

Brexit, the only show in town

Not for the first time (nor will it be the last), Brexit dominated the headlines and the market's attention yesterday. The previous night's UK cabinet sign off on the exit deal became old news very quickly after the early morning resignation of the Brexit Secretary. This was followed by a raft of other ministerial departures. There was also mounting speculation as the day progressed of a potential leadership challenge to PM Theresa May.

Sterling weakened immediately and sharply on the resignation news. The currency fell by over 1.5% on the exchanges and remained under pressure throughout the day amid the heightened uncertainty surrounding Brexit. In level terms, this was reflected in EUR/GBP regaining ground above 88p and GBP/USD falling from \$1.30, to a low of \$1.273, before settling near \$1.28. The negative market reaction to the Brexit news was also evident on UK equity markets. The FTSE 250 index (more domestically exposed UK companies) fell by 1.3% on the day. Meanwhile, UK gilts saw their yields decline (move inversely to price) amid the risk averse mood.

Elsewhere yesterday on the currency front, the EUR/USD pair tended to trade in a relatively narrow range around the \$1.13 mark. A stronger than expected result from the US retail sales data for October had minimal impact on the dollar.

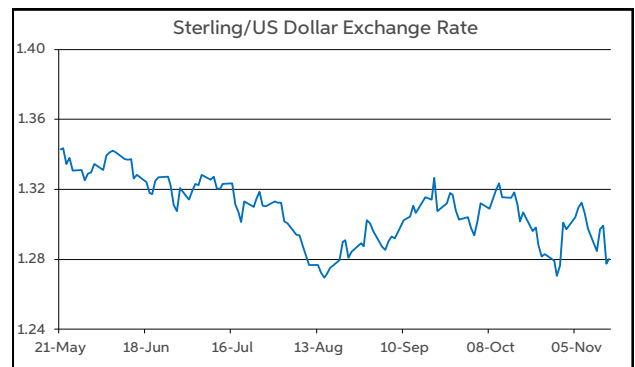
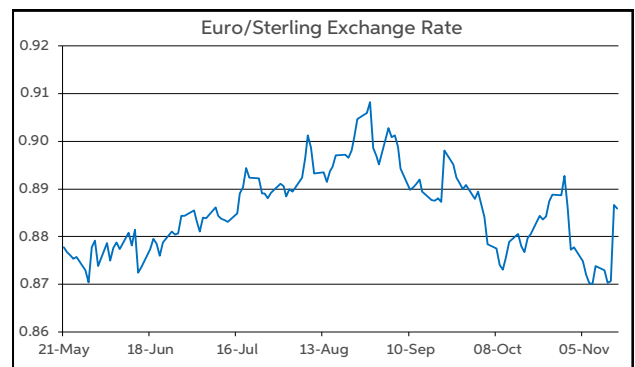
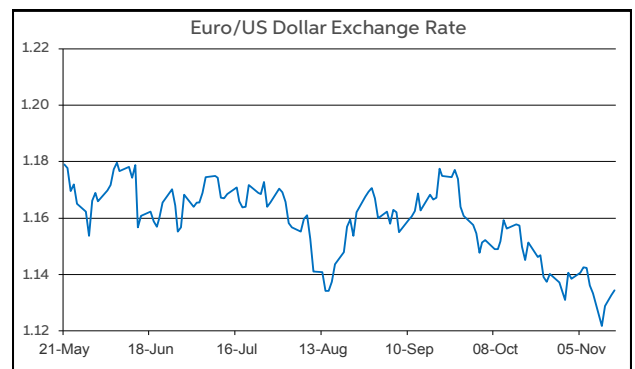
Ahead today, the global macro agenda is very light. Indeed the only release of any note is US industrial production for October. Therefore there is little to distract the currency market from its current Brexit fixation. Given the increased level of Brexit uncertainty and tensions within the Conservative party (including potential for more ministerial resignations and a leadership challenge to Theresa May), it could be another challenging/volatile day for sterling.

John Fahey, Senior Economist, AIB

Today's Opening Rates			
		% Change	
		Day *	End 2017
EUR/USD	1.1344	0.11	-5.44
EUR/GBP	0.886	1.72	-0.26
GBP/USD	1.2801	-1.60	-5.26
GBP/EUR	1.128	-1.69	0.26
USD/JPY	113.26	-0.24	0.52
EUR/JPY	128.51	-0.11	-4.93

* 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	2.125	2.30	2.64	3.12	3.06	3.08
EUR	0.00	-0.37	-0.32	-0.15	-0.11	0.33
GBP	0.75	0.73	0.89	1.14	1.13	1.33

Equity Indices				
	Latest Close	% Changes		
		on Day	End 2017 to Date	
Dow Jones	25289.27	+0.83	+2.31	
S&P 500	2730.2	+1.06	+2.12	
FTSE 100	7038.01	+0.06	-8.45	
DJ Stoxx 50	3190.31	-0.47	-8.95	
ISEQ	5957.17	-3.83	-15.36	
Nikkei	21680.34	-0.57	-4.76	

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

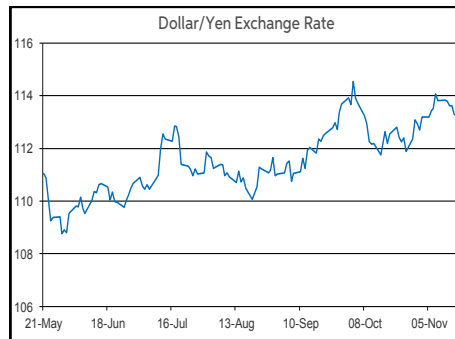
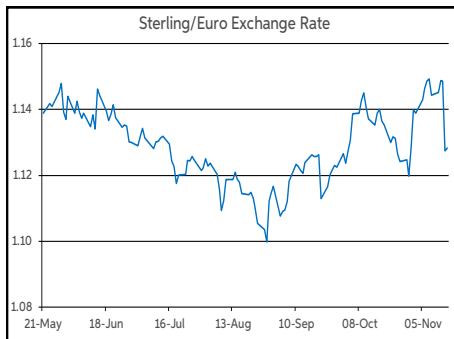
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite Lenny Hogan	Reuters Phone	AIBI 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Opening Levels

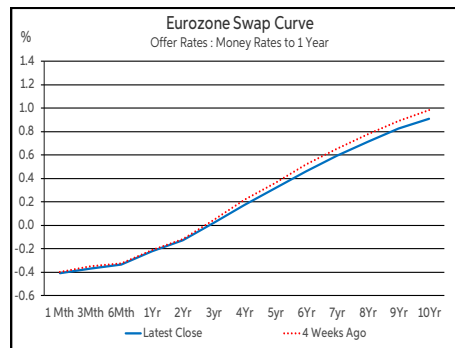
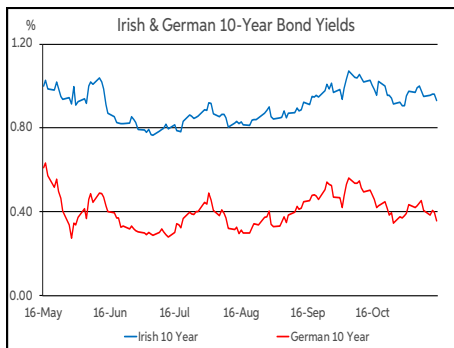
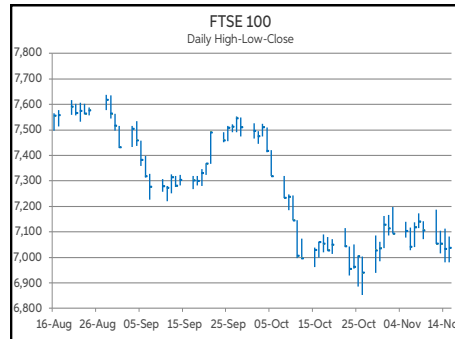
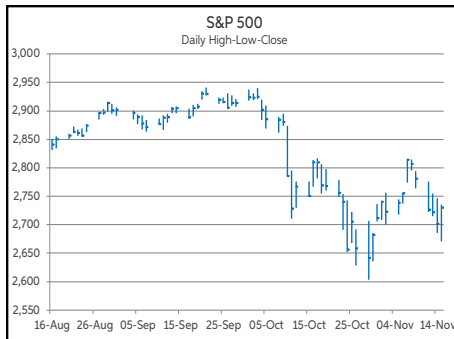
Friday 16 November 2018
07:26 am



Euro		Sterling		Dollar	
EUR/GBP	0.886	GBP/EUR	1.1281	USD/JPY	113.27
EUR/USD	1.1345	GBP/USD	1.2801	USD/CAD	1.316
EUR/JPY	128.51	GBP/CAD	1.6847	USD/CHF	1.0055
EUR/SEK	10.263	GBP/NZD	1.8755	USD/CNY	6.9411
EUR/DKK	7.4628	GBP/JPY	145	USD/BRL	3.784
EUR/NOK	9.6036	GBP/SEK	11.5762	USD/RUB	66.03
EUR/CHF	1.1409	GBP/DKK	8.4193	USD/INR	71.79
EUR/AUD	1.5584	GBP/NOK	10.8367		
EUR/HKD	8.8839	GBP/CHF	1.2871	AUD/USD	0.7278
EUR/CAD	1.4929	GBP/AUD	1.7585	NZD/USD	0.6822



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 17
10 Year Yield %				
US	3.11	-2	-7	+70
Germany	0.36	-4	-6	-6
UK	1.37	-14	-18	+19
Ireland	0.93	-3	-3	N/A
Belgium	0.79	-4	-5	+17
France	0.74	-4	-7	-3
Italy	3.47	-2	-20	+148
Spain	1.62	+0	-10	+7
Portugal	1.96	+1	-5	+7
Greece	4.54	+10	+15	+50
5 Year Swap %				
US	3.06	-4	-10	+81
Eurozone	0.32	-3	-5	+0
UK	1.32	-14	-12	+28
2 Year Swap %				
US	3.01	-4	-7	+92
Eurozone	-0.13	-2	-1	+2
UK	1.12	-8	-4	+31
10 Year Government Bond Spreads to Benchmark bps				
Ireland	58	+1	+4	N/A
Belgium	43	+0	+1	+24
France	39	+1	-1	+3
Italy	312	+2	-13	+154
Spain	126	+4	-4	+14
Portugal	160	+5	+1	+13
Greece	419	+14	+21	+57



Commodities				
	Close	% Change		
		Day	4 Weeks	End 17
Brent Oil	66.62	+0.76	-15.98	-0.37
West Texas Oil	56.45	+0.52	-17.75	-6.63
CRB - All Commodity	185.54	-1.34	-5.64	-4.29
CRB - Food	331.26	+0.92	-1.00	-1.42
Gold \$	1213.1	+0.17	-1.09	-6.87

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