

## Sterling gives up recent gains

Currency market action over the past 24 hours has seen sterling reverse its gains from Tuesday's session. Deepening political uncertainty in the UK has weighed on the currency. Newsflow yesterday centred on Brexit as Parliament reconvened after the UK Supreme Court ruling, but there were no new developments.

The dollar also saw some support yesterday. This followed comments from President Trump that a US-China trade deal "could happen sooner than you think". Meanwhile, markets shrugged off the official announcement by the Speaker of the House of Reps' that an impeachment inquiry has been launched in the President.

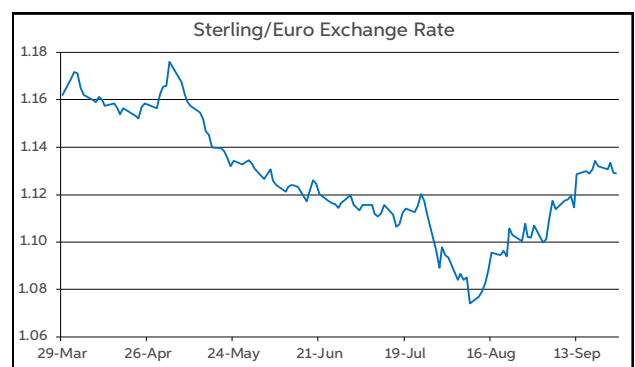
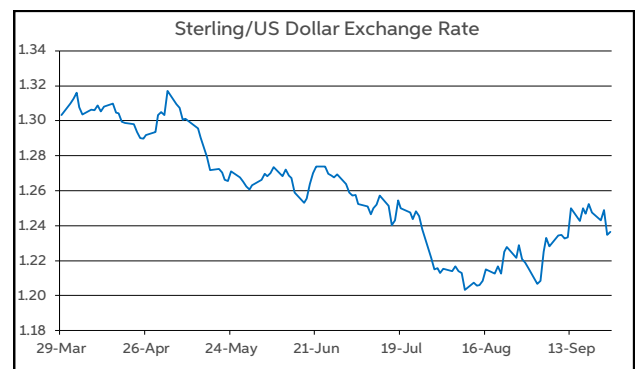
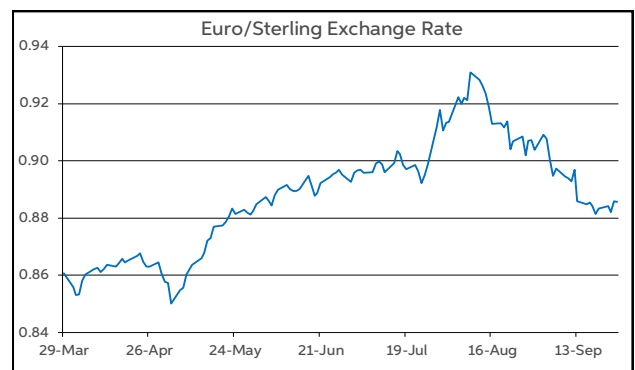
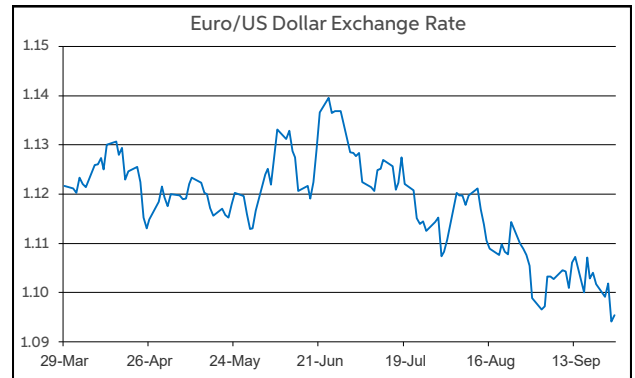
US equities also gained on the positive comments from President Trump on trade tensions. At the close on Wall Street, the S&P 500 was up 0.6%. US 10-year Treasuries sold-off in the risk-on environment, with yields up 9bps.

As trading gets underway this morning, the gains for the dollar are reflected in EUR/USD opening down at the midpoint of the \$1.09-1.10 band. Some sterling weakness sees GBP/USD below the \$1.24 level, while EUR/GBP is close to the 88.5p mark.

Turning to the day ahead, the data calendar contains only second-tier releases, largely from the US. These include the final print of Q2 GDP, the advanced reading of the trade balance for August and weekly jobless claims. As a result, we could see the main pairs trade within relatively narrow bands today.

Although, as with yesterday, market participants will continue to track political developments in both the US and the UK. There is also another busy schedule of central bank speakers, with ECB President Draghi due up this afternoon.

**Conor Beakey, Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2018
EUR/USD	1.0953	-0.37	-4.50
EUR/GBP	0.8858	0.44	-1.40
GBP/USD	1.2363	-0.80	-3.09
GBP/EUR	1.1286	-0.44	1.42
USD/JPY	107.61	0.25	-1.78
EUR/JPY	117.88	-0.13	-6.23

\* v Previous Day's European Open

See Next Page for More Rates

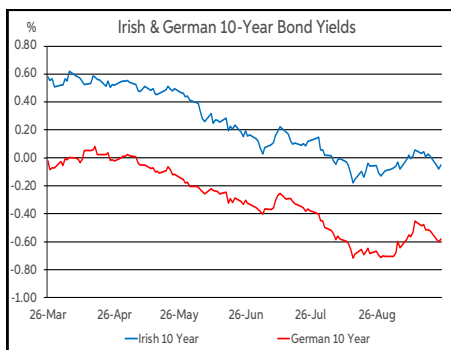
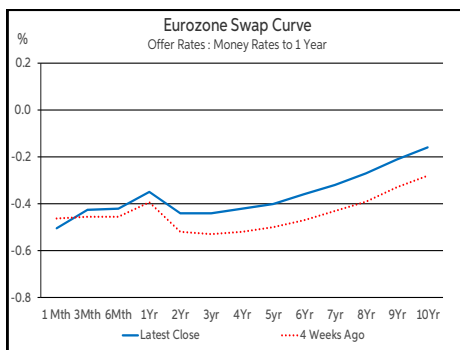
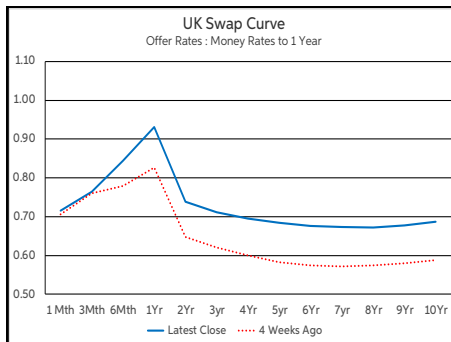
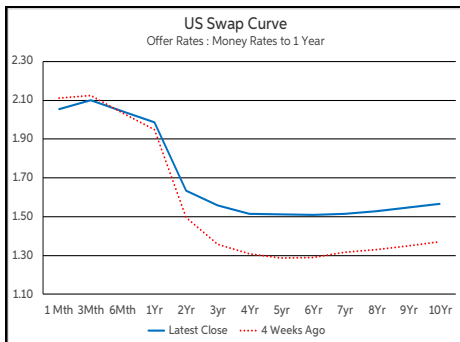
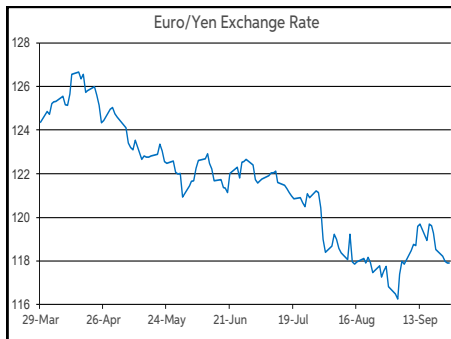
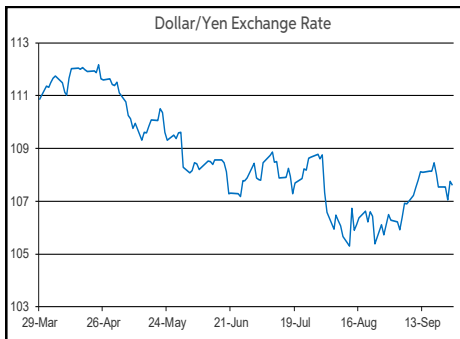
Opening Interest Rates						
Base Rate	Short Term			Long Term		
	1-Mth	3-Mth	12-Mth	2-Yr	5-Yr	
USD	1.875	2.05	2.10	1.99	1.64	1.50
EUR	0.00	-0.45	-0.40	-0.32	-0.44	-0.40
GBP	0.75	0.71	0.76	0.93	0.75	0.69

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		Sterling		Dollar	
EUR/GBP	0.8858	GBP/EUR	1.1286	USD/JPY	107.61
EUR/USD	1.0953	GBP/USD	1.2363	USD/CAD	1.3252
EUR/JPY	117.88	GBP/CAD	1.6383	USD/CHF	0.991
EUR/SEK	10.684	GBP/NZD	1.9628	USD/CNY	7.1274
EUR/DKK	7.4658	GBP/JPY	133.04	USD/BRL	4.1484
EUR/NOK	9.9188	GBP/SEK	12.0551	USD/RUB	64.1994
EUR/CHF	1.0856	GBP/DKK	8.4266	USD/INR	70.91
EUR/AUD	1.6219	GBP/NOK	11.1949	AUD/USD	0.6752
EUR/HKD	8.5833	GBP/CHF	1.2255	NZD/USD	0.6296
EUR/CAD	1.452	GBP/AUD	1.8309		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 18
<b>10 Year Yield %</b>				
US	1.74	+9	+27	-95
Germany	-0.58	+2	+13	-82
UK	0.53	+0	+9	-74
Ireland	-0.05	+3	+8	N/A
Belgium	-0.25	+3	+13	-100
France	-0.28	+2	+16	-98
Italy	0.83	+1	-21	-188
Spain	0.12	+2	+8	-130
Portugal	0.14	+1	+7	-156
Greece	1.31	+1	-39	-299
<b>5 Year Swap %</b>				
US	1.51	+6	+23	-105
Eurozone	-0.40	+2	+10	-63
UK	0.68	-1	+10	-63
<b>2 Year Swap %</b>				
US	1.63	+4	+14	-101
Eurozone	-0.44	+0	+8	-30
UK	0.74	-1	+9	-43
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	53	+1	-5	N/A
Belgium	34	+0	+0	-19
France	30	+0	+3	-16
Italy	141	-1	-34	-107
Spain	70	-1	-5	-48
Portugal	72	-1	-6	-75
Greece	189	-1	-52	-217

Commodities				
	% Change			
	Close	Day	4 Weeks	End 18
Brent Oil	62.39	-1.13	+3.14	+15.97
West Texas Oil	56.38	-1.47	+1.11	+24.87
Gold \$	1504.6	-1.84	-2.26	+17.28

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