

Brexit continues to weigh on sterling

Yesterday's action on currency markets saw sterling remain on the backfoot. Over the past fortnight, the lack of progress in cross-party Brexit talks and heightened intra-party tensions have weighed on the currency.

Elsewhere, the euro saw some reaction yesterday to the Trump administration's decision to delay imposing tariffs on EU car imports. The currency edged slightly higher immediately following the announcement. At the same time, the Euro Stoxx 50, which had been in negative territory earlier in the session, also recovered to post a gain of 0.6% on the day.

For the dollar, yesterday's main US macro releases surprised to the downside. In April, retail sales fell by 0.2% (f'cast +0.2%), while industrial output declined by 0.5% (f'cast +0%). This suggests that the economy got off to a muted start in Q2. However, the impact on the dollar was limited.

In level terms, the pressure on sterling is reflected in EUR/GBP opening this morning above 87p, while GBP/USD is below the \$1.29 level. Elsewhere, EUR/USD remains near to \$1.12.

Turning to the day ahead, the global macro schedule is very quiet. Indeed, the only data out of note are second tier US releases, the highlight of which is the May reading of the Philly Fed index. Therefore, the calendar is unlikely to be a source of direction for the main FX pairs.

Thus, currency market moves, if any, will again likely be linked to geo-political developments. Of interest to sterling watchers will be PM May's scheduled meeting with the executive of the 1922 Committee of Conservative Party backbench MPs.

Conor Beakey, Economist, AIB

Today's Opening Rates

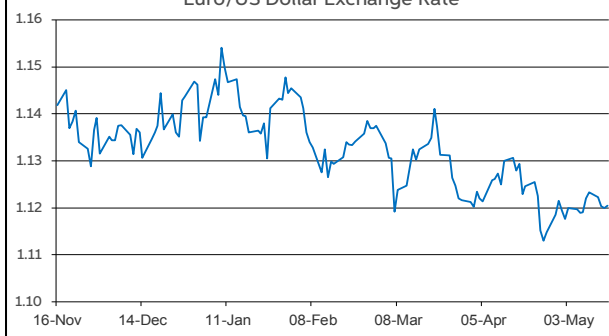
		% Change	
		Day *	End 2018
EUR/USD	1.1206	-0.04	-2.29
EUR/GBP	0.8726	0.52	-2.87
GBP/USD	1.2838	-0.55	0.63
GBP/EUR	1.1453	-0.52	2.96
USD/JPY	109.43	-0.19	-0.12
EUR/JPY	122.65	-0.20	-2.43

* v Previous Day's European Open

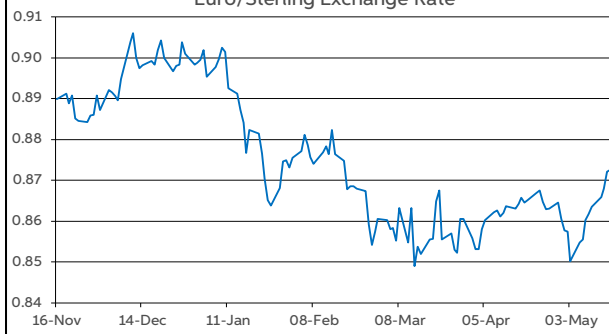
See Next Page for More Rates



Euro/US Dollar Exchange Rate



Euro/Sterling Exchange Rate



Sterling/US Dollar Exchange Rate



Opening Interest Rates

	Base Rate	Short Term			Long Term	
		1-Mth	3-Mth	12-Mth	2-Yr	5-Yr
USD	2.375	2.43	2.53	2.63	2.21	2.14
EUR	0.00	-0.37	-0.31	-0.12	-0.23	-0.02
GBP	0.75	0.73	0.81	1.04	0.98	1.10

Equity Indices

	Latest Close	% Changes	
		on Day	End 2018 to Date
Dow Jones	25648.02	+0.45	+9.95
S&P 500	2850.96	+0.58	+13.73
FTSE 100	7296.95	+0.76	+8.45
DJ Stoxx 50	3385.78	+0.64	+12.81
ISEQ	6241.63	+0.18	+13.90
Nikkei	21062.98	-0.59	+5.24

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

Thursday 16 May 2019
07:22 am



Euro

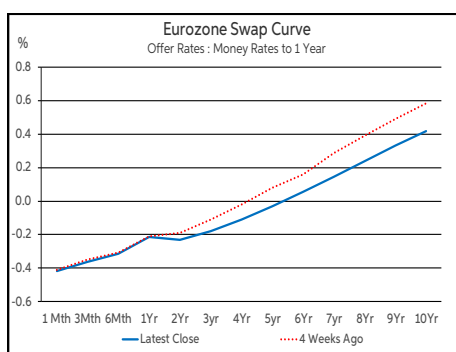
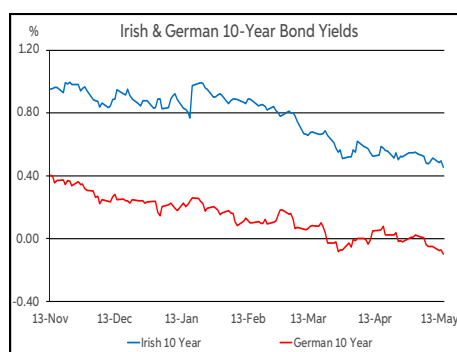
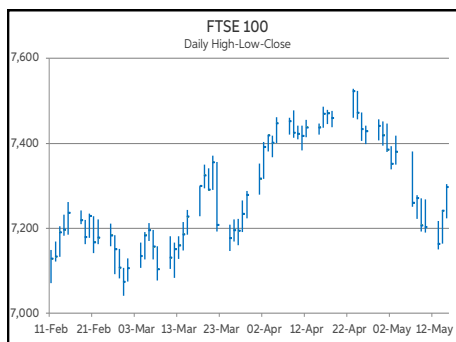
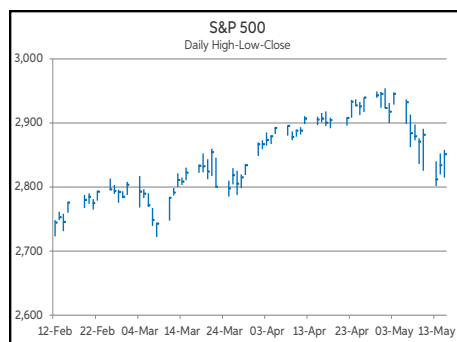
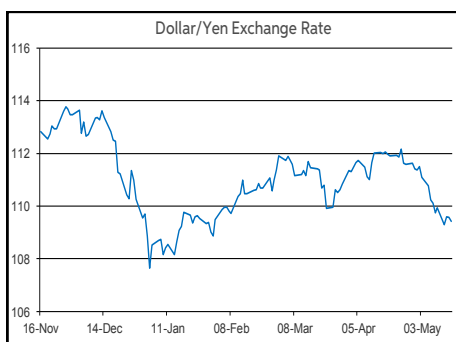
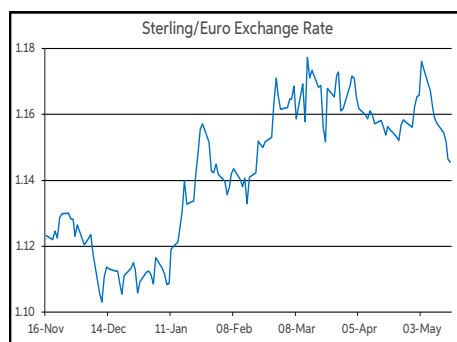
EUR/GBP	0.8726
EUR/USD	1.1206
EUR/JPY	122.65
EUR/SEK	10.7633
EUR/DKK	7.4677
EUR/NOK	9.7714
EUR/CHF	1.1296
EUR/AUD	1.622
EUR/HKD	8.7963
EUR/CAD	1.5062

Sterling

GBP/EUR	1.1453
GBP/USD	1.2838
GBP/CAD	1.7255
GBP/NZD	1.9603
GBP/JPY	140.49
GBP/SEK	12.3283
GBP/DKK	8.5545
GBP/NOK	11.1939
GBP/CHF	1.2944
GBP/AUD	1.8578

Dollar

USD/JPY	109.43
USD/CAD	1.3438
USD/CHF	1.0079
USD/CNY	6.8772
USD/BRL	4.0011
USD/RUB	64.655
USD/INR	70.24
AUD/USD	0.6909
NZD/USD	0.6548



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 18
10 Year Yield %				
US	2.38	-4	-22	-31
Germany	-0.10	-3	-18	-34
UK	1.07	-3	-16	-20
Ireland	0.46	-4	-10	N/A
Belgium	0.40	-3	-11	-36
France	0.30	-2	-12	-40
Italy	2.74	+2	+13	+2
Spain	0.94	-2	-15	-47
Portugal	1.11	-1	-9	-59
Greece	3.53	+1	+23	-77
5 Year Swap %				
US	2.13	-8	-30	-43
Eurozone	-0.03	-2	-11	-26
UK	1.09	-5	-17	-23
2 Year Swap %				
US	2.21	-5	-29	-43
Eurozone	-0.23	-2	-4	-9
UK	0.96	-3	-11	-20
10 Year Government Bond Spreads to Benchmark bps				
Ireland	56	-1	+8	N/A
Belgium	50	+0	+7	-2
France	40	+0	+6	-7
Italy	284	+5	+31	+36
Spain	104	+1	+3	-14
Portugal	121	+2	+9	-26
Greece	363	+4	+41	-43

Commodities				
	% Change			
	Close	Day	4 Weeks	End 18
Brent Oil	71.77	+0.74	+0.21	+33.40
West Texas Oil	62.03	+0.34	-2.68	+37.39
CRB - All Commodity	180.66	+0.37	-3.19	+6.39
CRB - Food	342.12	+0.73	-0.81	+5.52
Gold \$	1296.9	-0.03	+1.76	+1.09

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