

Focus on Westminster

Political uncertainty saw sterling come under downward pressure yesterday. This was prompted by increasing speculation that there could be a general election in the UK. PM Johnson has stated he views the attempt by opposition MPs today to gain control of the parliamentary agenda as a confidence vote in his government.

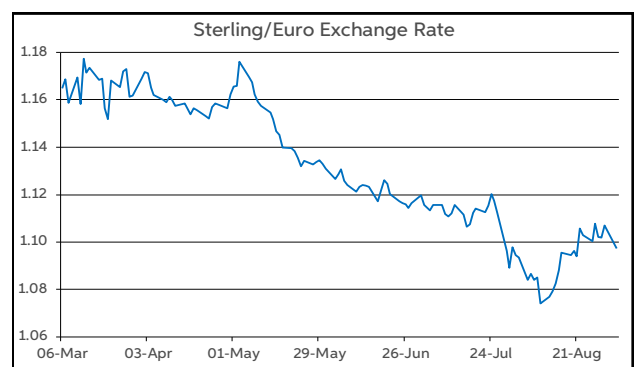
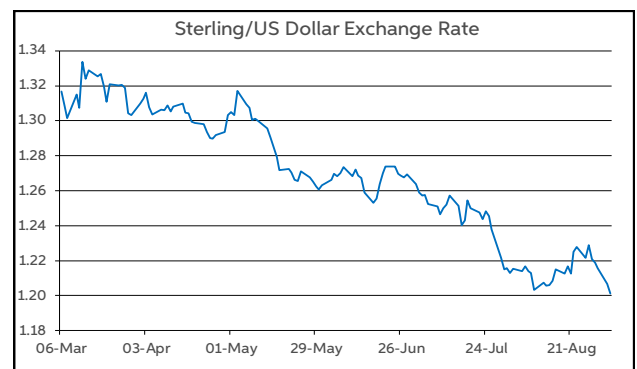
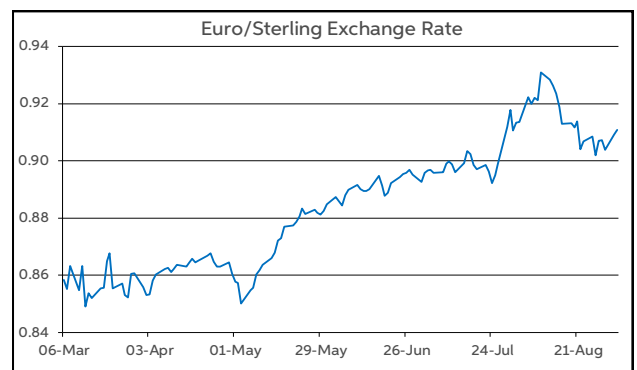
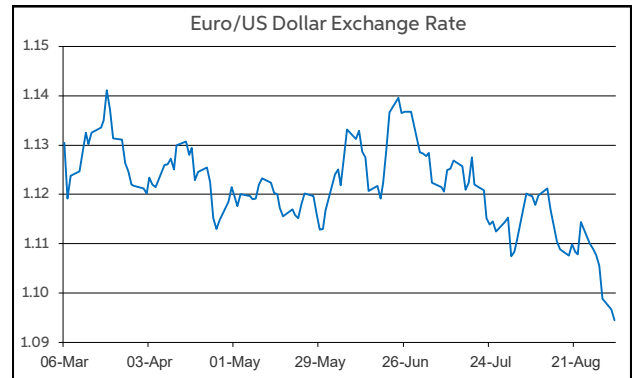
Should they succeed, PM Johnson has indicated that he will look to call a general election. Such a move requires the support of two-thirds of the House of Commons. October 14th is being mooted as a possible election date in order to encourage opposition MPs to vote in favour of dissolving Parliament.

In level terms, the weakening of sterling sees EUR/GBP open this morning back above the 91p level. At the same time, cable (GBP/USD) is testing multi-decade lows and is down near the \$1.20 threshold. Meanwhile, a slightly softer euro tone sees EUR/USD move down into the lower half of the \$1.09-1.10 band.

Turning to the day ahead, the aforementioned events in Westminster will be the key focus for markets. It may well be known by the end of the day whether a general election will be called. In this uncertain political environment, sterling could be in for another volatile day's trading.

Data-wise, the highlight of the schedule today is the US manufacturing ISM for August. The index is projected to be little changed, but given weak PMI data in the same month, there is the potential for a downside surprise. In this case, the dollar could trade somewhat lower. Meanwhile, there is little to influence the euro today from a data perspective.

Conor Beakey, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2018
EUR/USD	1.0943	-0.39	-4.59
EUR/GBP	0.9109	0.82	1.39
GBP/USD	1.2014	-1.19	-5.82
GBP/EUR	1.0974	-0.81	-1.37
USD/JPY	106.25	0.07	-3.02
EUR/JPY	116.29	-0.33	-7.49

* 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	2.08	2.13	1.95	1.51	1.33
EUR	0.00	-0.43	-0.43	-0.38	-0.56	-0.53
GBP	0.75	0.71	0.77	0.83	0.63	0.56

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

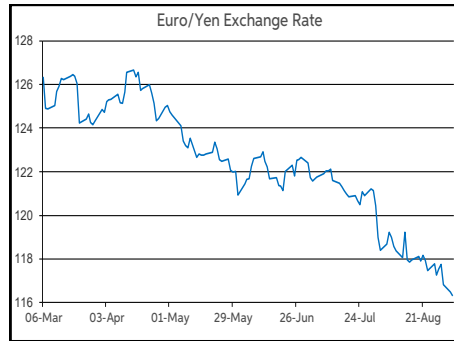
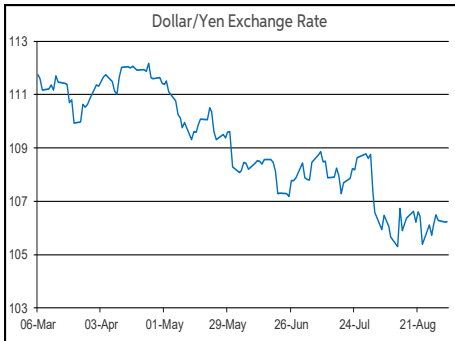
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIB 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Opening Levels

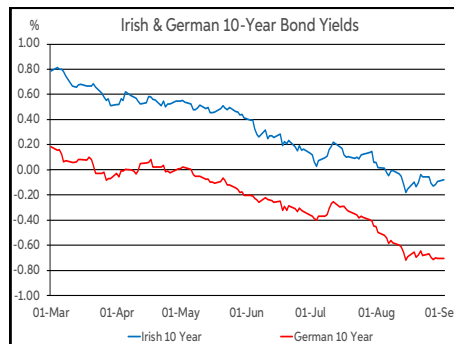
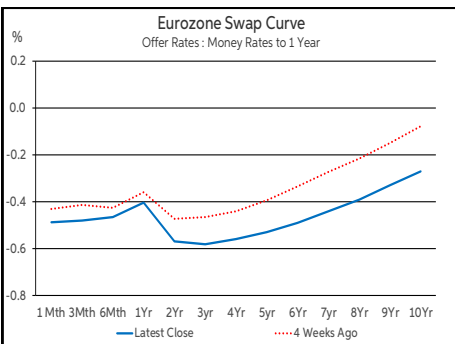
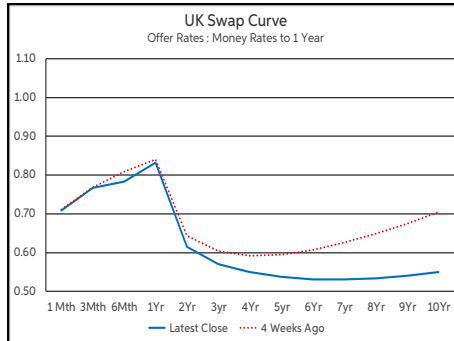
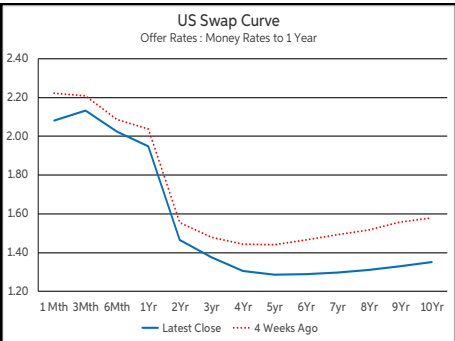
Tuesday 03 September 2019
07:18 am



Euro		Sterling		Dollar	
EUR/GBP	0.911	GBP/EUR	1.0973	USD/JPY	106.26
EUR/USD	1.0944	GBP/USD	1.2012	USD/CAD	1.3328
EUR/JPY	116.28	GBP/CAD	1.6012	USD/CHF	0.9913
EUR/SEK	10.7772	GBP/NZD	1.9072	USD/CNY	7.1824
EUR/DKK	7.4565	GBP/JPY	127.64	USD/BRL	4.1857
EUR/NOK	9.9814	GBP/SEK	11.8248	USD/RUB	66.8255
EUR/CHF	1.0852	GBP/DKK	8.1828	USD/INR	72.198
EUR/AUD	1.6281	GBP/NOK	10.9529		
EUR/HKD	8.5841	GBP/CHF	1.1911	AUD/USD	0.6721
EUR/CAD	1.4588	GBP/AUD	1.787	NZD/USD	0.6296



Debt Markets				
	Close	Day	4 Weeks	End 18
10 Year Yield %				
US	1.50	+0	-22	-118
Germany	-0.70	+0	-18	-94
UK	0.41	-6	-10	-86
Ireland	-0.08	+1	-9	N/A
Belgium	-0.34	+1	-17	-110
France	-0.40	+2	-15	-110
Italy	0.96	-4	-60	-176
Spain	0.11	+2	-12	-131
Portugal	0.13	+2	-14	-157
Greece	1.58	+2	-44	-272
5 Year Swap %				
US	1.29	-2	-15	-127
Eurozone	-0.53	-1	-14	-76
UK	0.54	-8	-6	-78
2 Year Swap %				
US	1.47	-3	-9	-117
Eurozone	-0.57	-2	-10	-43
UK	0.62	-5	-3	-55
10 Year Government Bond Spreads to Benchmark bps				
Ireland	63	+1	+9	N/A
Belgium	36	+1	+2	-16
France	31	+2	+3	-16
Italy	166	-4	-41	-82
Spain	81	+2	+7	-37
Portugal	84	+2	+4	-63
Greece	228	+2	-25	-178



Commodities				
	Close	Day	4 Weeks	End 18
Brent Oil	58.66	-2.93	-1.92	+9.03
West Texas Oil	55.07	-2.82	+0.81	+21.97
Gold \$	1530.8	+0.67	+4.57	+19.33

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