

Sterling reactive to Brexit news

After softening at the start of the week, risk appetite improved somewhat yesterday. The lack of any further escalation in the current US-China trade dispute meant markets had no new major negative news to digest in this regard. As a result, equity markets managed to post some modest gains on the day. At the close on Wall Street last night, the benchmark S&P 500 index was up around 0.9%.

On the currency front, sterling once again exhibited its sensitivity to Brexit related news. Headlines relating to the possibility of a second referendum coincided with a brief move higher for the currency. In a subsequent speech, PM Theresa May outlined what she called her new Brexit plan aimed at getting the Withdrawal Agreement passed in parliament at the fourth attempt. This included the option for MPs to vote on whether the deal should be subject to a referendum. However, sterling seemed unimpressed by the chances of her new plan succeeding, with the currency coming back under pressure.

Overall then, sterling opens this morning slightly lower versus 24 hours earlier. EUR/GBP has edged up closer to the 88p mark, while GBP/USD is just below \$1.27. Meanwhile, EUR/USD continues to trade in a tight range near to the midpoint of \$1.11-1.12.

Ahead today, from a euro viewpoint the data diary is very sparse. Meanwhile for sterling, the main highlight is CPI inflation for April. However, with the focus very much on Brexit, today's UK data may not receive much interest from a sterling perspective.

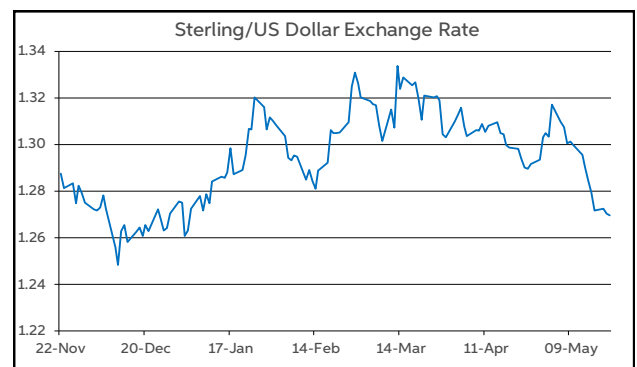
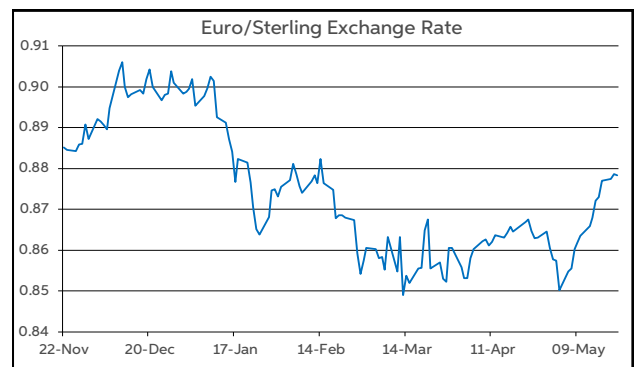
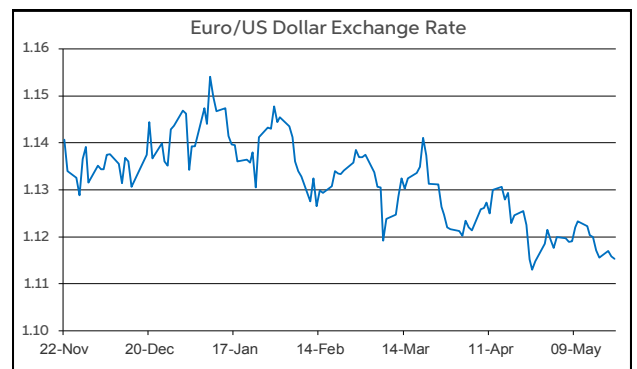
On the dollar's side, the Fed meeting minutes (after close in Europe) is the main release of note. Although, unless the text springs a major surprise, the impact on the dollar may be limited.

John Fahey, Senior Economist, AIB

Today's Opening Rates			
		% Change	
		Day *	End 2018
EUR/USD	1.1154	-0.04	-2.75
EUR/GBP	0.8783	0.14	-2.24
GBP/USD	1.2695	-0.22	-0.49
GBP/EUR	1.1379	-0.14	2.29
USD/JPY	110.44	0.25	0.80
EUR/JPY	123.19	0.20	-2.00

* v Previous Day's European Open

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Opening Interest Rates						
	Base Rate	Short Term			Long Term	
		1-Mth	3-Mth	12-Mth	2-Yr	5-Yr
USD	2.375	2.43	2.52	2.65	2.28	2.21
EUR	0.00	-0.37	-0.31	-0.14	-0.23	-0.02
GBP	0.75	0.73	0.80	1.05	0.99	1.12

Equity Indices				
	Latest Close	% Changes		
		on Day	End 2018 to Date	
Dow Jones	25877.33	+0.77	+10.93	
S&P 500	2864.36	+0.85	+14.26	
FTSE 100	7328.92	+0.25	+8.93	
DJ Stoxx 50	3386.51	+0.50	+12.83	
ISEQ	6231.93	+0.14	+13.73	
Nikkei	21280.71	+0.04	+6.33	

All rates quoted are indicative market rates

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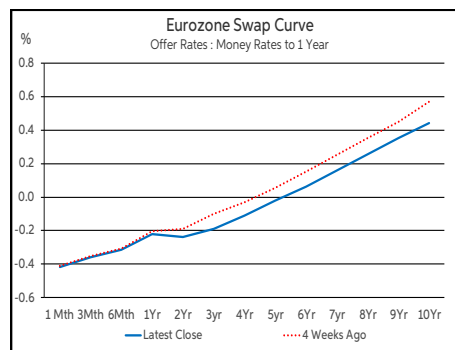
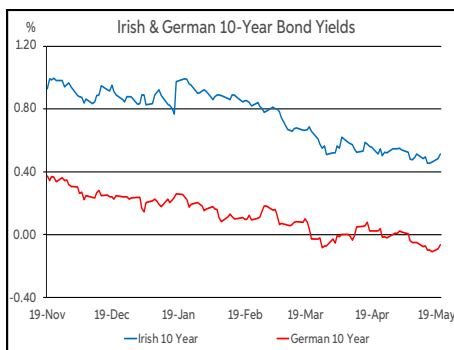
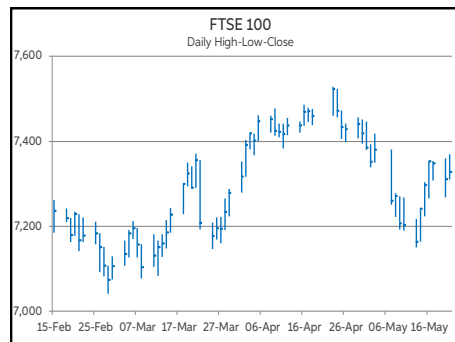
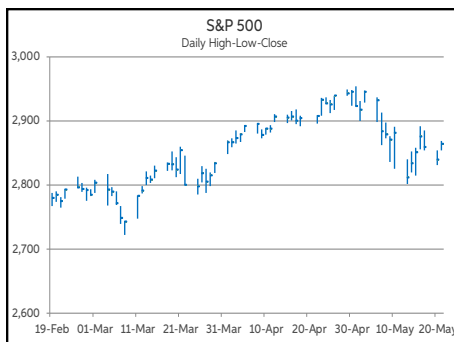
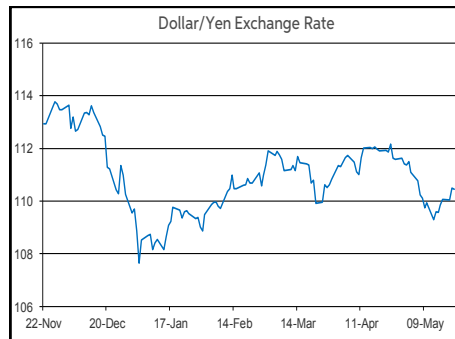
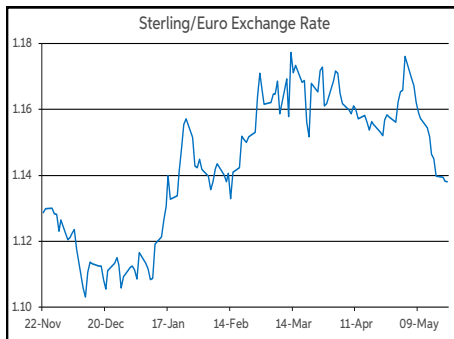
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite Lenny Hogan	Reuters Phone	AIB 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Opening Levels

Wednesday 22 May 2019
07:20 am



Euro		Sterling		Dollar	
EUR/GBP	0.8783	GBP/EUR	1.1379	USD/JPY	110.44
EUR/USD	1.1154	GBP/USD	1.2695	USD/CAD	1.3412
EUR/JPY	123.19	GBP/CAD	1.7031	USD/CHF	1.0115
EUR/SEK	10.764	GBP/NZD	1.9544	USD/CNY	6.9088
EUR/DKK	7.4682	GBP/JPY	140.2	USD/BRL	4.039
EUR/NOK	9.7788	GBP/SEK	12.2484	USD/RUB	64.4597
EUR/CHF	1.1284	GBP/DKK	8.4989	USD/INR	69.745
EUR/AUD	1.6219	GBP/NOK	11.1274	AUD/USD	0.6874
EUR/HKD	8.7536	GBP/CHF	1.284	NZD/USD	0.6495
EUR/CAD	1.4962	GBP/AUD	1.8467		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 18
10 Year Yield %				
US	2.43	+1	-14	-26
Germany	-0.07	+3	-10	-30
UK	1.08	+3	-14	-18
5 Year Swap %				
US	2.20	+0	-17	-36
Eurozone	-0.02	+0	-8	-25
UK	1.10	+0	-15	-21
2 Year Swap %				
US	2.27	+1	-17	-37
Eurozone	-0.24	-1	-5	-10
UK	0.97	-0	-10	-19
10 Year Government Bond Spreads to Benchmark bps				
Ireland	58	+0	+7	N/A
Belgium	49	-1	+4	-4
France	39	-1	+4	-7
Italy	270	-8	+7	+23
Spain	93	-3	-14	-24
Portugal	108	-6	-7	-39
Greece	341	-6	+15	-65

Commodities				
	Close	% Change		
		Day	4 Weeks	End 18
Brent Oil	72.18	+0.29	-3.13	+34.16
West Texas Oil	63.02	-0.16	-4.86	+39.58
CRB - All Commodity	181.97	+0.15	-2.99	+7.16
CRB - Food	345.7	+4.31	+0.97	+6.62
Gold \$	1275.2	-0.22	+0.20	-0.60

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