

## EUR/USD falls below \$1.10

Action on currency markets in the past week has seen the dollar move higher, aided by signs of a de-escalation in US-China tensions. This sees GBP/USD open below the \$1.22 level. Meantime, euro weakness, exacerbated by month end positioning on Friday, has seen EUR/USD fall through the \$1.10 support level for the first time since May 2017, where it remains this morning.

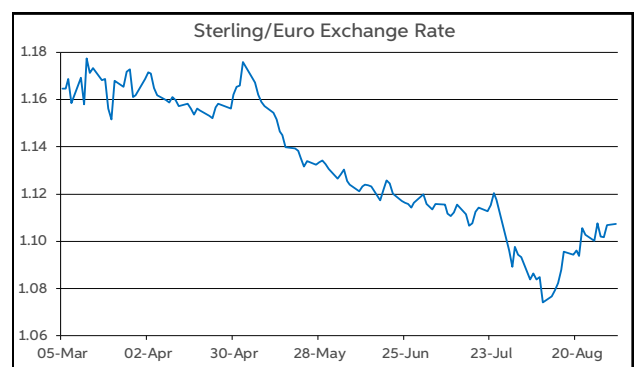
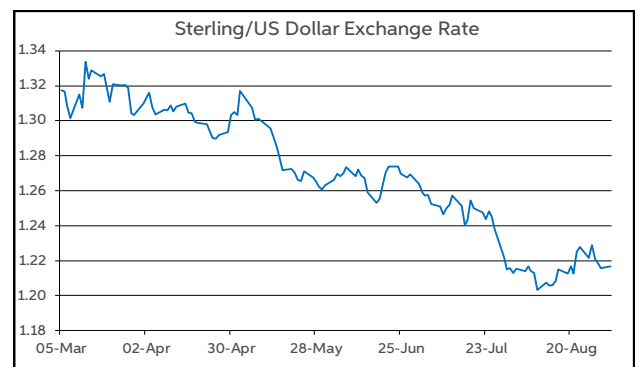
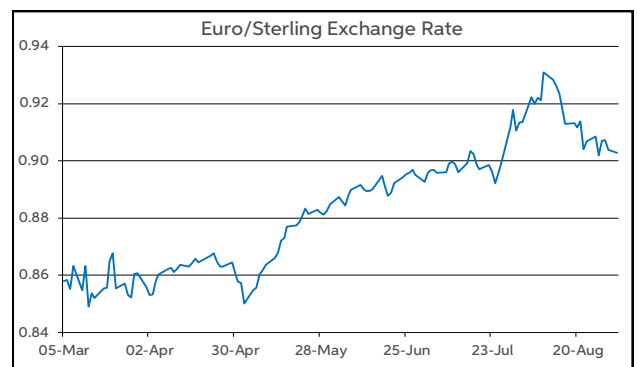
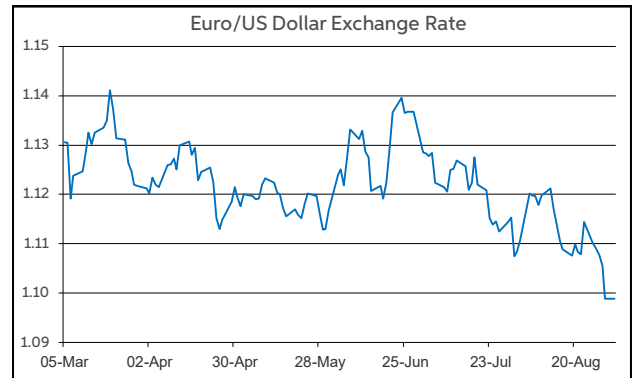
Elsewhere, market optimism of a détente in the US-China trade war helped equity markets make good gains. The improvement in risk appetite was reflected in both the S&P 500 and the Euro Stoxx 50 finishing the week up approximately 3%.

Meanwhile, the announcement by the UK government that it will suspend Parliament for 5 weeks until October 14th caught everyone by surprise. The move is seen as increasing the risk of a no-deal Brexit at end-October. Despite this, sterling is little changed on the week, though the aforementioned softness in the euro sees EUR/GBP open in the lower half of the 90-91p band.

This week, political events could see sterling experience some volatility. On Tuesday, opponents of a no-deal Brexit will launch an attempt to force PM Boris Johnson into seeking an extension to Article 50 before Parliament is prorogued next week.

Data-wise, the release of the US employment report for August poses some risk to the dollar. The closely watched payrolls number is forecast at 159k, a very slight moderation on July's 165k gain. The same report will also provide updated unemployment and wage inflation figures. We also get the ISMs for August. On this side of the Atlantic, the schedule is quiet. The August UK PMIs will warrant attention but may be overshadowed by Brexit events. Meantime, there is little out to influence the euro.

**Conor Beakey, Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2018
EUR/USD	1.0988	-0.52	-4.19
EUR/GBP	0.903	-0.39	0.51
GBP/USD	1.2169	-0.11	-4.61
GBP/EUR	1.1071	0.39	-0.51
USD/JPY	106.18	-0.21	-3.09
EUR/JPY	116.7	-0.69	-7.17

\* 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	2.09	2.14	1.97	1.50	1.31
EUR	0.00	-0.43	-0.43	-0.38	-0.55	-0.53
GBP	0.75	0.71	0.76	0.84	0.66	0.61

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				

## Euro

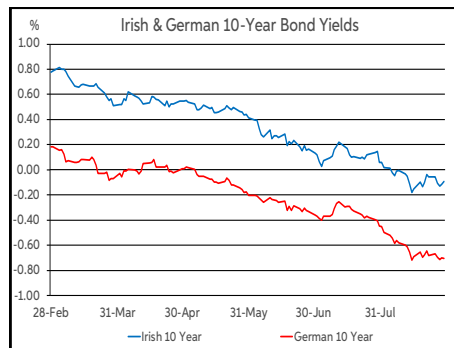
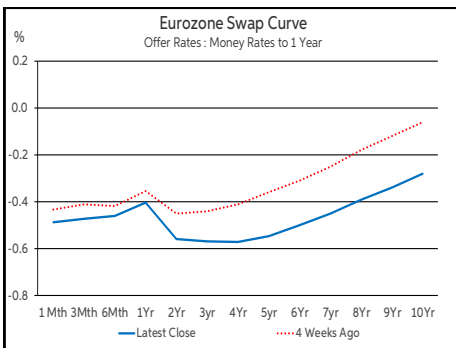
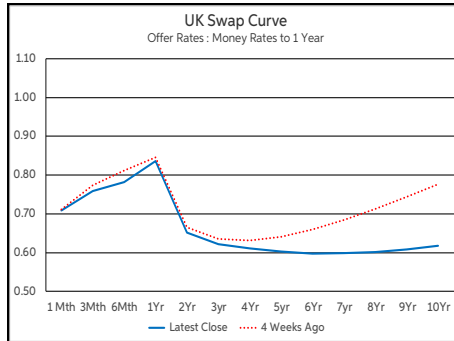
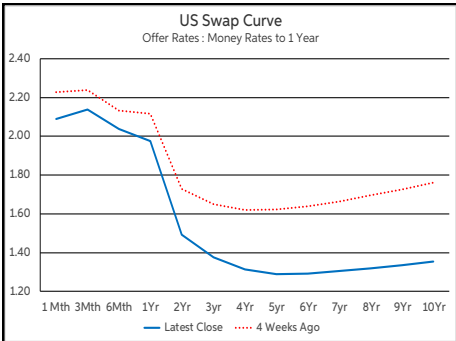
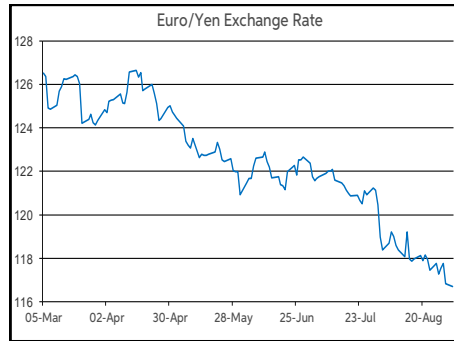
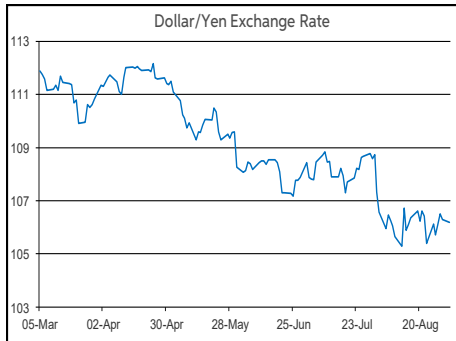
EUR/GBP	0.903
EUR/USD	1.0988
EUR/JPY	116.7
EUR/SEK	10.798
EUR/DKK	7.4565
EUR/NOK	10.0197
EUR/CHF	1.0889
EUR/AUD	1.6328
EUR/HKD	8.617
EUR/CAD	1.4632

## Sterling

GBP/EUR	1.1071
GBP/USD	1.2169
GBP/CAD	1.62
GBP/NZD	1.9289
GBP/JPY	129.21
GBP/SEK	11.9508
GBP/DKK	8.2563
GBP/NOK	11.0899
GBP/CHF	1.2058
GBP/AUD	1.8081

## Dollar

USD/JPY	106.18
USD/CAD	1.3313
USD/CHF	0.9908
USD/CNY	7.1594
USD/BRL	4.1445
USD/RUB	66.7294
USD/INR	71.81
AUD/USD	0.673
NZD/USD	0.6306



	Close	Change bps		
		Day	4 Weeks	End 18
<b>10 Year Yield %</b>				
US	1.50	+0	-34	-118
Germany	-0.71	-1	-21	-94
UK	0.47	+4	-8	-79
<b>5 Year Swap %</b>				
US	1.29	-5	-33	-127
Eurozone	-0.55	-4	-19	-78
UK	0.60	+1	-4	-71
<b>2 Year Swap %</b>				
US	1.49	-3	-24	-115
Eurozone	-0.56	-3	-11	-42
UK	0.65	+0	-1	-51
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	61	+3	+9	N/A
Belgium	35	+0	+3	-17
France	29	+1	+3	-17
Italy	170	+2	-33	-78
Spain	79	+1	+7	-38
Portugal	81	-0	+3	-65
Greece	226	+3	-26	-181

	% Change			
	Close	Day	4 Weeks	End 18
Brent Oil	60.43	-1.06	-2.36	+12.32
West Texas Oil	55.07	-2.82	-1.08	+21.97
Gold \$	1520.7	-0.48	+5.53	+18.53

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