

Sterling softens further as Brexit concerns rise

The recent theme of sterling edging lower on the exchanges continued yesterday. Comments from the UK Trade Secretary, Liam Fox, over the weekend (no-deal Brexit now more likely than not) have been the catalyst for sterling falling by over 1% against the euro and dollar since the end of last week.

Markets are concerned about the apparent lack of progress in UK/EU Brexit negotiations, with the key October EU leaders summit fast approaching. Headlines yesterday indicated that there has been a significant increase in hedging by companies against a possible sharp fall in sterling in the event of a no-deal Brexit.

In level terms, the softer tone to sterling saw EUR/GBP move above the key 90p resistance level yesterday, for the first time since November. This opens up the possibility of further retracement towards last August's post-Brexit high for the pair, up near 93p, if recent selling pressure is sustained.

Meantime, cable (GBP/USD) continued to move lower yesterday, trading below \$1.29 for the first time since the end of August 2017. The pair is changing hands this morning at \$1.287. However, there is some support for GBP/USD around \$1.28.

Elsewhere, there were no significant data/events in either the Eurozone or US over the last 24 hours. As a result, the EUR/USD pair has struggled for fresh direction, continuing to trade in a narrow range close to \$1.16.

Turning to the day ahead, the release schedule remains very sparse on both sides of the Atlantic. Therefore, the focus for FX markets may remain the risk of a hard Brexit. As a result, sterling could continue to struggle today.

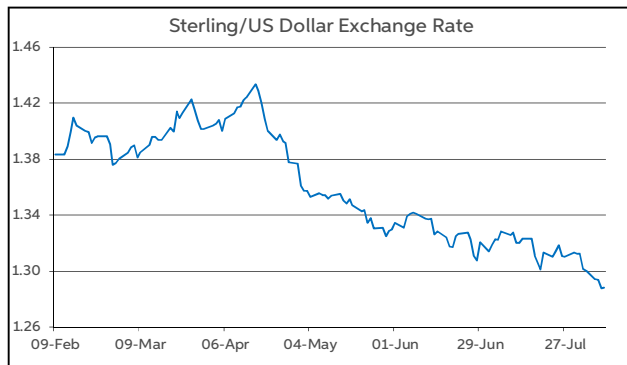
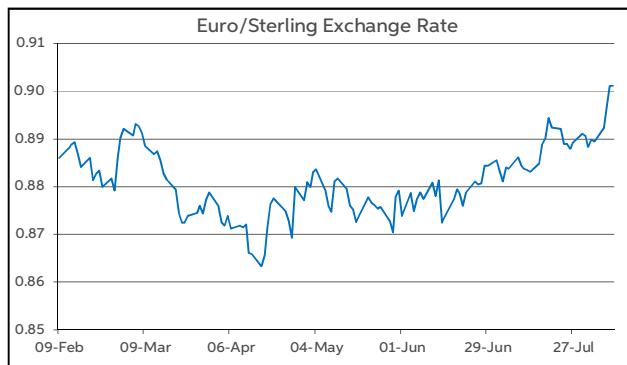
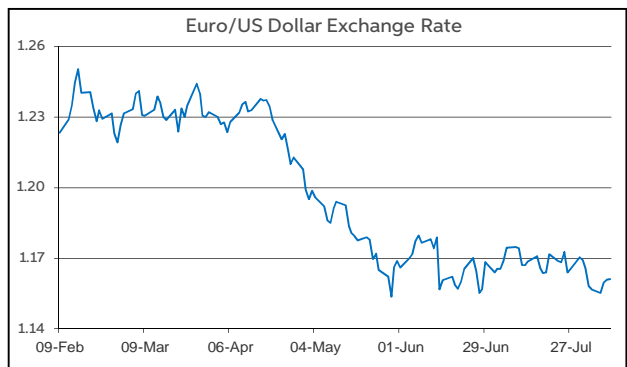
Dara Turnbull, Economist, AIB

Today's Opening Rates

		% Change	
		Day *	End 2017
EUR/USD	1.1606	-0.15	-3.25
EUR/GBP	0.9013	0.48	1.46
GBP/USD	1.2873	-0.63	-4.73
GBP/EUR	1.109	-0.48	-1.44
USD/JPY	110.99	-0.22	-1.49
EUR/JPY	128.83	-0.36	-4.70

* 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	1.875	2.06	2.34	2.83	2.87	2.96
EUR	0.00	-0.37	-0.32	-0.18	-0.14	0.31
GBP	0.75	0.72	0.81	1.05	1.11	1.37

Equity Indices				
	Latest Close	% Changes		
		on Day	End 2017 to Date	
Dow Jones	25583.75	-0.18	+3.50	
S&P 500	2857.7	-0.03	+6.89	
FTSE 100	7776.65	+0.75	+1.16	
DJ Stoxx 50	3493.6	-0.31	-0.30	
ISEQ	6761.85	-0.76	-3.93	
Nikkei	22598.39	-0.20	-0.73	

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

FX Spot	Karl Cooke Shane Gargan Adrian Flanagan 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

Thursday 09 August 2018
07:30 am



Euro

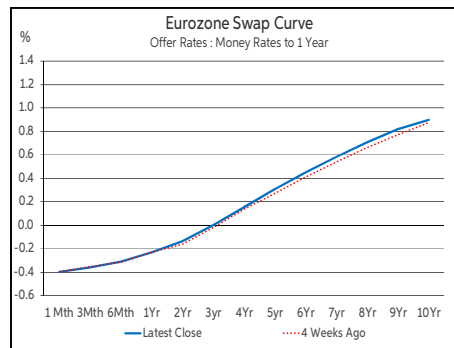
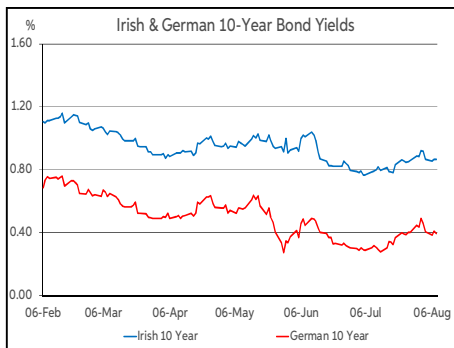
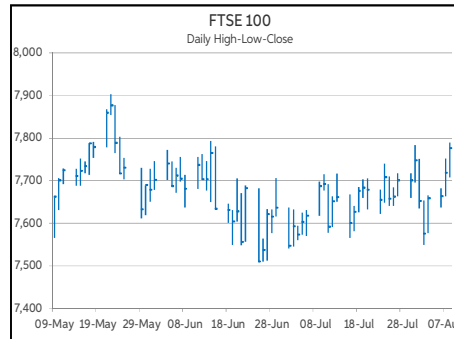
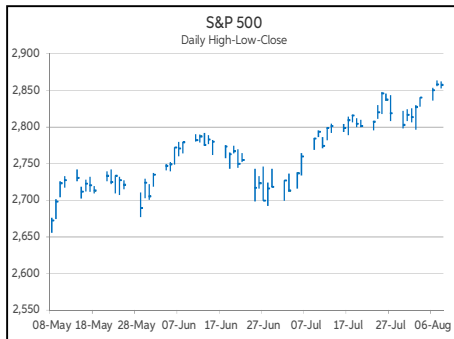
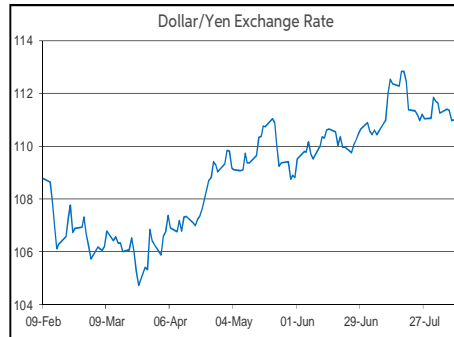
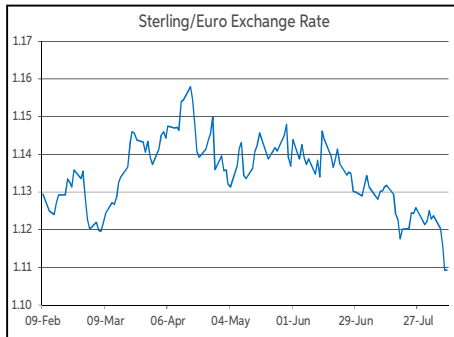
EUR/GBP	0.9013
EUR/USD	1.1605
EUR/JPY	128.83
EUR/SEK	10.398
EUR/DKK	7.4539
EUR/NOK	9.5376
EUR/CHF	1.1532
EUR/AUD	1.56
EUR/HKD	9.1087
EUR/CAD	1.5093

Sterling

GBP/EUR	1.1092
GBP/USD	1.2874
GBP/CAD	1.6742
GBP/NZD	1.93
GBP/JPY	142.89
GBP/SEK	11.529
GBP/DKK	8.2679
GBP/NOK	10.5808
GBP/CHF	1.279
GBP/AUD	1.7303

Dollar

USD/JPY	110.99
USD/CAD	1.3005
USD/CHF	0.9936
USD/CNY	6.821
USD/BRL	3.7716
USD/RUB	66.0945
USD/INR	68.6
AUD/USD	0.7439
NZD/USD	0.6668



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 17
10 Year Yield %				
US	2.96	-1	+12	+56
Germany	0.39	-2	+9	-3
UK	1.31	-2	+2	+13
Ireland	0.86	-0	+7	N/A
Belgium	0.67	-6	-0	+6
France	0.72	-0	+8	-5
Italy	2.89	+3	+21	+90
Spain	1.38	+1	+9	-16
Portugal	1.73	+0	-2	-17
Greece	3.96	+2	+13	-9
5 Year Swap %				
US	2.93	-4	+4	+69
Eurozone	0.31	-2	+3	-1
UK	1.36	-2	+2	+32
2 Year Swap %				
US	2.84	-2	+3	+76
Eurozone	-0.14	-1	+2	+0
UK	1.10	-1	+3	+30
10 Year Government Bond Spreads to Benchmark bps				
Ireland	47	+1	-2	N/A
Belgium	28	-4	-9	+8
France	33	+1	-1	-3
Italy	250	+5	+12	+92
Spain	99	+3	+0	-14
Portugal	133	+2	-11	-14
Greece	356	+3	+4	-6

Commodities				
	Close	% Change		
		Day	4 Weeks	End 17
Brent Oil	72.28	-3.17	-1.53	+8.09
West Texas Oil	66.92	-3.25	-5.04	+10.68
CRB - All Commodity	193.04	-0.75	+0.11	-0.43
CRB - Food	332.52	-1.77	-3.88	-1.05
Gold \$	1214.0	+0.22	-2.30	-6.80

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