

## Spotlight on Trade and Brexit

Global trade, specifically an escalation of the dispute between the US and China, dominated much of the newsflow last week. From a financial market perspective, the impact of this was evident on equity markets which had a challenging week against the more risk averse backdrop. At the close on Wall Street on Friday, the S&P 500 was down over 2% on the week.

On currency markets, there was relatively limited spillover from the 'risk off' mood. Both the yen and Swiss franc saw some safe haven demand. Elsewhere, sterling found itself on the defensive, amid increased uncertainty over whether the Brexit talks between the Conservative and Labour parties would yield an agreement.

The softer tone to sterling is reflected in this morning's opening levels. EUR/GBP is trading above 86p (started last week closer to 85p). At the same time, GBP/USD is pinned down at \$1.30 (compared to last Monday's \$1.31 territory). Meanwhile, EUR/USD is operating just above the \$1.12 threshold.

Data-wise this week, there are some important releases due. In the Eurozone, the main interest will be on Q1 employment numbers as well as the first estimate of Q1 German GDP. Meantime in the UK, there is a raft of Q1 labour market data out. In the US, retail sales (April), industrial production (April) and consumer confidence (May) are the main highlights. Overall though, unless any of the data spring a major surprise, their currency impact may be limited.

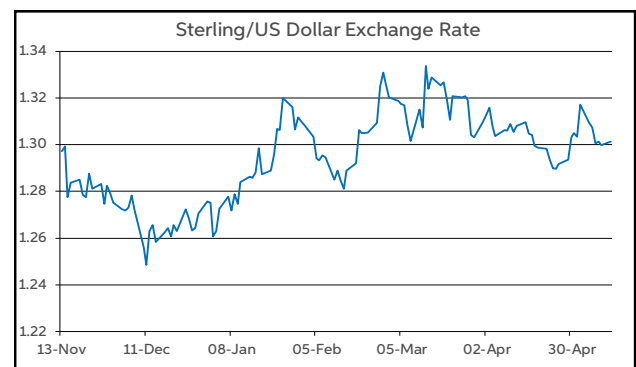
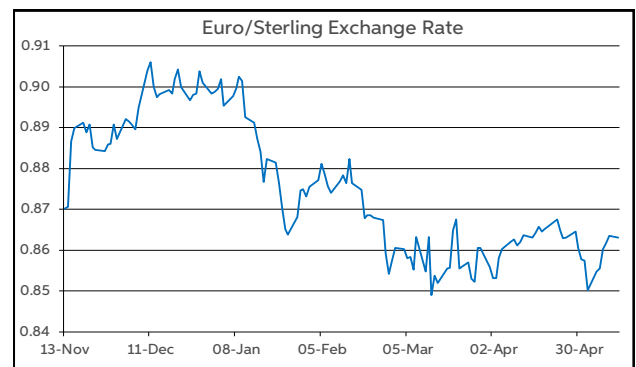
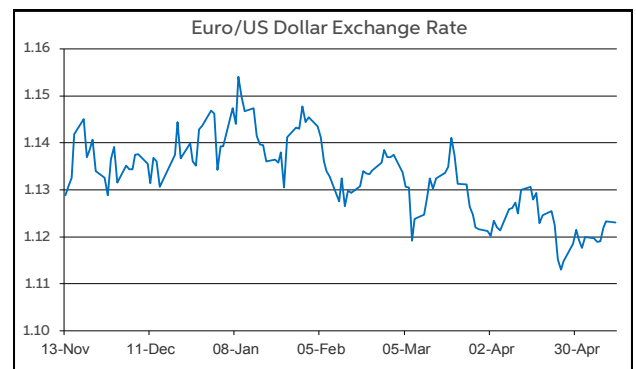
Indeed, the global macro agenda may continue to be focused on US-China trade tensions. Therefore, risk appetite may remain reactive to developments in this regard. This could have some impact on safe haven currencies. Lastly, Brexit newsflow could continue to have an influence over sterling.

**John Fahey, Senior Economist, AIB**

		% Change	
		Day *	End 2018
EUR/USD	1.1231	0.05	-2.08
EUR/GBP	0.8629	0.00	-3.95
GBP/USD	1.3012	0.06	2.00
GBP/EUR	1.1582	0.00	4.11
USD/JPY	109.7	0.00	0.13
EUR/JPY	123.23	0.07	-1.97

\* v Previous Day's European Open

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	Base Rate	Short Term			Long Term	
		1-Mth	3-Mth	12-Mth	2-Yr	5-Yr
USD	2.375	2.45	2.53	2.69	2.33	2.27
EUR	0.00	-0.37	-0.31	-0.12	-0.21	0.02
GBP	0.75	0.73	0.81	1.06	1.00	1.16

	Latest Close	% Changes	
		on Day	End 2018 to Date
Dow Jones	25942.37	+0.44	+11.21
S&P 500	2881.4	+0.37	+14.94
FTSE 100	7203.29	-0.06	+7.06
DJ Stoxx 50	3361.05	+0.31	+11.98
ISEQ	6242.88	-0.02	+13.93
Nikkei	21170.69	-0.82	+5.78

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

Monday 13 May 2019  
07:19 am



## Euro

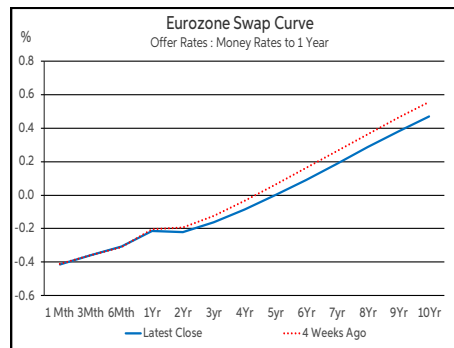
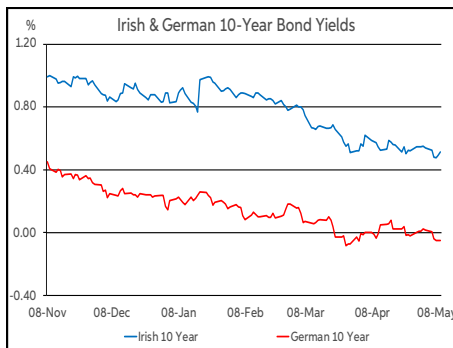
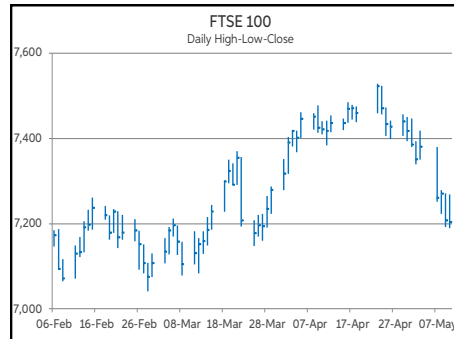
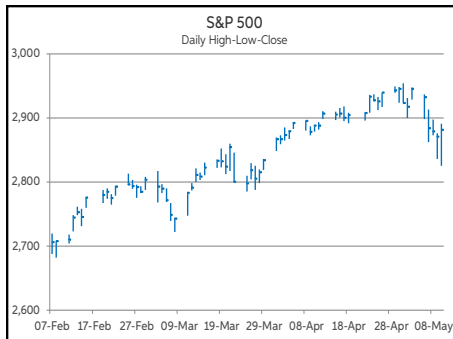
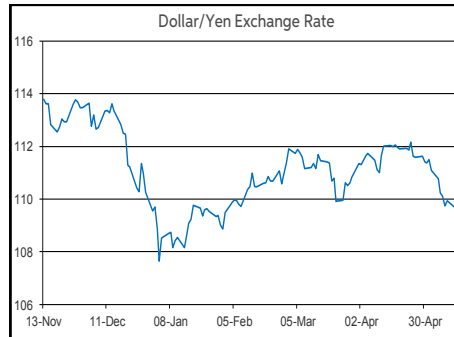
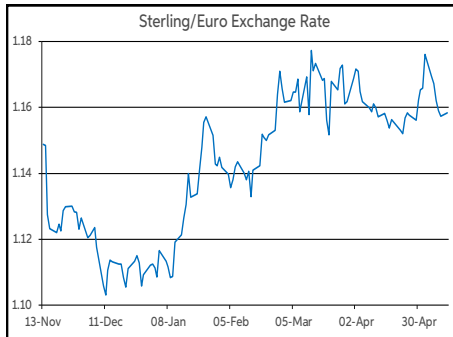
EUR/GBP	0.8629
EUR/USD	1.1231
EUR/JPY	123.23
EUR/SEK	10.822
EUR/DKK	7.466
EUR/NOK	9.8124
EUR/CHF	1.1351
EUR/AUD	1.6103
EUR/HKD	8.8153
EUR/CAD	1.5097

## Sterling

GBP/EUR	1.1582
GBP/USD	1.3012
GBP/CAD	1.749
GBP/NZD	1.9772
GBP/JPY	142.74
GBP/SEK	12.5367
GBP/DKK	8.6482
GBP/NOK	11.3681
GBP/CHF	1.3153
GBP/AUD	1.8652

## Dollar

USD/JPY	109.7
USD/CAD	1.3441
USD/CHF	1.0107
USD/CNY	6.8574
USD/BRL	3.9566
USD/RUB	65.3315
USD/INR	70.246
AUD/USD	0.6974
NZD/USD	0.6578



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 18
<b>10 Year Yield %</b>				
US	2.47	+2	-9	-21
Germany	-0.05	+0	-10	-29
UK	1.12	+1	-8	-14
<b>5 Year Swap %</b>				
US	2.26	-3	-13	-30
Eurozone	0.00	-1	-6	-23
UK	1.15	-1	-9	-16
<b>2 Year Swap %</b>				
US	2.32	-3	-15	-32
Eurozone	-0.22	-2	-3	-8
UK	1.00	-2	-5	-17
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	56	+2	+3	N/A
Belgium	49	+0	+5	-4
France	39	+0	+5	-7
Italy	273	+0	+24	+26
Spain	102	-0	+3	-15
Portugal	115	-0	+4	-32
Greece	353	-2	+34	-53

Commodities				
	Close	% Change		
		Day	4 Weeks	End 18
Brent Oil	70.62	+0.33	-1.30	+31.26
West Texas Oil	61.65	+0.11	-3.46	+36.54
CRB - All Commodity	178.95	-0.03	-5.00	+5.39
CRB - Food	338.85	+0.61	-2.14	+4.51
Gold \$	1286.4	+0.14	-0.34	+0.27

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