

EUR/GBP edges slightly higher

The moves on currency markets yesterday were relatively limited. Sterling did, though, come under some downward pressure overnight. This followed the release of YouGov's final MRD election poll. While it continued to show that the Tories are on course for a majority, it suggests that their lead over Labour has narrowed. A hung Parliament is now within the margin of error.

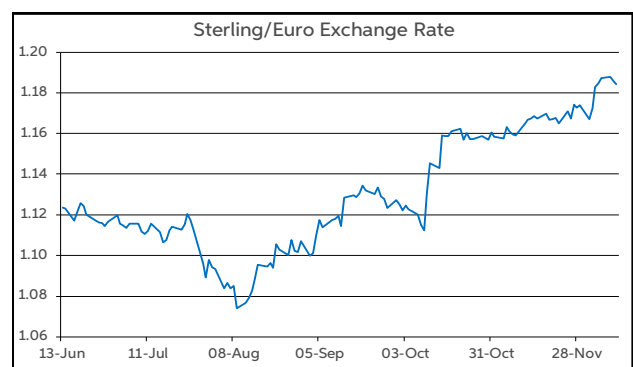
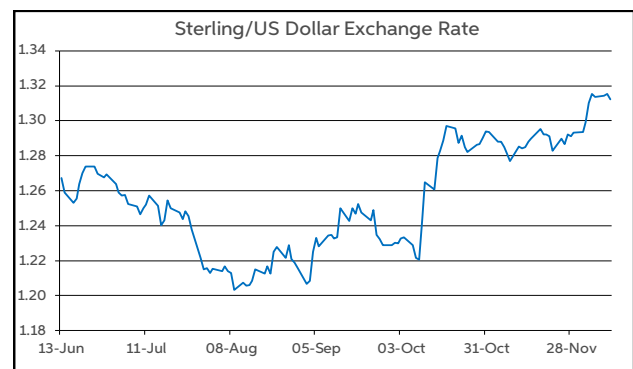
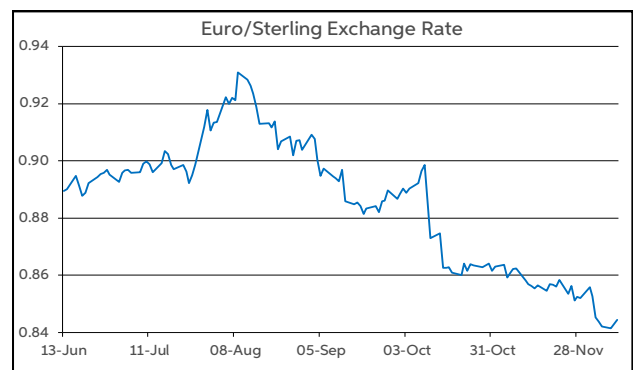
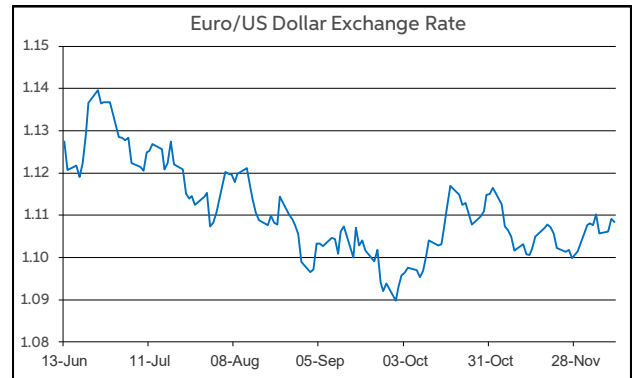
Data-wise, the day's highlight, the publication of UK GDP for the 3 months to October, confirmed that the economy flat-lined in the period. However, as the release was in line with expectations, there was no impact on sterling.

In level terms, the marginally softer sterling tone, combined with a slightly firmer euro, is reflected in EUR/GBP opening at the midpoint of the 84-85p band. Meanwhile, cable (GBP/USD) is operating in the lower half of the \$1.31-1.32 range. At the same time, EUR/USD is changing hands up close to the \$1.11 threshold.

Turning to the day ahead, the focus for markets will be the conclusion (after the close in Europe) of the Fed's December meeting. No changes to policy are expected, meaning that the focus will be on the FOMC's updated interest rate projections. The latest message from the central bank is that it is on hold and recent US macro data seems to support this viewpoint. However, markets are looking for one more 25bp rate cut by end-2020.

Overall, while the meeting will pose some event risk for the dollar, we do not anticipate any major policy surprises from the Fed. As a result, the impact on the currency could be limited. Meantime, the action in the euro and sterling may be similarly muted today. Markets will likely remain in pause mode ahead of tomorrow's UK election / ECB Governing Council meeting.

Conor Beakey, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2018
EUR/USD	1.1085	0.17	-3.35
EUR/GBP	0.8445	0.36	-6.00
GBP/USD	1.3123	-0.20	2.87
GBP/EUR	1.1837	-0.36	6.38
USD/JPY	108.71	0.08	-0.78
EUR/JPY	120.52	0.27	-4.13

* 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	1.625	1.74	1.89	1.93	1.63	1.64
EUR	0.00	-0.45	-0.39	-0.28	-0.32	-0.19
GBP	0.75	0.70	0.79	0.97	0.83	0.90

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

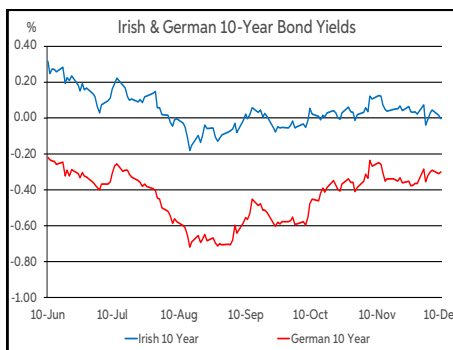
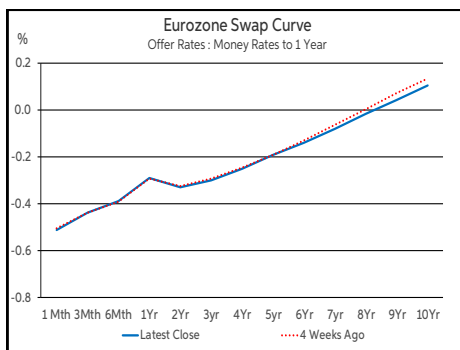
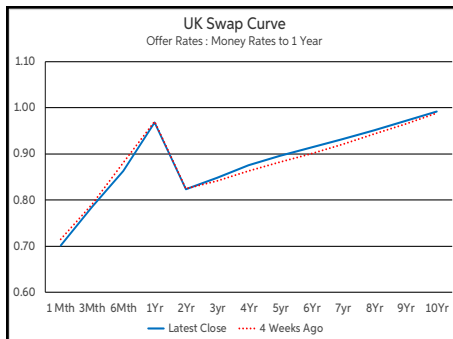
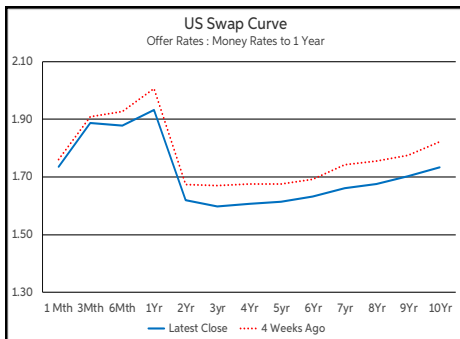
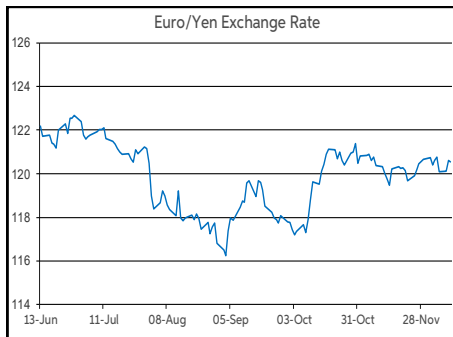
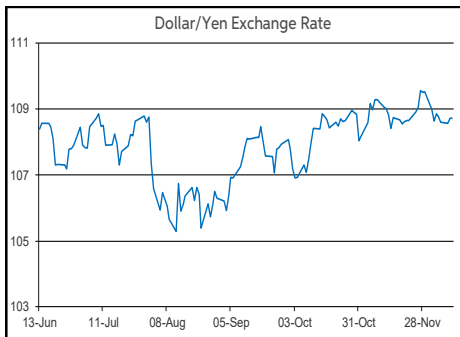
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIB 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Opening Levels

Wednesday 11 December 2019
07:22 am



Euro		Sterling		Dollar	
EUR/GBP	0.8445	GBP/EUR	1.1837	USD/JPY	108.71
EUR/USD	1.1085	GBP/USD	1.3123	USD/CAD	1.3232
EUR/JPY	120.52	GBP/CAD	1.7365	USD/CHF	0.9848
EUR/SEK	10.5248	GBP/NZD	2.0097	USD/CNY	7.0386
EUR/DKK	7.473	GBP/JPY	142.66	USD/BRL	4.1462
EUR/NOK	10.17	GBP/SEK	12.4588	USD/RUB	63.5718
EUR/CHF	1.0918	GBP/DKK	8.846	USD/INR	70.875
EUR/AUD	1.6258	GBP/NOK	12.0405	AUD/USD	0.6818
EUR/HKD	8.6676	GBP/CHF	1.2925	NZD/USD	0.6529
EUR/CAD	1.4667	GBP/AUD	1.9245		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 18
10 Year Yield %				
US	1.84	+2	-9	-84
Germany	-0.30	+1	-4	-54
UK	0.79	+4	-1	-47
Ireland	0.00	-2	-13	N/A
Belgium	-0.01	+1	-4	-77
France	0.01	+0	-4	-69
Italy	1.33	-3	+4	-139
Spain	0.44	+0	+2	-98
Portugal	0.38	+1	+2	-132
Greece	1.32	-2	-5	-298
5 Year Swap %				
US	1.62	-2	-6	-95
Eurozone	-0.19	-1	+0	-42
UK	0.90	+1	+1	-42
2 Year Swap %				
US	1.62	-2	-5	-102
Eurozone	-0.33	-1	-0	-19
UK	0.82	+0	-0	-34
10 Year Government Bond Spreads to Benchmark bps				
Ireland	30	-3	-8	N/A
Belgium	29	+0	+0	-23
France	31	-1	+1	-15
Italy	163	-4	+8	-85
Spain	74	-1	+6	-44
Portugal	68	-0	+6	-79
Greece	162	-3	-1	-244

Commodities				
	% Change			
	Close	Day	4 Weeks	End 18
Brent Oil	64.34	+0.14	+3.67	+19.59
West Texas Oil	59.22	+0.39	+4.50	+31.16
Gold \$	1464.5	+0.16	+0.48	+14.15

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