

Political risk for sterling today

There was a quiet start to the week on currency markets yesterday. The dollar has been trading slightly higher, aided by President Trump's announcement that a bipartisan budget deal had been agreed by congressional leaders. The deal, if passed by Congress, will suspend the debt ceiling and increase government spending.

In level terms, the slightly firmer dollar tone sees EUR/USD open this morning back below the \$1.12 threshold. Meanwhile, cable (GBP/USD) is changing hands down close to the midpoint of the \$1.24-1.25 range. Elsewhere, EUR/GBP continues to trade in the upper half of the 89-90p band.

The action on equity markets was similarly muted. The S&P 500 was up 0.3% at the closing bell on Wall Street last night. Meantime, there were no major developments on bond markets.

Turning to the day ahead, there is again an uninspiring look to the release schedule. Data due includes existing home sales figures for June in the US, as well as the flash estimate of Eurozone consumer confidence for July. However, given the second-tier nature of the data, the macro diary is unlikely to provoke much of a move in the main pairs.

Sterling, however, could experience some volatility today. The new leader of the Conservative Party (and by extension the Prime Minister-in-waiting) will be announced this morning. Boris Johnson, a leading Brexiteer, is the overwhelming favourite. However, despite markets viewing the outcome as a foregone conclusion, it remains a possibility that sterling could prove sensitive to developments emanating from the announcement today, in the context of ongoing Brexit uncertainty.

Conor Beakey, Economist, AIB

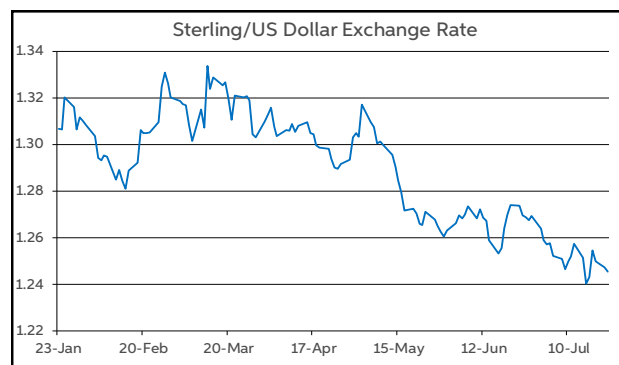
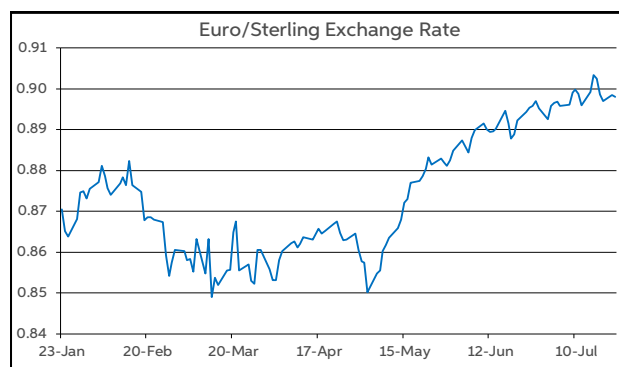
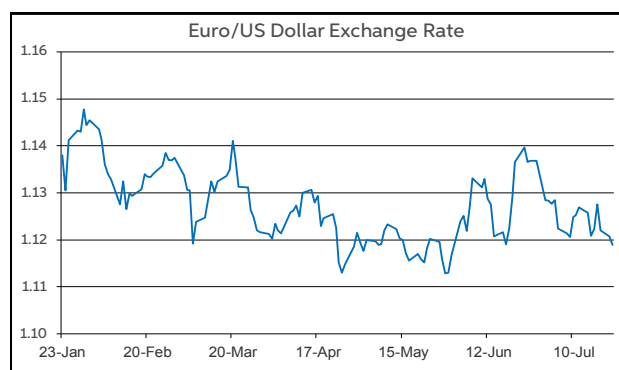
Opening Interest Rates						
	Base Rate	Short Term			Long Term	
		1-Mth	3-Mth	12-Mth	2-Yr	5-Yr
USD	2.375	2.27	2.28	2.19	1.86	1.79
EUR	0.00	-0.40	-0.38	-0.31	-0.45	-0.29
GBP	0.75	0.72	0.77	0.86	0.72	0.78

Equity Indices				
	Latest Close	% Changes		
		on Day	End 2018 to Date	
Dow Jones	27171.9	+0.07	+16.48	
S&P 500	2985.03	+0.28	+19.07	
FTSE 100	7514.93	+0.08	+11.69	
DJ Stoxx 50	3489.92	+0.28	+16.28	
ISEQ	6284.85	+0.28	+14.69	
Nikkei	21618.2	+0.94	+8.01	

Today's Opening Rates			
		% Change	
		Day *	End 2018
EUR/USD	1.119	-0.26	-2.43
EUR/GBP	0.8983	0.14	-0.01
GBP/USD	1.2456	-0.36	-2.36
GBP/EUR	1.1129	-0.14	0.01
USD/JPY	108.11	0.15	-1.32
EUR/JPY	120.99	-0.08	-3.75

* 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 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 23 July 2019
07:15 am



Euro

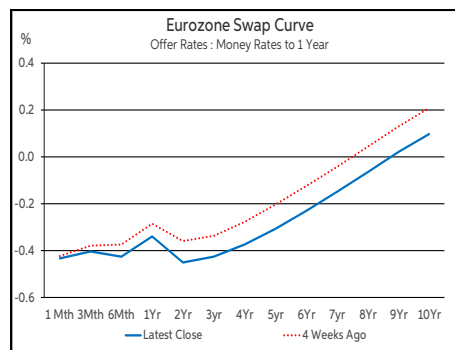
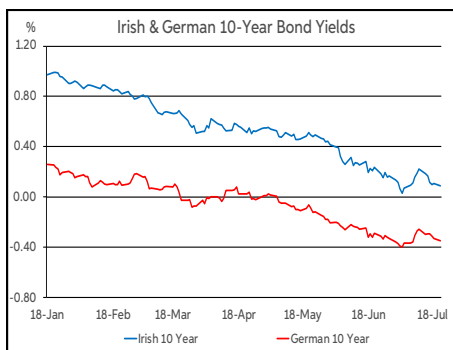
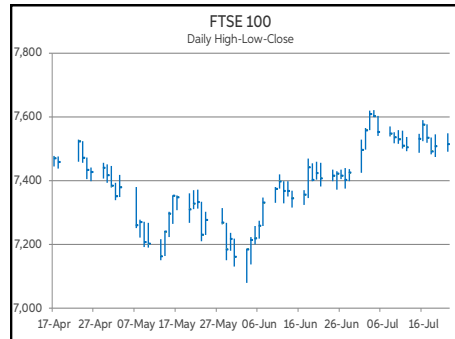
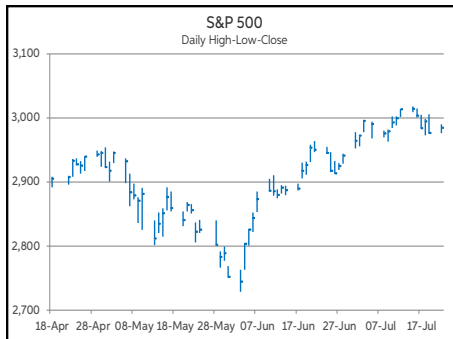
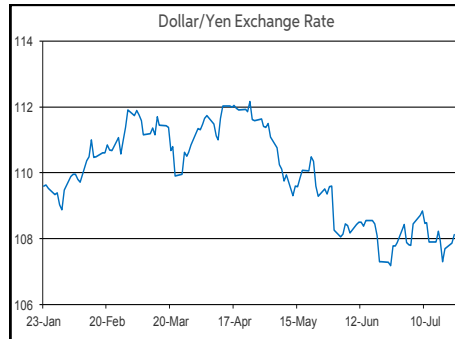
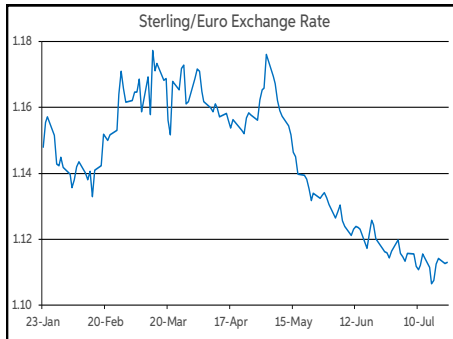
EUR/GBP	0.8983
EUR/USD	1.1189
EUR/JPY	120.99
EUR/SEK	10.556
EUR/DKK	7.4656
EUR/NOK	9.6693
EUR/CHF	1.1006
EUR/AUD	1.5938
EUR/HKD	8.7363
EUR/CAD	1.4695

Sterling

GBP/EUR	1.1128
GBP/USD	1.2456
GBP/CAD	1.6357
GBP/NZD	1.8487
GBP/JPY	134.67
GBP/SEK	11.7465
GBP/DKK	8.3083
GBP/NOK	10.7637
GBP/CHF	1.2251
GBP/AUD	1.774

Dollar

USD/JPY	108.12
USD/CAD	1.3131
USD/CHF	0.9835
USD/CNY	6.883
USD/BRL	3.7412
USD/RUB	63.1695
USD/INR	68.987
AUD/USD	0.702
NZD/USD	0.6736



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 18
10 Year Yield %				
US	2.05	-1	+3	-63
Germany	-0.35	-2	-4	-59
UK	0.71	-3	-11	-56
Ireland	0.09	-2	-9	N/A
Belgium	-0.03	-2	-12	-79
France	-0.09	-1	-11	-79
Italy	1.65	+5	-51	-107
Spain	0.37	+1	-3	-104
Portugal	0.45	+1	-7	-125
Greece	2.07	-4	-31	-223
5 Year Swap %				
US	1.77	-2	+6	-80
Eurozone	-0.31	-1	-10	-54
UK	0.77	-3	-12	-55
2 Year Swap %				
US	1.81	-2	+8	-83
Eurozone	-0.45	-1	-9	-31
UK	0.71	-2	-13	-45
10 Year Government Bond Spreads to Benchmark bps				
Ireland	44	+0	-6	N/A
Belgium	32	+1	-8	-20
France	26	+1	-7	-20
Italy	200	+8	-47	-48
Spain	72	+3	+1	-46
Portugal	80	+3	-3	-67
Greece	242	-2	-27	-164

Commodities				
	Close	% Change		
		Day	4 Weeks	End 18
Brent Oil	63.26	+1.26	-2.47	+17.58
West Texas Oil	55.87	+0.81	-3.22	+23.74
CRB - All Commodity	178.55	-0.02	-0.80	+5.15
CRB - Food	350.1	+0.45	-1.76	+7.98
Gold \$	1425.5	-0.01	+0.39	+11.12

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