

Weak start to Q2 for UK economy

The action on currency markets yesterday was confined to relatively tight ranges. Data-wise, the main activity was from the UK diary. The GDP estimate for the three month period to April showed growth slowing from 0.5% to 0.3%. This represented a downward surprise versus the consensus forecast (+0.4%). GDP fell by 0.4% in April itself. There was also downbeat news from the UK economy in the industrial production data for April. The headline number fell by 2.7% in the month (f'cast for -0.7%). Meanwhile, the key underlying manufacturing sector was an even bigger source of disappointment, contracting by 3.9% (f'cast for a 1% decline).

UK April data was always going to be distorted and weak because a lot of activity was brought forward into Q1 ahead of the original Brexit deadline of March 31st. However, the extent of the weakness in April's figures, with firms scaling back production, suggest the economy could struggle to generate growth in Q2

From a sterling viewpoint, while the data provided an unhelpful backdrop, the currency edged only slightly lower. It may be the case that the market is more focused on the Conservative Party leadership contest which officially commenced yesterday.

Overall then, the main FX pairs start this morning's session showing only limited changes compared to 24 hours earlier. EUR/USD remains near \$1.13, while EUR/GBP is trading above 89p. Meantime, GBP/USD has edged back below the \$1.27 mark.

Today's macro agenda is once again mainly UK centric, with a raft of labour market updates for April. However, it may remain the case that the data takes a backseat, with attention more focused on domestic political newsflow.

John Fahey, Senior Economist, AIB

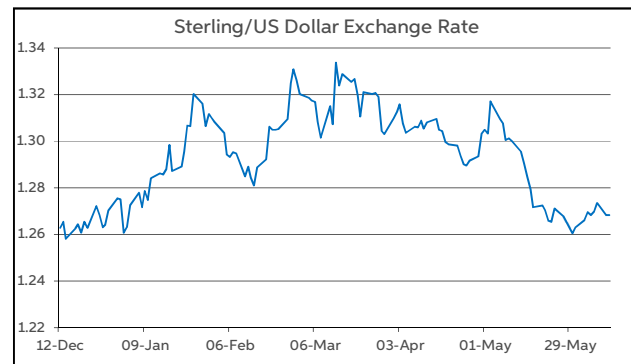
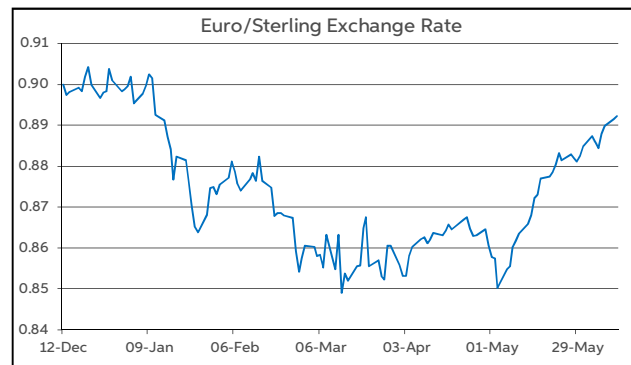
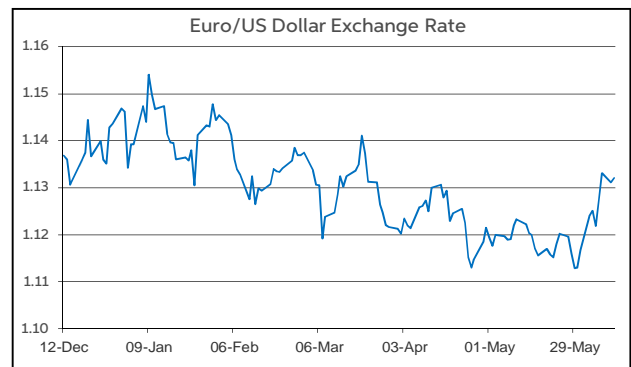
Opening Interest Rates						
Base Rate	Short Term			Long Term		
	1-Mth	3-Mth	12-Mth	2-Yr	5-Yr	
USD	2.375	2.41	2.44	2.34	1.94	1.93
EUR	0.00	-0.38	-0.32	-0.18	-0.29	-0.14
GBP	0.75	0.72	0.79	0.97	0.82	0.89

Equity Indices				
	Latest Close	% Changes		
		on Day	End 2018 to Date	
Dow Jones	26062.68	+0.30	+11.73	
S&P 500	2886.73	+0.47	+15.15	
FTSE 100	7375.54	+0.59	+9.62	
DJ Stoxx 50	3386.45	+0.24	+12.83	
ISEQ	6201.08	+0.37	+13.16	
Nikkei	21204.28	+0.33	+5.94	

Today's Opening Rates			
		% Change	
		Day *	End 2018
EUR/USD	1.1319	0.11	-1.31
EUR/GBP	0.8924	0.31	-0.67
GBP/USD	1.2683	-0.19	-0.58
GBP/EUR	1.1204	-0.31	0.67
USD/JPY	108.61	-0.04	-0.87
EUR/JPY	122.96	0.08	-2.19

* 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 11 June 2019
07:22 am



Euro

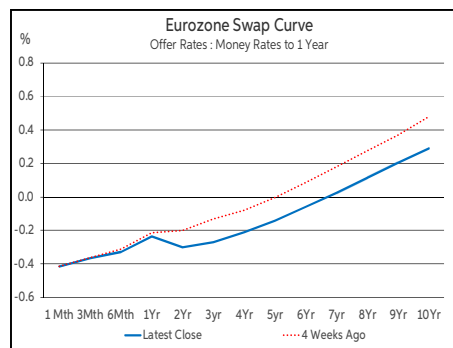
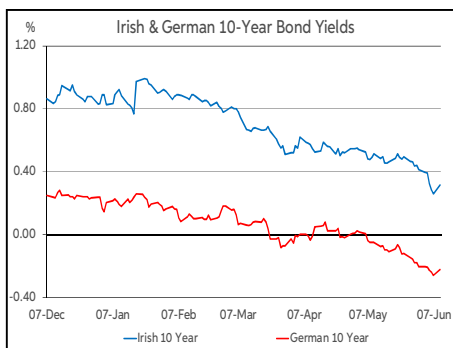
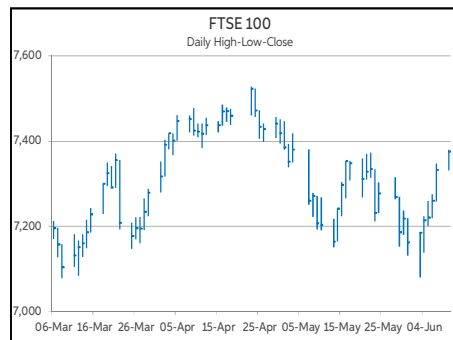
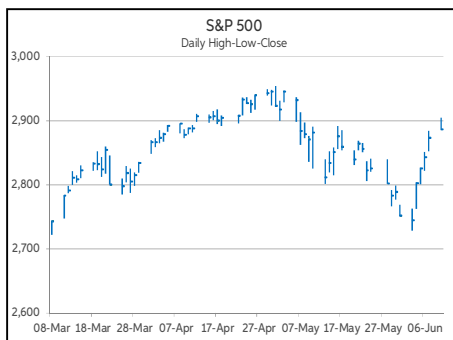
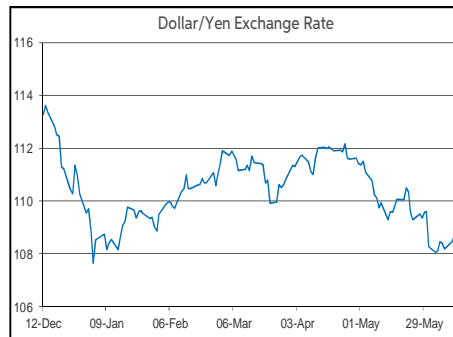
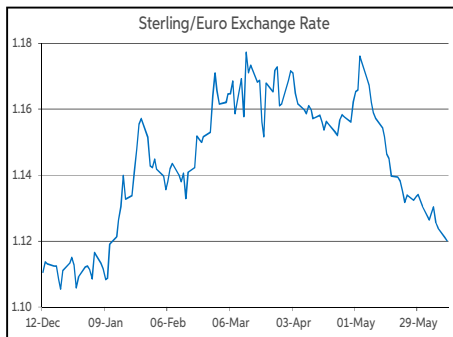
EUR/GBP	0.8924
EUR/USD	1.1319
EUR/JPY	122.96
EUR/SEK	10.6586
EUR/DKK	7.4686
EUR/NOK	9.8183
EUR/CHF	1.121
EUR/AUD	1.6273
EUR/HKD	8.8715
EUR/CAD	1.5009

Sterling

GBP/EUR	1.1204
GBP/USD	1.2683
GBP/CAD	1.6818
GBP/NZD	1.9224
GBP/JPY	137.77
GBP/SEK	11.9385
GBP/DKK	8.368
GBP/NOK	10.9986
GBP/CHF	1.256
GBP/AUD	1.8229

Dollar

USD/JPY	108.61
USD/CAD	1.3259
USD/CHF	0.9902
USD/CNY	6.9135
USD/BRL	3.8858
USD/RUB	64.6119
USD/INR	69.415
AUD/USD	0.6955
NZD/USD	0.6596



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 18
10 Year Yield %				
US	2.15	+6	-25	-54
Germany	-0.22	+4	-15	-46
UK	0.84	+3	-26	-43
Ireland	0.32	+6	-17	N/A
Belgium	0.20	+5	-22	-56
France	0.13	+5	-19	-57
Italy	2.36	+2	-34	-36
Spain	0.60	+5	-39	-82
Portugal	0.67	+6	-46	-104
Greece	2.80	+2	-72	-150
5 Year Swap %				
US	1.90	+2	-31	-66
Eurozone	-0.14	+0	-14	-37
UK	0.87	+1	-26	-44
2 Year Swap %				
US	1.93	+3	-34	-71
Eurozone	-0.30	-1	-10	-16
UK	0.82	+1	-17	-35
10 Year Government Bond Spreads to Benchmark bps				
Ireland	54	+2	-2	N/A
Belgium	42	+1	-8	-10
France	35	+2	-5	-11
Italy	258	-2	-19	+10
Spain	82	+1	-24	-36
Portugal	89	+2	-32	-58
Greece	302	-2	-57	-104

Commodities				
	Close	% Change		
		Day	4 Weeks	End 18
Brent Oil	62.29	-1.58	-11.31	+15.78
West Texas Oil	53.33	-1.15	-12.53	+18.12
CRB - All Commodity	174.07	-0.20	-2.01	+2.51
CRB - Food	351.06	+1.52	+3.53	+8.27
Gold \$	1328.5	-0.94	+2.18	+3.56

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