

## Escalating trade tensions weigh on sentiment

The week on financial markets got off to a risk averse start yesterday. Equity markets were under pressure as investors assessed the escalation in the US-China trade dispute. This followed the announcement by the Chinese authorities of retaliatory tariffs on US imports. At the close last night on Wall Street, the S&P 500 was down over 2%.

In contrast, on currency markets, the action over the last 24 hours has been generally limited. There has been no significant signs of safe haven buying despite the strongly 'risk off' tone to equity markets.

Elsewhere, on the currency front, sterling has retained its softer tone. The currency has continued to edge lower against the euro and the dollar. The on-going Brexit deadlock and the associated domestic political uncertainty has acted as a headwind for the currency.

In levels terms, this is reflected in EUR/GBP opening this morning in the upper half of 86-87p, while cable (GBP/USD) has fallen below the \$1.30 level. Meanwhile, the EUR/USD pair is changing hands in a narrow range near to the midpoint of the \$1.12-1.13 band.

Ahead today, investor sentiment is likely to remain sensitive to newsflow in relation to US-China trade tensions. This in turn could have an impact on safe haven currencies.

Data-wise, the main releases of interest today are from the UK with a raft of Q1 labour market figures (incl. unemployment, earnings) due. However, the data may be overshadowed by the on-going focus on the Brexit impasse in UK domestic politics.

**John Fahey, Senior Economist, AIB**

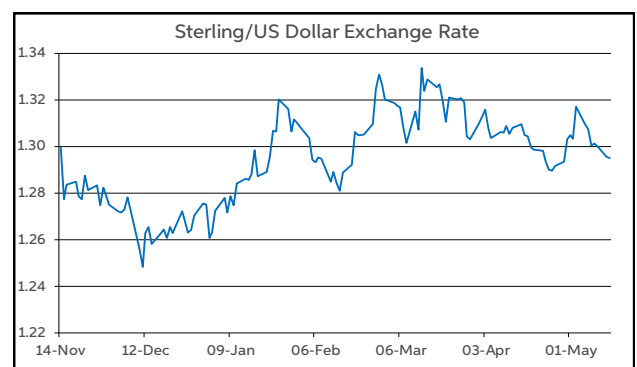
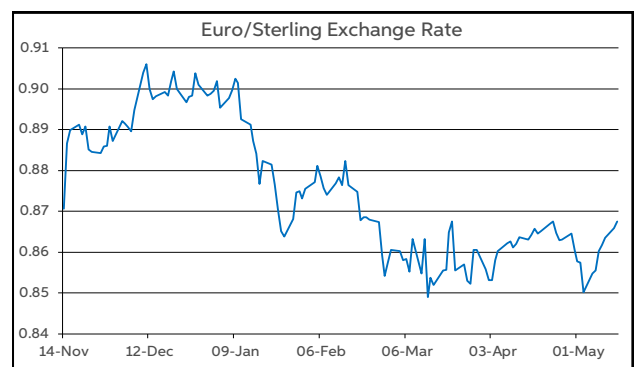
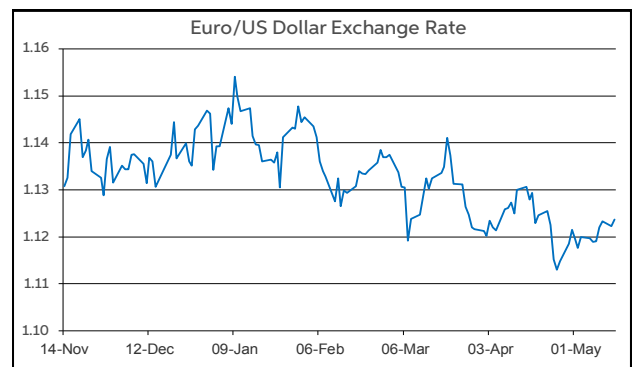
Opening Interest Rates						
	Base Rate	Short Term			Long Term	
		1-Mth	3-Mth	12-Mth	2-Yr	5-Yr
USD	2.375	2.44	2.52	2.67	2.27	2.22
EUR	0.00	-0.37	-0.31	-0.12	-0.21	0.00
GBP	0.75	0.73	0.80	1.06	0.99	1.13

Equity Indices				
	Latest Close	% Changes		
		on Day	End 2018 to Date	
Dow Jones	25324.99	-2.38	+8.56	
S&P 500	2811.87	-2.41	+12.17	
FTSE 100	7163.68	-0.55	+6.47	
DJ Stoxx 50	3320.78	-1.20	+10.64	
ISEQ	6151.57	-1.46	+12.26	
Nikkei	21067.23	-0.59	+5.26	

Today's Opening Rates			
		% Change	
		Day *	End 2018
EUR/USD	1.1235	0.06	-2.04
EUR/GBP	0.8674	0.49	-3.45
GBP/USD	1.2951	-0.44	1.52
GBP/EUR	1.1523	-0.48	3.57
USD/JPY	109.55	-0.20	-0.01
EUR/JPY	123.11	-0.12	-2.07

\* 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

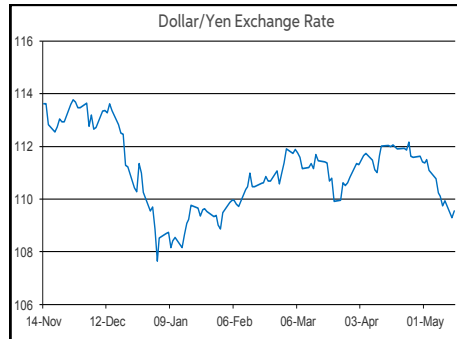
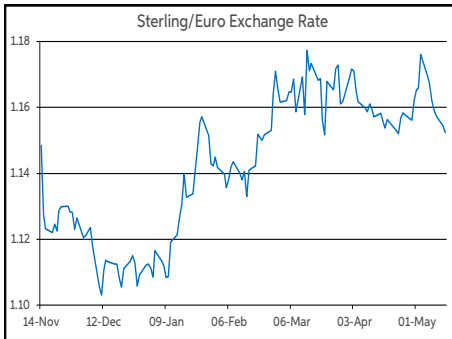
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite Lenny Hogan	Reuters Phone	AIB 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

# Opening Levels

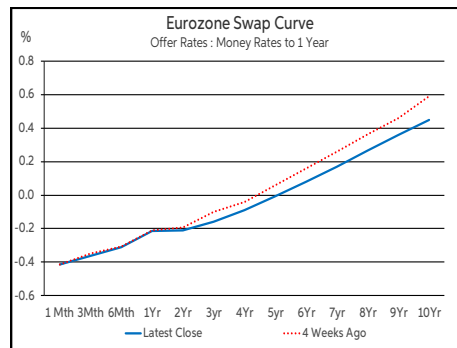
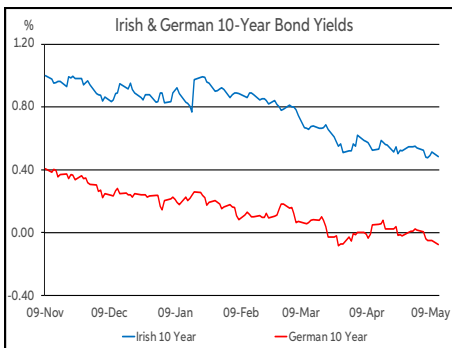
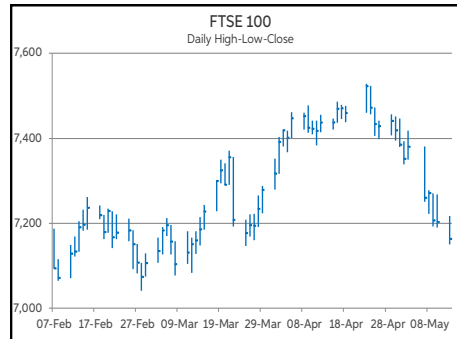
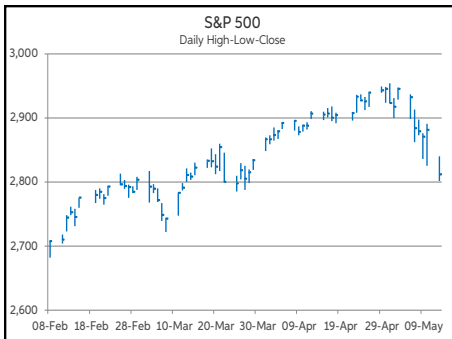
Tuesday 14 May 2019  
07:26 am



Euro		Sterling		Dollar	
EUR/GBP	0.8674	GBP/EUR	1.1523	USD/JPY	109.55
EUR/USD	1.1235	GBP/USD	1.2951	USD/CAD	1.3468
EUR/JPY	123.11	GBP/CAD	1.7441	USD/CHF	1.0064
EUR/SEK	10.8066	GBP/NZD	1.9673	USD/CNY	6.8771
EUR/DKK	7.467	GBP/JPY	141.88	USD/BRL	3.9928
EUR/NOK	9.821	GBP/SEK	12.4501	USD/RUB	65.33
EUR/CHF	1.1309	GBP/DKK	8.6052	USD/INR	70.488
EUR/AUD	1.6162	GBP/NOK	11.3158	AUD/USD	0.6948
EUR/HKD	8.8178	GBP/CHF	1.3031	NZD/USD	0.6578
EUR/CAD	1.5132	GBP/AUD	1.8635		



	Close	Change bps		
		Day	4 Weeks	End 18
<b>10 Year Yield %</b>				
US	2.40	-7	-15	-28
Germany	-0.08	-3	-13	-31
UK	1.10	-3	-12	-17
Ireland	0.49	-3	-9	N/A
Belgium	0.43	-1	-8	-33
France	0.33	-2	-9	-38
Italy	2.70	+1	+12	-2
Spain	0.98	+1	-9	-43
Portugal	1.13	+3	-5	-58
Greece	3.52	+4	+25	-78
<b>5 Year Swap %</b>				
US	2.17	-11	-22	-39
Eurozone	-0.01	-3	-7	-24
UK	1.12	-5	-12	-20
<b>2 Year Swap %</b>				
US	2.24	-12	-23	-40
Eurozone	-0.21	-1	-2	-7
UK	0.98	-3	-8	-19
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	56	-0	+4	N/A
Belgium	50	+2	+4	-2
France	40	+1	+4	-6
Italy	277	+4	+25	+29
Spain	106	+3	+4	-12
Portugal	120	+6	+7	-27
Greece	359	+6	+38	-47



	% Change			
	Close	Day	4 Weeks	End 18
Brent Oil	70.23	-0.55	-1.33	+30.54
West Texas Oil	60.97	-1.10	-3.88	+35.04
CRB - All Commodity	177.64	-0.73	-5.22	+4.62
CRB - Food	339.1	+0.25	-2.08	+4.59
Gold \$	1300.2	+1.07	+0.93	+1.34

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