

Pressure piles on PM May

Sterling lost further ground yesterday amid continuing political uncertainty in the UK, which included the resignation of the Leader of the House of Commons, Conservative MP Andrea Leadsom. Theresa May is failing to win support amongst both Brexiteers and Remainers for the Withdrawal Agreement Bill that she intends to bring before Parliament in early June.

The Prime Minister's days are clearly numbered. The possibility of a Tory party leadership contest, in which leading Brexiteer Boris Johnson is the outright favourite, has acted as a headwind to sterling. This is reflected in EUR/GBP moving above 88p yesterday for the first time since February. Meanwhile, GBP/USD has fallen through the \$1.27 level.

Elsewhere, the action on currency markets was muted. As expected, the release of the Fed's latest meeting minutes threw up no surprises and served to reinforce the FOMC's current cautious policy approach. As trading gets underway, EUR/USD continues to change hands close to the midpoint of the \$1.11-12 band.

Turning to the day ahead, attention will remain firmly focussed on political developments in the UK. Some clarity may emerge on the timeline for PM May's departure. Against this backdrop, the European Parliamentary elections will be held (results due Sunday night). Overall, sterling could experience some further weakness.

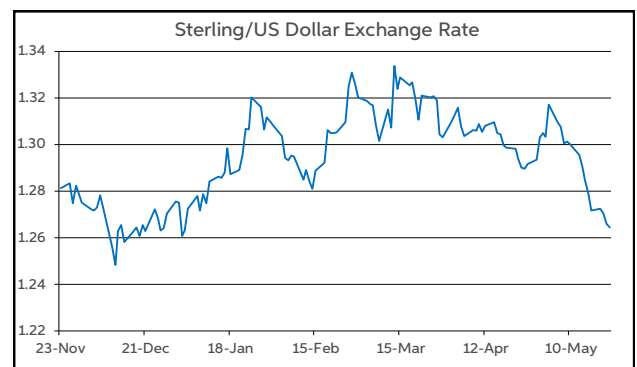
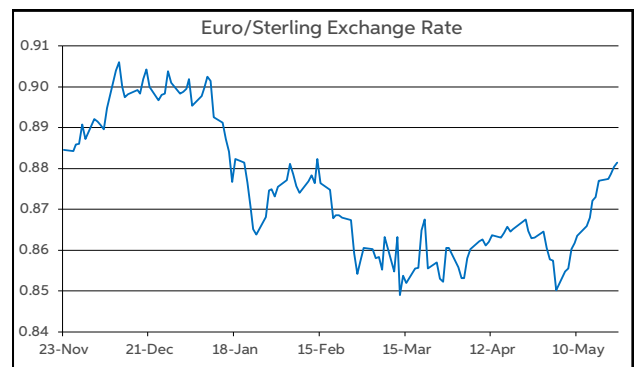
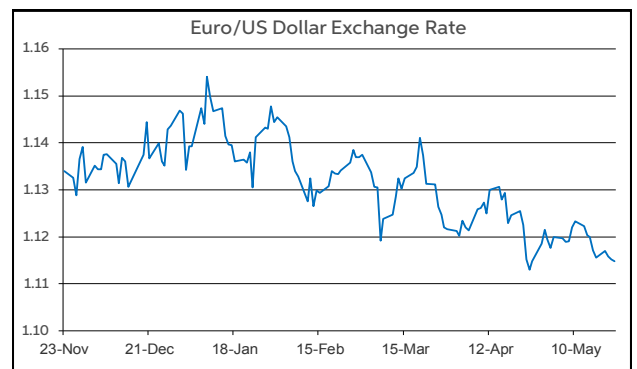
Data-wise, the highlight is the release of the important flash PMIs for May in the Eurozone and US. Little change is expected in either of the composite indices, indicating that the outlook for growth in the former remains weak, while the pace of US activity may be losing some momentum. Currency impact may be limited, though a downside surprise in Europe could see the euro soften.

Conor Beakey, Economist, AIB

Today's Opening Rates			
		% Change	
		Day *	End 2018
EUR/USD	1.1147	-0.06	-2.81
EUR/GBP	0.8815	0.47	-1.88
GBP/USD	1.2644	-0.53	-0.89
GBP/EUR	1.1337	-0.47	1.92
USD/JPY	110.26	-0.16	0.64
EUR/JPY	122.93	-0.24	-2.21

* 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	2.44	2.52	2.67	2.27	2.18
EUR	0.00	-0.37	-0.31	-0.15	-0.24	-0.03
GBP	0.75	0.73	0.80	1.05	0.96	1.06

Equity Indices				
	Latest Close	% Changes		
		on Day	End 2018 to Date	
Dow Jones	25776.61	-0.39	+10.50	
S&P 500	2856.27	-0.28	+13.94	
FTSE 100	7334.19	+0.07	+9.01	
DJ Stoxx 50	3386.72	+0.01	+12.84	
ISEQ	6237.79	+0.09	+13.83	
Nikkei	21116.21	-0.79	+5.50	

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				

Euro

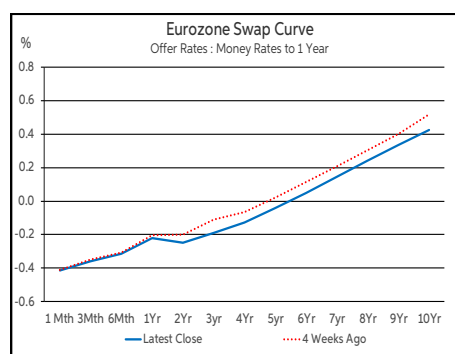
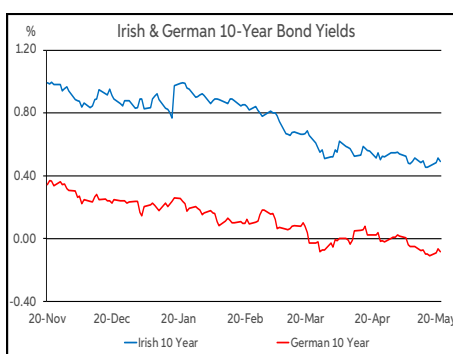
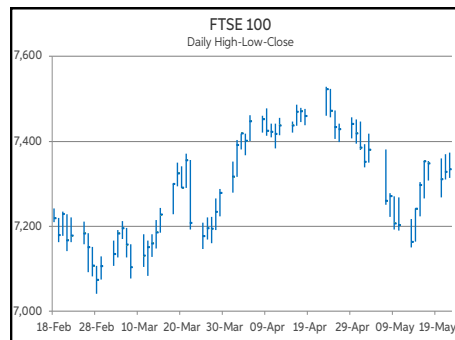
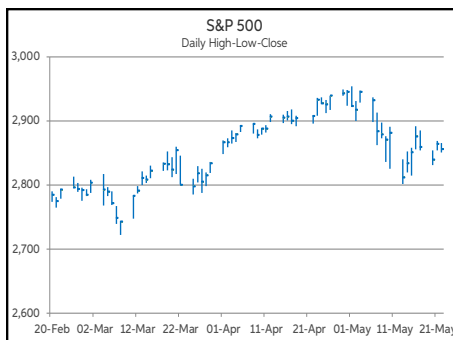
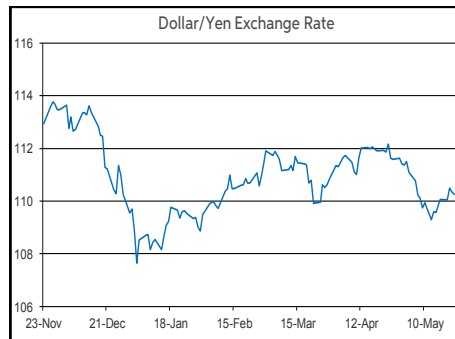
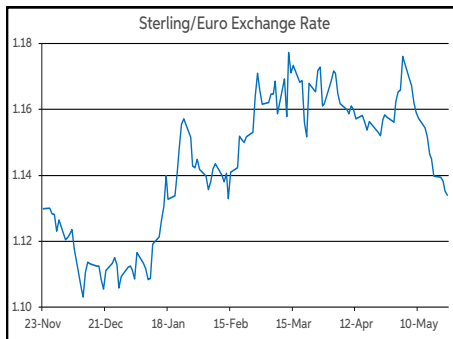
EUR/GBP	0.8815
EUR/USD	1.1147
EUR/JPY	122.95
EUR/SEK	10.747
EUR/DKK	7.4675
EUR/NOK	9.7708
EUR/CHF	1.124
EUR/AUD	1.6214
EUR/HKD	8.75
EUR/CAD	1.4987

Sterling

GBP/EUR	1.1338
GBP/USD	1.2644
GBP/CAD	1.7001
GBP/NZD	1.9463
GBP/JPY	139.41
GBP/SEK	12.1837
GBP/DKK	8.4685
GBP/NOK	11.0803
GBP/CHF	1.2744
GBP/AUD	1.8387

Dollar

USD/JPY	110.26
USD/CAD	1.3448
USD/CHF	1.0082
USD/CNY	6.9137
USD/BRL	4.0403
USD/RUB	64.3939
USD/INR	69.565
AUD/USD	0.6876
NZD/USD	0.6492



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 18
10 Year Yield %				
US	2.38	-5	-14	-30
Germany	-0.08	-2	-7	-32
UK	1.02	-6	-15	-25
Ireland	0.49	-2	-1	N/A
Belgium	0.40	-3	-5	-36
France	0.30	-2	-4	-40
Italy	2.63	-1	+0	-9
Spain	0.86	-1	-20	-55
Portugal	1.02	+0	-13	-69
Greece	3.37	+3	+12	-93
5 Year Swap %				
US	2.16	-5	-16	-40
Eurozone	-0.04	-3	-6	-27
UK	1.05	-7	-16	-27
2 Year Swap %				
US	2.25	-6	-14	-39
Eurozone	-0.25	-2	-5	-11
UK	0.94	-4	-11	-23
10 Year Government Bond Spreads to Benchmark bps				
Ireland	58	+0	+6	N/A
Belgium	48	-1	+2	-4
France	39	-1	+3	-8
Italy	271	+1	+7	+23
Spain	94	+1	-13	-23
Portugal	110	+2	-6	-37
Greece	345	+5	+19	-61

Commodities				
	Close	% Change		
		Day	4 Weeks	End 18
Brent Oil	70.99	-1.65	-4.80	+31.95
West Texas Oil	61.42	-2.54	-6.88	+36.04
CRB - All Commodity	179.54	-1.33	-3.73	+5.74
CRB - Food	346.85	+1.15	+1.86	+6.98
Gold \$	1273.9	-0.11	-0.15	-0.71

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