

Busy day on the Brexit front

Brexit very much dominated the newsflow yesterday. The market was digesting Friday evening's agreement by the UK cabinet on its post-Brexit EU trade proposals, as well as subsequent cabinet resignations. This in turn resulted in some volatility for sterling. Although, it must be noted that while the currency did show some sensitivity to the raft of headlines, the moves in sterling were within recent ranges.

So as trading gets underway this morning, the currency is weaker versus 24 hours earlier, but the losses are modest. In level terms, the EUR/GBP pair is changing hands in the upper half of the 88-89p range. Meantime, cable (GBP/USD) has been unable to hold the \$1.33 level and starts the European session in the lower half of the \$1.32-1.33 band.

Elsewhere, there was a very sparse schedule to both the Eurozone and US macro diaries. As a result, there was little to provide direction to the respective currencies. EUR/USD has been mostly trading in a tight range near \$1.175.

Looking ahead to today, there is busier macro agenda. In the UK, we get industrial output and trade data for May as well as the first release of the new monthly GDP estimate. The highlight from the Eurozone calendar is the German ZEW for July. Meantime in the US, the main release of note is the NFIB measure of small business sentiment for June.

Currency-wise, while the data schedule contains some useful/important updates, unless any of the data spring a major surprise, the market may remain somewhat distracted by Brexit related headlines. Against this backdrop, sterling remains vulnerable to some volatility.

John Fahey, Senior Economist, AIB

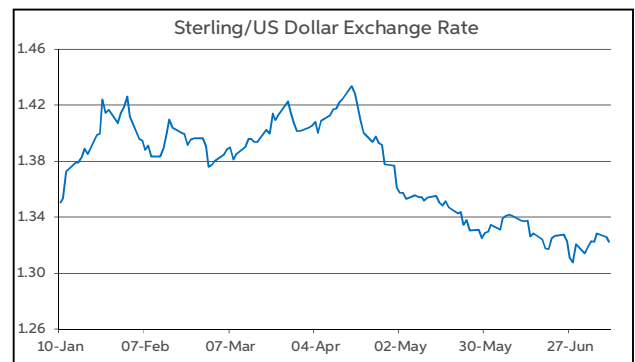
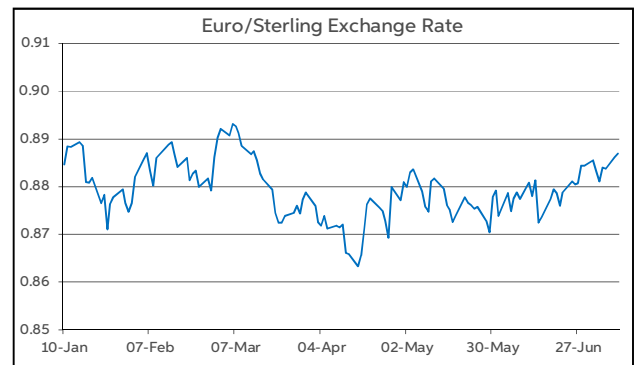
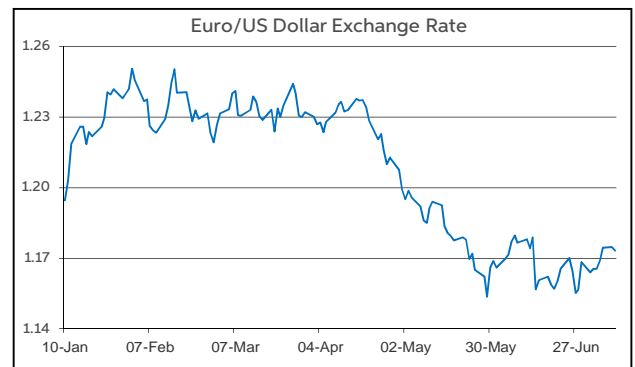
Opening Interest Rates						
	Base Rate	Short Term			Long Term	
		1-Mth	3-Mth	12-Mth	2-Yr	5-Yr
USD	1.875	2.08	2.33	2.78	2.80	2.88
EUR	0.00	-0.37	-0.32	-0.18	-0.17	0.27
GBP	0.50	0.54	0.72	1.01	1.06	1.30

Equity Indices				
	Latest Close	% Changes		
		on Day	End 2017 to Date	
Dow Jones	24776.59	+1.31	+0.23	
S&P 500	2784.17	+0.88	+4.14	
FTSE 100	7687.99	+0.92	+0.00	
DJ Stoxx 50	3460.44	+0.35	-1.24	
ISEQ	7013.12	+0.17	-0.36	
Nikkei	22196.89	+0.66	-2.50	

Today's Opening Rates			
		% Change	
		Day *	End 2017
EUR/USD	1.1734	-0.23	-2.18
EUR/GBP	0.8869	0.28	-0.16
GBP/USD	1.3227	-0.53	-2.11
GBP/EUR	1.1269	-0.28	0.16
USD/JPY	111.07	0.57	-1.42
EUR/JPY	130.35	0.36	-3.57

* v Previous Day's European Open

See Next Page for More Rates ▶▶▶



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

Tuesday 10 July 2018
07:29 am



Euro

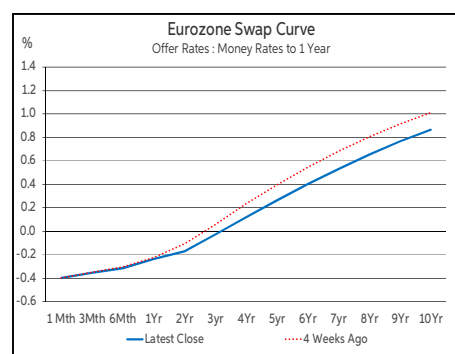
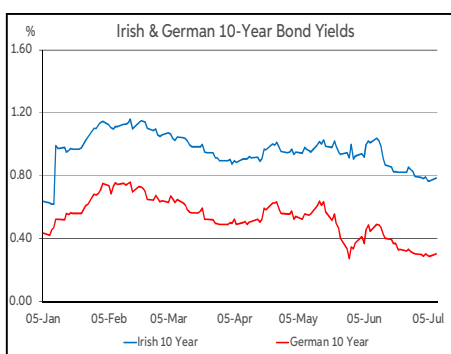
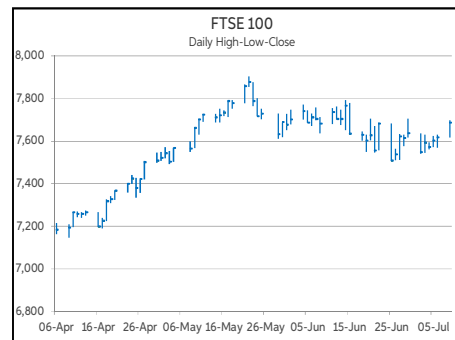
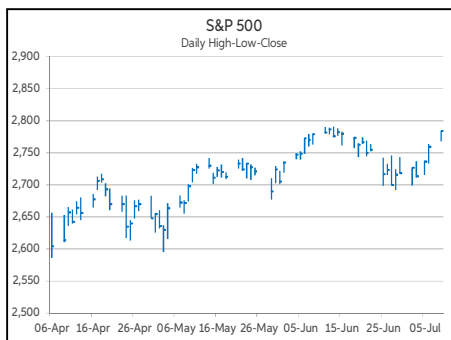
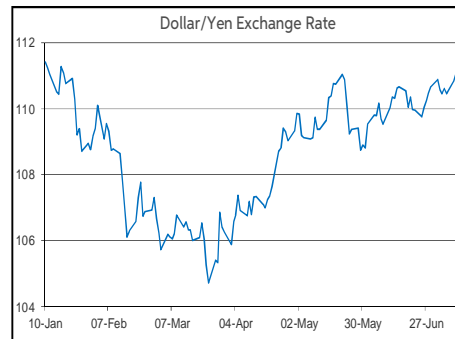
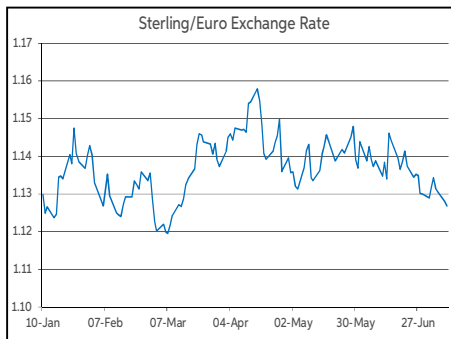
EUR/GBP	0.8869
EUR/USD	1.1734
EUR/JPY	130.35
EUR/SEK	10.247
EUR/DKK	7.453
EUR/NOK	9.4029
EUR/CHF	1.1645
EUR/AUD	1.573
EUR/HKD	9.2092
EUR/CAD	1.5403

Sterling

GBP/EUR	1.1269
GBP/USD	1.3227
GBP/CAD	1.7361
GBP/NZD	1.9341
GBP/JPY	146.91
GBP/SEK	11.545
GBP/DKK	8.3988
GBP/NOK	10.5944
GBP/CHF	1.3125
GBP/AUD	1.7729

Dollar

USD/JPY	111.07
USD/CAD	1.3126
USD/CHF	0.9923
USD/CNY	6.6134
USD/BRL	3.8714
USD/RUB	62.3325
USD/INR	68.82
AUD/USD	0.746
NZD/USD	0.6837



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 17
10 Year Yield %				
US	2.86	+3	-9	+45
Germany	0.30	+1	-19	-12
UK	1.27	+1	-13	+9
Ireland	0.79	+2	-25	N/A
Belgium	0.67	+0	-24	+6
France	0.64	+1	-21	-14
Italy	2.66	-5	-17	+67
Spain	1.28	-2	-14	-27
Portugal	1.77	-1	-20	-13
Greece	3.87	-4	-56	-18
5 Year Swap %				
US	2.87	+2	-6	+62
Eurozone	0.26	+0	-13	-5
UK	1.30	-3	-5	+26
2 Year Swap %				
US	2.78	+1	-1	+70
Eurozone	-0.17	-0	-6	-3
UK	1.04	-2	+2	+24
10 Year Government Bond Spreads to Benchmark bps				
Ireland	48	+1	-7	N/A
Belgium	37	-1	-5	+17
France	34	-0	-2	-2
Italy	236	-6	+2	+78
Spain	98	-3	+5	-15
Portugal	147	-3	-1	-1
Greece	357	-6	-37	-6

Commodities				
	Close	% Change		
		Day	4 Weeks	End 17
Brent Oil	78.07	+1.24	+2.11	+16.75
West Texas Oil	73.93	+0.20	+11.85	+22.28
CRB - All Commodity	198.23	+0.09	-0.58	+2.25
CRB - Food	349.46	+0.62	-2.01	+3.99
Gold \$	1258.2	+0.19	-3.26	-3.41

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