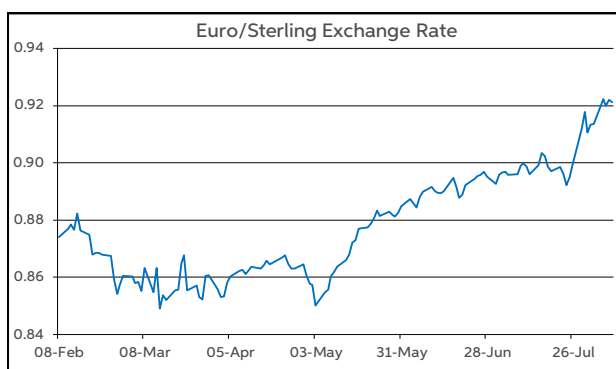
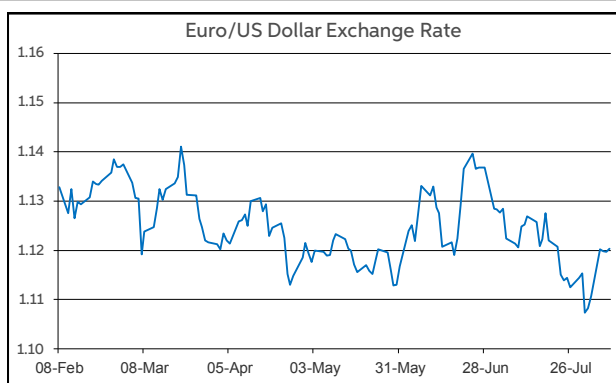
The yield on German 10-year bunds fell to a record low near -0.6%, while the yield on the US equivalent at one stage was down near 1.6%. The decline in risk appetite was also a support to gold, which breached the \$1,500 level for the first time in 6 years.

In contrast, the moves on currency markets were more subdued. Indeed, most of the main pairs have been confined to narrow ranges over the past 24 hours.

In level terms, this is reflected in EUR/USD mostly trading in a very tight range just above the \$1.12 mark over this period. Meanwhile, amid the on-going concerns over the risks of a no-deal hard Brexit, the EUR/GBP pair remains above the 92p threshold, while cable (GBP/USD) continues to be pinned down below \$1.22.

For the day ahead, the macro data calendar is once again uninspiring. The only release of any note is the US weekly jobless claims number. Therefore today's macro agenda is unlikely to be of any directional impact for FX markets. As a result, the main pairs could continue to trade in narrow ranges near their current levels.

**John Fahey, Senior Economist, AIB**



| Today's Opening FX Rates |        |          |          |
|--------------------------|--------|----------|----------|
|                          |        | % Change |          |
|                          |        | Day *    | End 2018 |
| EUR/USD                  | 1.1204 | -0.05    | -2.31    |
| EUR/GBP                  | 0.9214 | 0.04     | 2.56     |
| GBP/USD                  | 1.216  | -0.07    | -4.68    |
| GBP/EUR                  | 1.0849 | -0.04    | -2.50    |
| USD/JPY                  | 106.11 | 0.03     | -3.15    |
| EUR/JPY                  | 118.91 | -0.02    | -5.41    |

\* 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       | 2.18  | 1.98   | 1.58      | 1.46  |
| EUR                    | 0.00      | -0.40      | -0.39 | -0.32  | -0.49     | -0.41 |
| GBP                    | 0.75      | 0.71       | 0.77  | 0.83   | 0.66      | 0.60  |

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

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

# Opening Levels

Thursday 08 August 2019  
07:26 am



## Euro

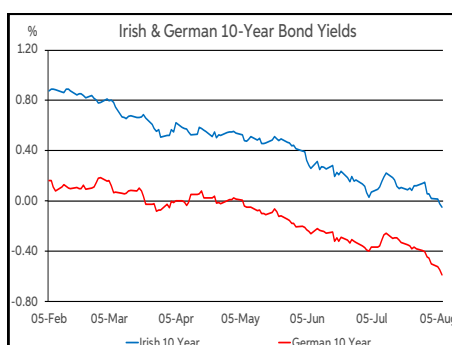
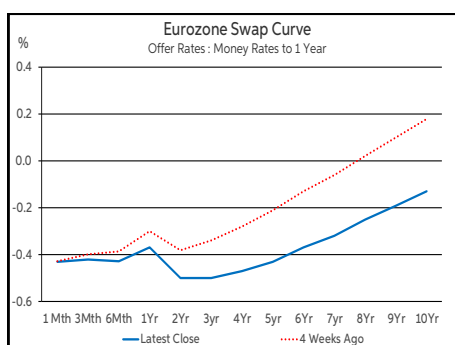
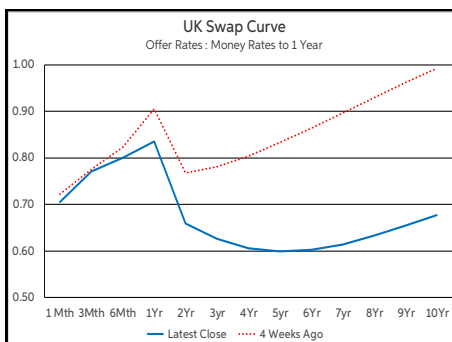
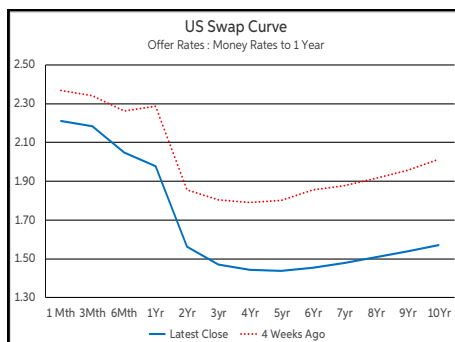
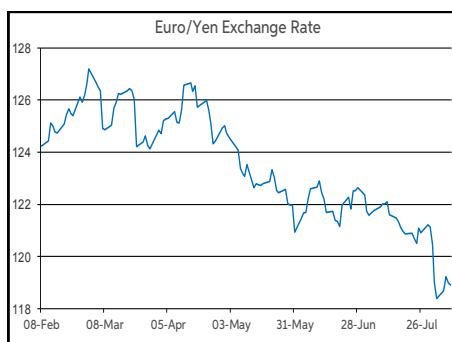
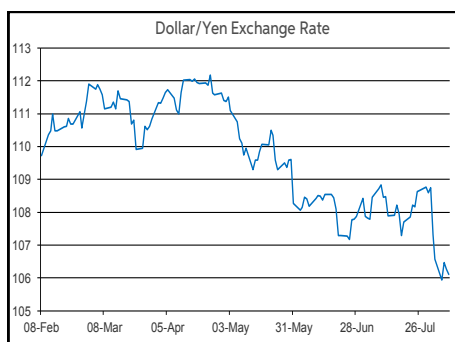
|         |         |
|---------|---------|
| EUR/GBP | 0.9214  |
| EUR/USD | 1.1204  |
| EUR/JPY | 118.91  |
| EUR/SEK | 10.7776 |
| EUR/DKK | 7.4619  |
| EUR/NOK | 10.006  |
| EUR/CHF | 1.0927  |
| EUR/AUD | 1.6544  |
| EUR/HKD | 8.7845  |
| EUR/CAD | 1.4884  |

## Sterling

|         |         |
|---------|---------|
| GBP/EUR | 1.0849  |
| GBP/USD | 1.216   |
| GBP/CAD | 1.6151  |
| GBP/NZD | 1.8832  |
| GBP/JPY | 129.03  |
| GBP/SEK | 11.6923 |
| GBP/DKK | 8.0962  |
| GBP/NOK | 10.8514 |
| GBP/CHF | 1.1858  |
| GBP/AUD | 1.7954  |

## Dollar

|         |         |
|---------|---------|
| USD/JPY | 106.11  |
| USD/CAD | 1.3283  |
| USD/CHF | 0.9751  |
| USD/CNY | 7.0426  |
| USD/BRL | 3.9684  |
| USD/RUB | 65.1938 |
| USD/INR | 70.873  |
| AUD/USD | 0.677   |
| NZD/USD | 0.6453  |



| Debt Markets  |       |            |         |        |
|---|-------|------------|---------|--------|
|   | Close | Change bps |         |        |
|   |       | Day        | 4 Weeks | End 18 |
| <b>10 Year Yield %</b>                                  |       |            |         |        |
| US  | 1.72  | +0         | -34     | -96    |
| Germany   | -0.59 | -4         | -28     | -82    |
| UK  | 0.49  | -3         | -27     | -78    |
| Ireland   | -0.05 | -2         | -21     | N/A    |
| Belgium   | -0.28 | -7         | -33     | -103   |
| France  | -0.32 | -5         | -29     | -102   |
| Italy   | 1.40  | -10        | -33     | -131   |
| Spain   | 0.16  | -4         | -27     | -125   |
| Portugal  | 0.17  | -7         | -32     | -153   |
| Greece  | 1.96  | -6         | -28     | -234   |
| <b>5 Year Swap %</b>                                    |       |            |         |        |
| US  | 1.44  | -1         | -36     | -112   |
| Eurozone  | -0.43 | -5         | -22     | -66    |
| UK  | 0.60  | -2         | -23     | -72    |
| <b>2 Year Swap %</b>                                    |       |            |         |        |
| US  | 1.56  | -1         | -29     | -108   |
| Eurozone  | -0.50 | -3         | -12     | -36    |
| UK  | 0.66  | -1         | -11     | -51    |
| <b>10 Year Government Bond Spreads to Benchmark bps</b> |       |            |         |        |
| Ireland   | 54    | +2         | +7      | N/A    |
| Belgium   | 31    | -3         | -5      | -21    |
| France  | 27    | -0         | -2      | -19    |
| Italy   | 199   | -6         | -5      | -49    |
| Spain   | 75    | -0         | +1      | -43    |
| Portugal  | 76    | -3         | -4      | -71    |
| Greece  | 255   | -2         | -1      | -151   |

| Commodities    |          |       |         |        |
|----------------|----------|-------|---------|--------|
|                | % Change |       |         |        |
|                | Close    | Day   | 4 Weeks | End 18 |
| Brent Oil      | 56.23    | -4.60 | -16.09  | +4.52  |
| West Texas Oil | 51.14    | -4.59 | -15.16  | +13.27 |
| Gold \$        | 1501.6   | +1.83 | +5.81   | +17.05 |

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