

## Sterling loses some ground on new Brexit uncertainty

Brexit has remained very much in the market spotlight over the past 24 hours. The focus has centred on events in Westminster. MPs last night voted in favour of the second reading of the Withdrawal Agreement Bill (by 329 to 299). This represents the first time parliament has voted in favour of a Brexit deal. However, it rejected (322 to 308) the government's timetable for an accelerated passage of the legislation. Following this, Prime Minister Johnson announced he was pausing the process for approving the Bill in parliament.

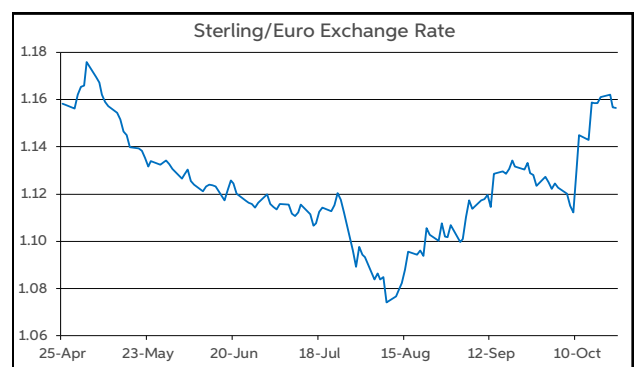
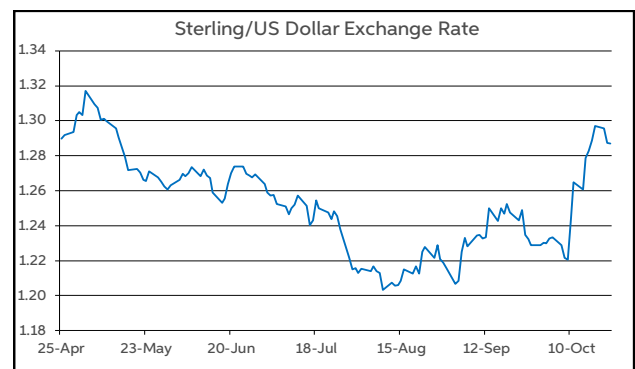
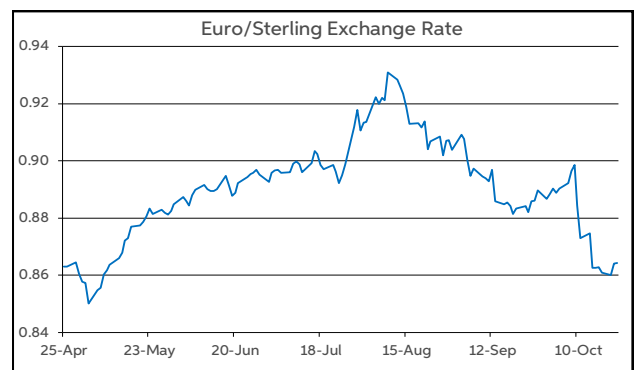
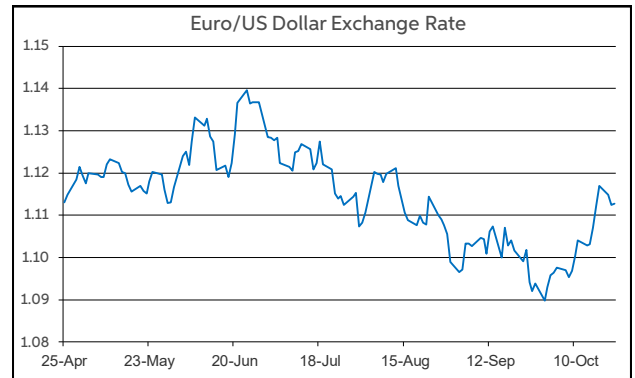
In terms of sterling reaction, the currency was holding a slightly weaker tone amid the increased uncertainty as to when Brexit might happen. EUR/GBP has edged up towards the midpoint of the 86-87p band. At the same time, cable (GBP/USD) is back below \$1.29.

It is expected that the EU will accede to the UK's request for another extension to the Article 50 process. Downing Street sources indicate that the PM favours an election sooner rather than later. Although, this will require a two-thirds support in the Commons.

Elsewhere on the currency front, the action in EUR/USD was generally non-descript yesterday. There was no negative impact on the dollar from a weak US existing home sales report. EUR/USD starts today in the lower half of \$1.11-1.12.

Today, markets will continue to digest last night's Brexit developments, with sterling likely remaining sensitive to any newsflow. The US and Eurozone data release schedules today are once again uneventful. Therefore, the EUR/USD pair could continue to change hands in a tight range within \$1.11-1.12.

**John Fahey, Senior Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2018
EUR/USD	1.1125	-0.23	-3.00
EUR/GBP	0.8642	0.61	-3.81
GBP/USD	1.287	-0.85	0.89
GBP/EUR	1.1566	-0.60	3.96
USD/JPY	108.37	-0.23	-1.09
EUR/JPY	120.57	-0.48	-4.09

\* v Previous Day's European Open

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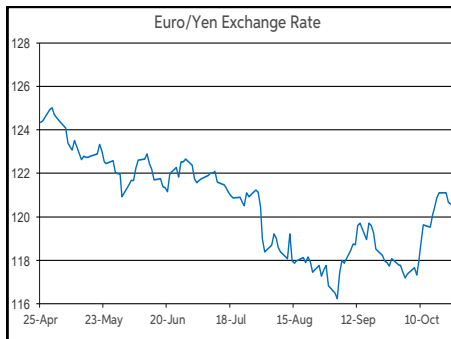
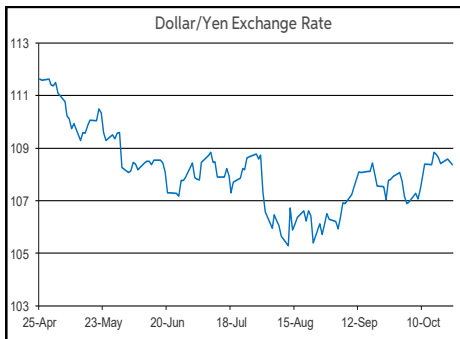
Opening Interest Rates						
Base Rate	Short Term			Long Term		
	1-Mth	3-Mth	12-Mth	2-Yr	5-Yr	
USD	1.875	1.82	1.94	1.97	1.59	1.54
EUR	0.00	-0.44	-0.41	-0.29	-0.36	-0.26
GBP	0.75	0.71	0.79	0.97	0.79	0.82

All rates quoted are indicative market rates

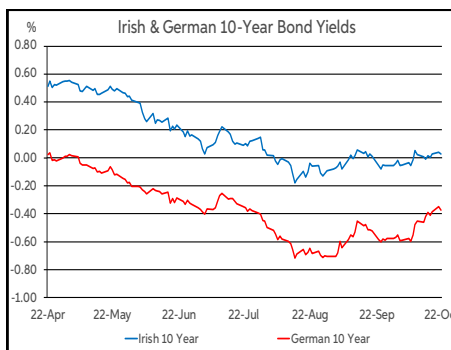
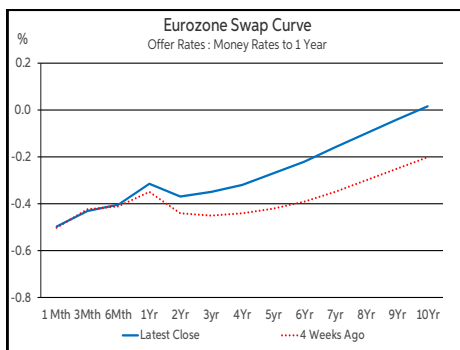
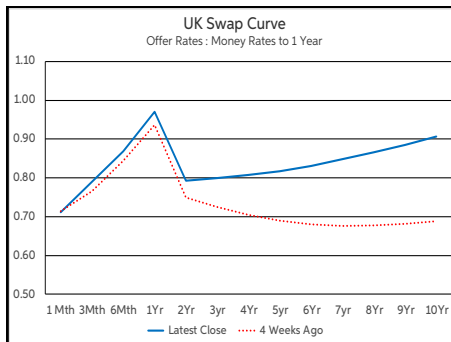
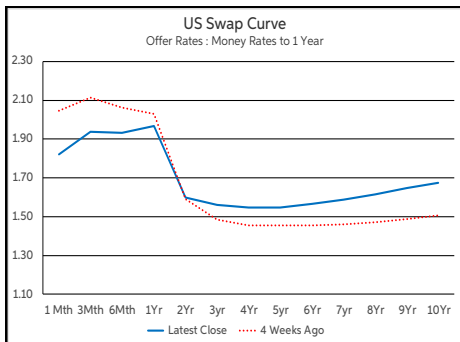
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FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIB 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Euro		Sterling		Dollar	
EUR/GBP	0.8642	GBP/EUR	1.1566	USD/JPY	108.37
EUR/USD	1.1125	GBP/USD	1.287	USD/CAD	1.3093
EUR/JPY	120.57	GBP/CAD	1.6851	USD/CHF	0.9886
EUR/SEK	10.7498	GBP/NZD	2.011	USD/CNY	7.0814
EUR/DKK	7.4706	GBP/JPY	139.47	USD/BRL	4.0798
EUR/NOK	10.1937	GBP/SEK	12.437	USD/RUB	63.672
EUR/CHF	1.0999	GBP/DKK	8.6416	USD/INR	70.93
EUR/AUD	1.6255	GBP/NOK	11.794	AUD/USD	0.6844
EUR/HKD	8.7241	GBP/CHF	1.2722	NZD/USD	0.64
EUR/CAD	1.4572	GBP/AUD	1.8799		



Debt Markets				
	Close	Day	4 Weeks	End 18
<b>10 Year Yield %</b>				
US	1.77	-4	+12	-92
Germany	-0.37	-2	+23	-61
UK	0.71	-4	+18	-56
Ireland	0.03	-1	+11	N/A
Belgium	-0.08	-3	+20	-83
France	-0.07	-2	+23	-77
Italy	1.01	-6	+19	-170
Spain	0.25	-2	+15	-117
Portugal	0.19	-4	+6	-151
Greece	1.25	-4	-4	-304
<b>5 Year Swap %</b>				
US	1.55	-4	+9	-102
Eurozone	-0.27	-3	+15	-50
UK	0.82	-3	+13	-50
<b>2 Year Swap %</b>				
US	1.60	-4	+1	-104
Eurozone	-0.37	-1	+7	-23
UK	0.79	-3	+4	-37
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	40	+1	-12	N/A
Belgium	30	-1	-4	-22
France	30	+0	+0	-16
Italy	139	-4	-4	-109
Spain	62	+1	-8	-56
Portugal	56	-1	-17	-90
Greece	163	-2	-28	-243



Commodities				
	Close	Day	4 Weeks	End 18
Brent Oil	59.7	+1.26	-5.39	+10.97
West Texas Oil	54.21	+1.75	-5.26	+20.07
Gold \$	1488.5	+0.25	-2.89	+16.02

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