

UK data boosts sterling

Sterling continued to move higher yesterday. The currency benefitted from the release of better than expected UK macro data. The monthly GDP growth rate picked up to 0.3% (forecast +0.1%) in July, helping to reduce concerns that the UK economy is on the brink of a recession.

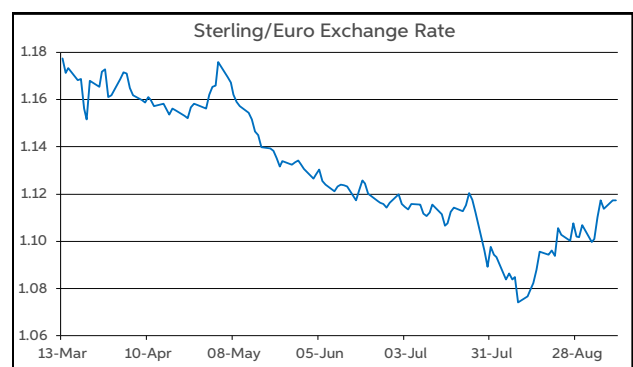
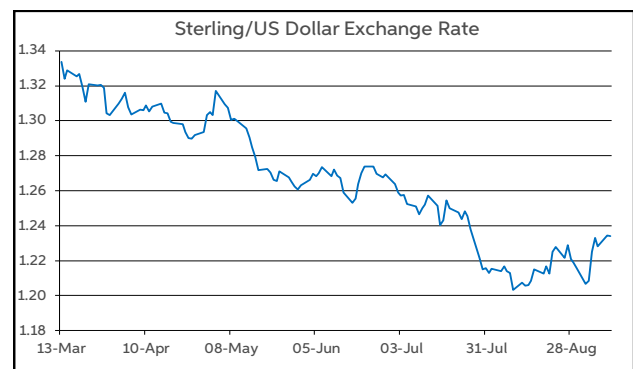
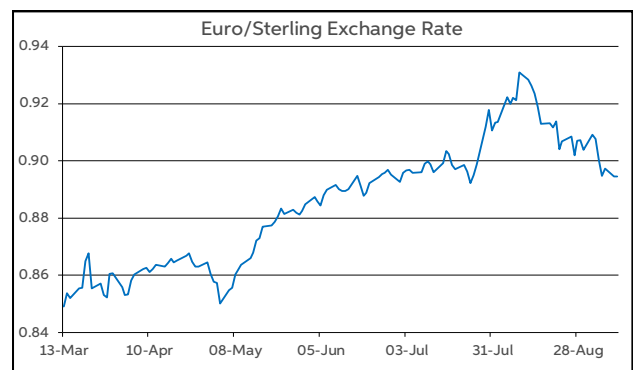
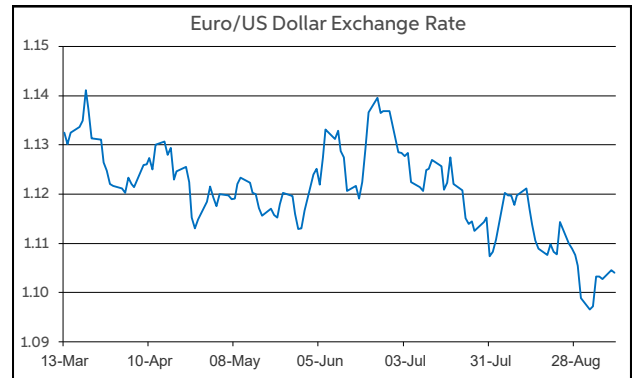
On the political front, developments in Westminster had little impact on sterling. PM Johnson failed for a second time to get the required support needed to call a general election. The government also formally prorogued (suspended) the UK Parliament until October 14th.

In level terms, the firmer sterling tone is reflected in EUR/GBP trading back down at the midpoint of the 89-90p band. At the same time, cable (GBP/USD) opens this morning above the \$1.23 threshold. Meanwhile, EUR/USD is still changing hands in the lower half of the \$1.10-1.11 range.

Elsewhere, bond yields continued to move higher globally yesterday. This occurred against a backdrop of reports of a possible increase in German fiscal expenditure, encouraging comments from the US regarding trade tensions, and positive Brexit developments. However, equity market impact was muted.

Today, the highlight of the schedule is the UK labour market bulletin for the 3 months to July. Employment growth looks to have slowed slightly in the period (f'cast 1.2%), while the jobless rate looks to have held at 3.9%. At the same time, tight labour market conditions are expected to see underlying wage inflation remain robust at 3.8%. The data may help sterling continue to move higher. Meanwhile, there is little out in the Eurozone or US, meaning EUR/USD could operate in a narrow range today.

Conor Beakey, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2018
EUR/USD	1.104	0.12	-3.74
EUR/GBP	0.8947	-0.38	-0.41
GBP/USD	1.2337	0.50	-3.29
GBP/EUR	1.1172	0.38	0.41
USD/JPY	107.31	0.40	-2.05
EUR/JPY	118.49	0.52	-5.74

* v Previous Day's European Open

See Next Page for More Rates

Opening Interest Rates						
Base Rate	Short Term			Long Term		
	1-Mth	3-Mth	12-Mth	2-Yr	5-Yr	
USD	2.125	2.05	2.14	1.95	1.57	1.42
EUR	0.00	-0.45	-0.44	-0.36	-0.51	-0.45
GBP	0.75	0.71	0.77	0.89	0.73	0.68

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

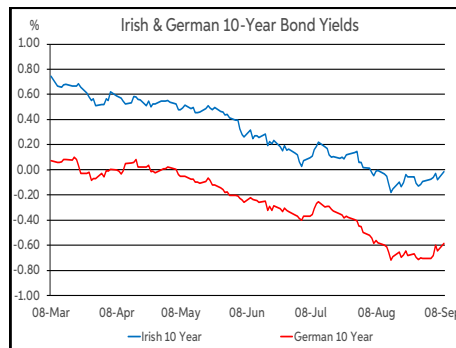
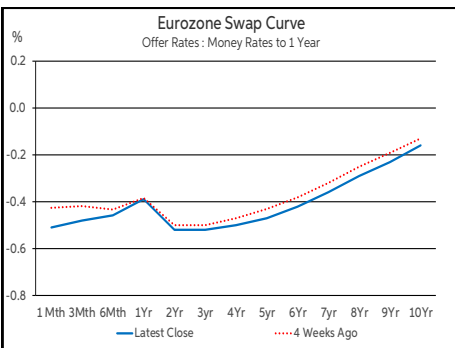
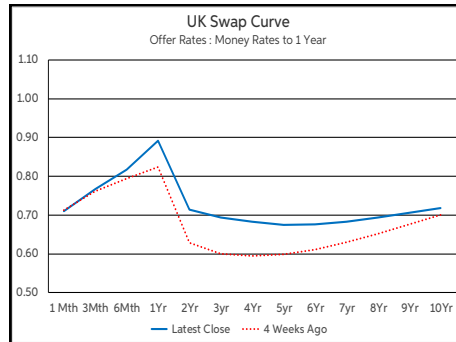
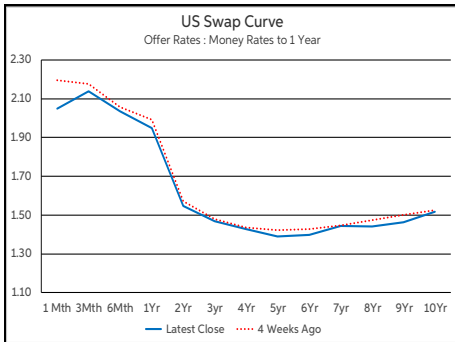
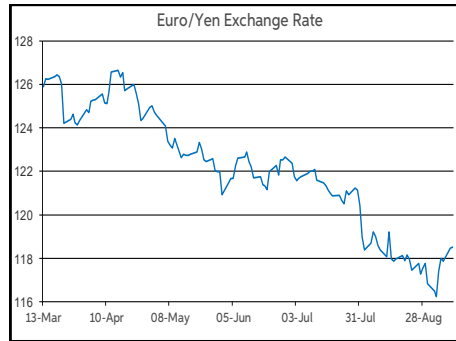
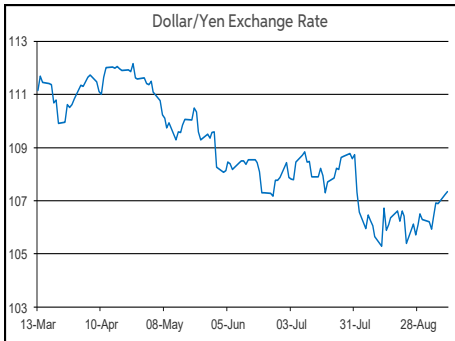
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIB 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Opening Levels

Tuesday 10 September 2019
07:17 am



Euro		Sterling		Dollar	
EUR/GBP	0.8947	GBP/EUR	1.1172	USD/JPY	107.31
EUR/USD	1.104	GBP/USD	1.2337	USD/CAD	1.3175
EUR/JPY	118.49	GBP/CAD	1.6257	USD/CHF	0.9921
EUR/SEK	10.6732	GBP/NZD	1.9196	USD/CNY	7.1194
EUR/DKK	7.4593	GBP/JPY	132.39	USD/BRL	4.0944
EUR/NOK	9.8757	GBP/SEK	11.9232	USD/RUB	65.5341
EUR/CHF	1.0955	GBP/DKK	8.3336	USD/INR	71.734
EUR/AUD	1.6112	GBP/NOK	11.0301	AUD/USD	0.6852
EUR/HKD	8.656	GBP/CHF	1.2243	NZD/USD	0.6426
EUR/CAD	1.4548	GBP/AUD	1.8004		



Debt Markets				
	Close	Day	4 Weeks	End 18
10 Year Yield %				
US	1.65	+9	+1	-104
Germany	-0.59	+6	+1	-82
UK	0.59	+9	+10	-68
Ireland	-0.01	+7	+2	N/A
Belgium	-0.23	+7	+1	-99
France	-0.28	+6	+0	-99
Italy	0.94	+7	-77	-177
Spain	0.20	+6	-2	-121
Portugal	0.24	+5	+1	-147
Greece	1.55	+1	-59	-274
5 Year Swap %				
US	1.39	+3	-3	-117
Eurozone	-0.47	+1	-4	-70
UK	0.67	+4	+8	-64
2 Year Swap %				
US	1.55	+2	-2	-109
Eurozone	-0.52	+0	-2	-38
UK	0.71	+2	+9	-45
10 Year Government Bond Spreads to Benchmark bps				
Ireland	57	+1	+0	N/A
Belgium	35	+1	-1	-17
France	30	+0	-1	-16
Italy	153	+1	-79	-95
Spain	79	-0	-3	-39
Portugal	82	-0	-1	-65
Greece	214	-5	-60	-192

Commodities				
	Close	Day	4 Weeks	End 18
Brent Oil	62.59	+1.71	+6.86	+16.34
West Texas Oil	57.88	+2.53	+5.27	+28.19
Gold \$	1499.3	-0.53	-0.82	+16.86

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