

Sterling weakens as Brexit talks appear to falter

The action on currency markets yesterday saw sterling come under some further pressure, with Brexit newsflow again acting as a headwind. Reports have indicated that cross-party talks between the Conservatives and Labour look set to conclude without a deal having been agreed.

Elsewhere, there were mixed signals with regard to ongoing US-China trade tensions. President Trump stated that the Chinese delegation will “make a deal” on trade with the US this week. However, at the same time, the US administration filed the necessary paperwork to implement new tariffs from midnight US time tonight. While Asian markets dipped in overnight trading, the impact in the US and Europe was less pronounced.

In level terms, the slightly softer sterling tone sees EUR/GBP open this morning up close to the 86p threshold, while cable (GBP/USD) is changing hands in the lower half of the \$1.30-1.31 band. Elsewhere, EUR/USD is trading just below the \$1.12 level.

Turning to the day ahead, there is once again a sparse look to the macro schedule. Indeed, the only data out of note are weekly jobless claims, March international trade figures and April PPI (all US). However, the releases are not expected to have much of an impact on the dollar.

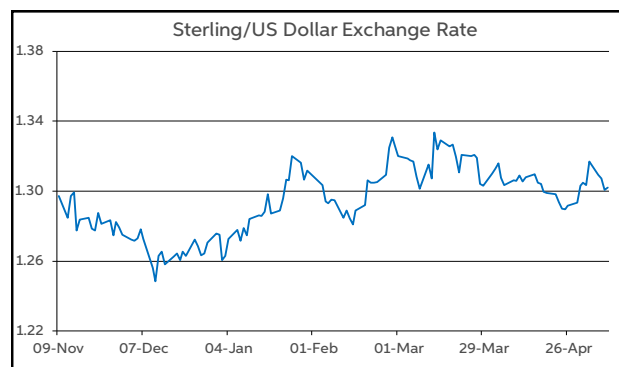
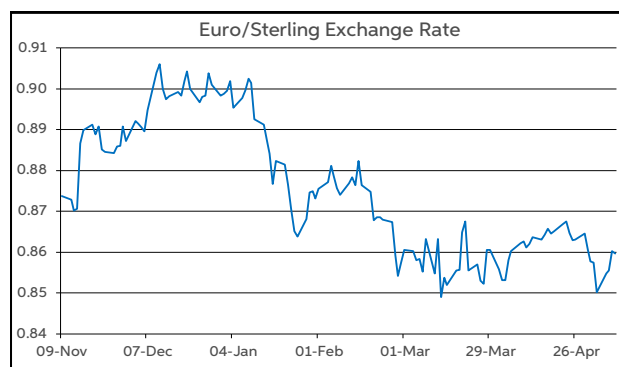
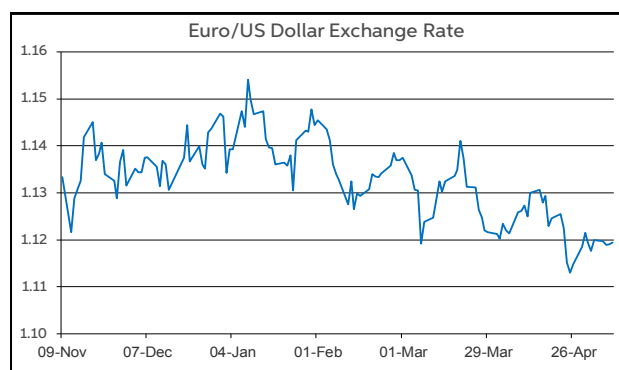
Therefore, any moves on currency markets today will likely be due to geo-political developments. In particular, markets will keep a close eye on US-China trade talks given the aforementioned deadline tonight. If no progress is made, tariffs on \$200bn worth of Chinese goods will likely be increased from 10% to 25%. Should this happen, safe haven currencies (such as the yen) could benefit, while equities may come under further pressure.

Conor Beakey, Economist, AIB

Today's Opening Rates			
		% Change	
		Day *	End 2018
EUR/USD	1.1195	-0.09	-2.39
EUR/GBP	0.8597	0.32	-4.31
GBP/USD	1.3019	-0.41	2.05
GBP/EUR	1.1626	-0.31	4.50
USD/JPY	109.89	-0.06	0.30
EUR/JPY	123.05	-0.12	-2.12

* 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	2.45	2.55	2.71	2.36	2.29
EUR	0.00	-0.37	-0.31	-0.12	-0.20	0.02
GBP	0.75	0.73	0.81	1.07	1.02	1.17

Equity Indices				
	Latest Close	% Changes		
		on Day	End 2018 to Date	
Dow Jones	25967.33	+0.01	+11.32	
S&P 500	2879.42	-0.16	+14.86	
FTSE 100	7271	+0.15	+8.07	
DJ Stoxx 50	3417.26	+0.47	+13.85	
ISEQ	6362.91	-0.43	+16.12	
Nikkei	21405.85	-0.91	+6.95	

All rates quoted are indicative market rates

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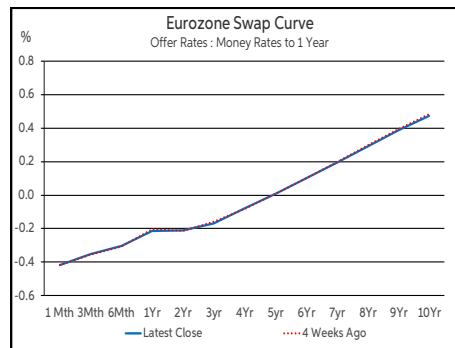
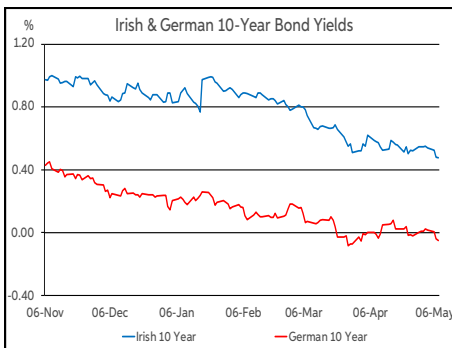
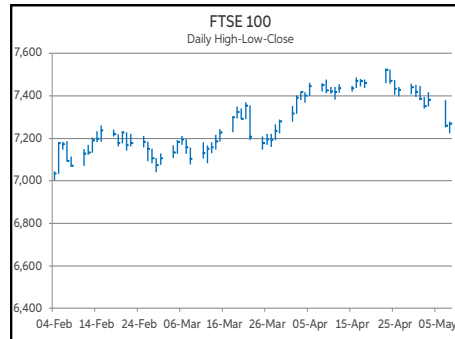
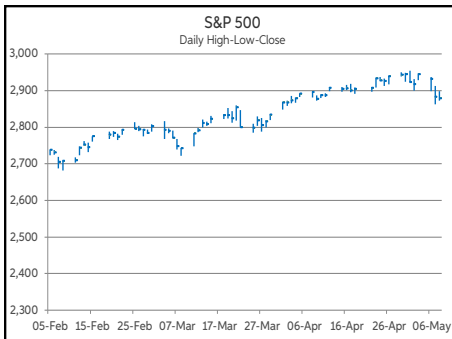
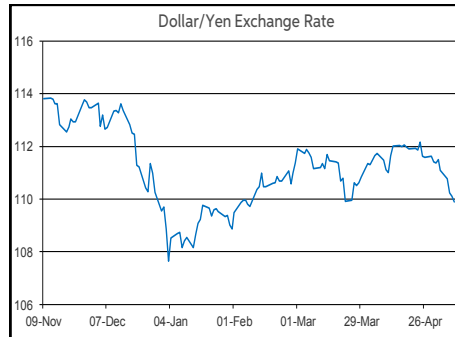
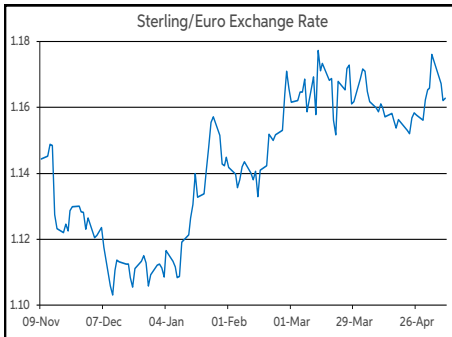
CONTACTS		
AIB Customer Treasury Services business.treasury@aib.ie aib.corporatetreasury@aib.ie fxcentre.aib.ie	Customer Treasury Services GB treasury.gb@aib.ie aibgb.co.uk/fxcentre	Customer Treasury Services NI FTBtreasury@aib.ie firsttrustbank.co.uk/fxcentre

Opening Levels

Thursday 09 May 2019
07:15 am



Euro		Sterling		Dollar	
EUR/GBP	0.8597	GBP/EUR	1.1626	USD/JPY	109.89
EUR/USD	1.1195	GBP/USD	1.3019	USD/CAD	1.3487
EUR/JPY	123.05	GBP/CAD	1.7559	USD/CHF	1.0196
EUR/SEK	10.7695	GBP/NZD	1.9788	USD/CNY	6.7962
EUR/DKK	7.4654	GBP/JPY	143.07	USD/BRL	3.9273
EUR/NOK	9.8169	GBP/SEK	12.5174	USD/RUB	65.1956
EUR/CHF	1.1416	GBP/DKK	8.6798	USD/INR	69.856
EUR/AUD	1.6048	GBP/NOK	11.4174	AUD/USD	0.6974
EUR/HKD	8.7872	GBP/CHF	1.3277	NZD/USD	0.6576
EUR/CAD	1.5099	GBP/AUD	1.8661		



	Close	Change bps		
		Day	4 Weeks	End 18
10 Year Yield %				
US	2.48	+4	+2	-20
Germany	-0.05	-1	-2	-29
UK	1.13	-3	+4	-13
Ireland	0.48	-0	-5	N/A
Belgium	0.41	-0	-0	-35
France	0.32	-0	+1	-38
Italy	2.61	+1	+6	-10
Spain	0.95	-0	-8	-46
Portugal	1.08	-0	-8	-63
Greece	3.40	+9	+2	-90
5 Year Swap %				
US	2.28	-2	-0	-28
Eurozone	0.01	-0	+0	-22
UK	1.17	-2	+3	-15
2 Year Swap %				
US	2.35	-1	-5	-29
Eurozone	-0.21	-1	+0	-7
UK	1.02	-2	+2	-15
10 Year Government Bond Spreads to Benchmark bps				
Ireland	53	+1	-3	N/A
Belgium	46	+1	+1	-6
France	37	+1	+3	-9
Italy	266	+2	+8	+18
Spain	100	+1	-7	-18
Portugal	113	+1	-6	-34
Greece	345	+10	+3	-61

	Close	% Change		
		Day	4 Weeks	End 18
Brent Oil	70.37	+0.70	-1.90	+30.80
West Texas Oil	62.13	+1.17	-3.85	+37.61
CRB - All Commodity	179.75	+0.14	-5.23	+5.86
CRB - Food	339.52	-0.67	-1.76	+4.72
Gold \$	1281.3	-0.36	-2.06	-0.12

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