

Sterling modestly firmer

An eventful day at Westminster yesterday saw opposition MPs succeed by a wide margin (27 votes) in their attempt to gain control of the parliamentary agenda for today. Earlier in the day, following a defection by 1 Conservative MP to the Liberal Democrats, PM Boris Johnson also lost his majority.

Sterling moved higher against this backdrop, but given the uncertain political environment, the extent of the gains was limited. It remains unclear if the opposition's bill to prevent a no-deal Brexit will be passed into law before Parliament is prorogued.

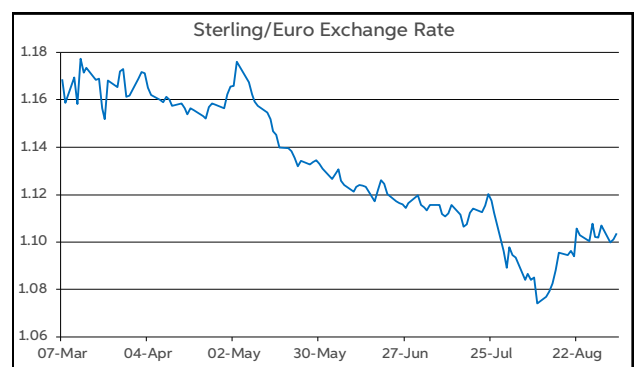
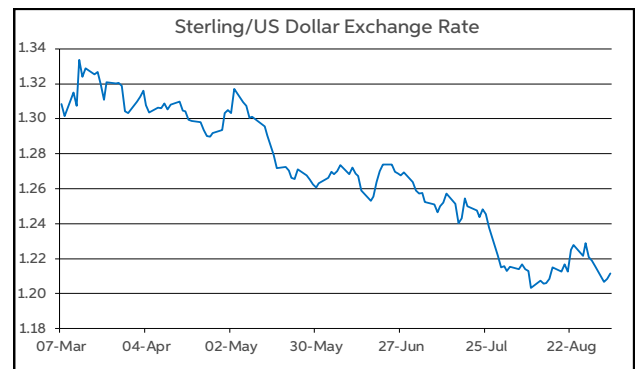
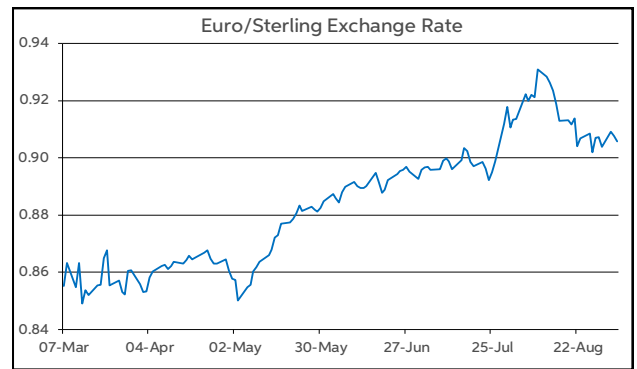
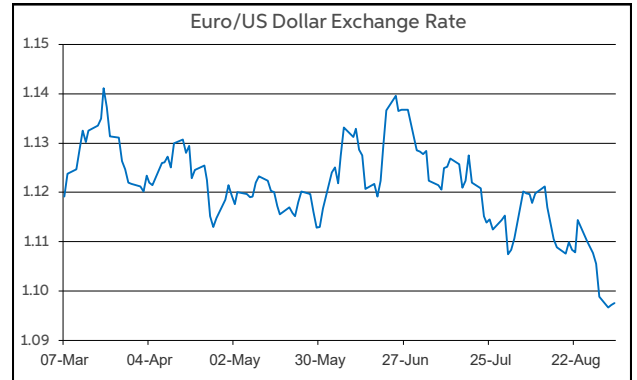
Elsewhere on the currency front, a weak manufacturing ISM for August in the US saw the dollar soften slightly. The index dropped below the key 50 level for the first time since 2016.

In level terms, the firmer sterling tone sees EUR/GBP open back below the 91p threshold, while cable (GBP/USD) is trading just above the \$1.21 level. Meanwhile, EUR/USD is changing hands in the upper half of the \$1.09-1.10 band.

Today, the focus will remain on the UK Parliament. Opposition MPs will seek to pass their bill aimed at preventing a no-deal Brexit at end October. Meantime, PM Johnson will attempt to call a general election. However, such a move requires a two-thirds majority and the opposition have indicated that they will only support such a move after the aforementioned bill is passed. In this environment, sterling could experience some volatility.

Data-wise, today's UK services PMI for August will likely be overshadowed by Brexit newsflow. Elsewhere, there is little due out to influence the euro or the dollar, meaning the EUR/USD pair could trade in a narrow range today.

Conor Beake, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2018
EUR/USD	1.0976	0.34	-4.30
EUR/GBP	0.9057	-0.32	0.81
GBP/USD	1.2116	0.65	-5.02
GBP/EUR	1.1036	0.32	-0.81
USD/JPY	106.18	-0.09	-3.09
EUR/JPY	116.56	0.24	-7.28

* v Previous Day's European Open

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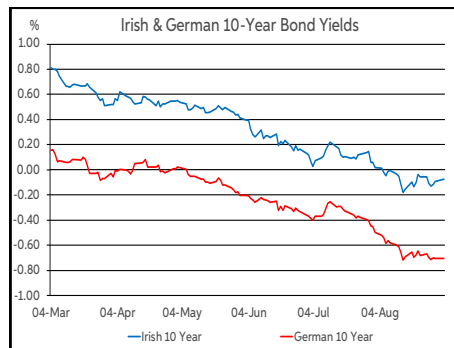
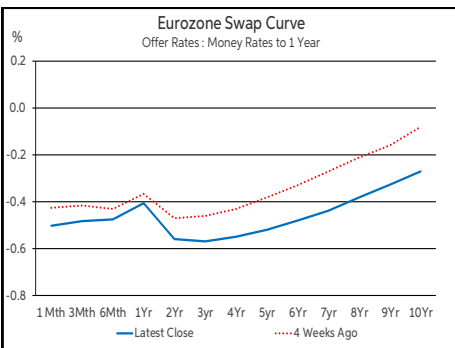
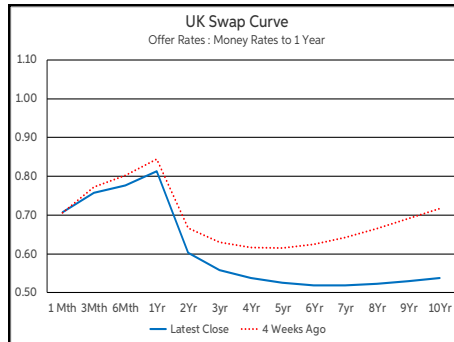
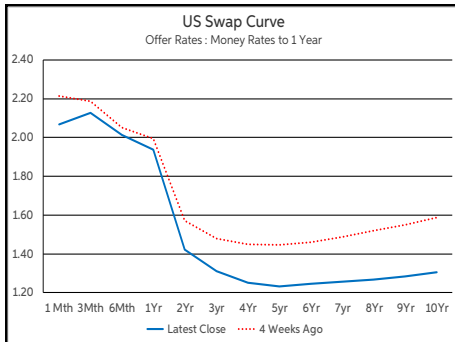
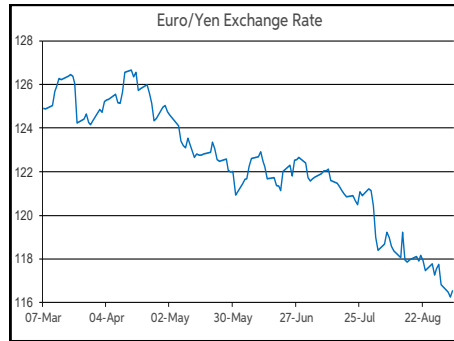
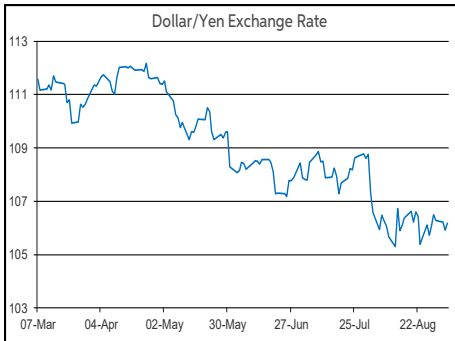
Opening Interest Rates						
Base Rate	Short Term			Long Term		
	1-Mth	3-Mth	12-Mth	2-Yr	5-Yr	
USD	2.125	2.07	2.13	1.94	1.46	1.29
EUR	0.00	-0.43	-0.44	-0.38	-0.56	-0.51
GBP	0.75	0.71	0.76	0.81	0.60	0.54

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	AIBI 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Euro		Sterling		Dollar	
EUR/GBP	0.9057	GBP/EUR	1.1036	USD/JPY	106.18
EUR/USD	1.0976	GBP/USD	1.2116	USD/CAD	1.3319
EUR/JPY	116.56	GBP/CAD	1.6139	USD/CHF	0.988
EUR/SEK	10.7496	GBP/NZD	1.9125	USD/CNY	7.1623
EUR/DKK	7.456	GBP/JPY	128.65	USD/BRL	4.1666
EUR/NOK	9.9689	GBP/SEK	11.8616	USD/RUB	66.5722
EUR/CHF	1.0846	GBP/DKK	8.229	USD/INR	72.045
EUR/AUD	1.6187	GBP/NOK	11	AUD/USD	0.678
EUR/HKD	8.6051	GBP/CHF	1.1973	NZD/USD	0.6334
EUR/CAD	1.4619	GBP/AUD	1.7868		



Debt Markets				
	Close	Day	4 Weeks	End 18
10 Year Yield %				
US	1.46	-4	-25	-122
Germany	-0.71	-0	-16	-94
UK	0.40	-1	-11	-86
Ireland	-0.07	+1	-5	N/A
Belgium	-0.35	-1	-15	-111
France	-0.41	-1	-14	-111
Italy	0.86	-10	-65	-186
Spain	0.08	-2	-12	-133
Portugal	0.10	-3	-14	-161
Greece	1.58	+1	-44	-272
5 Year Swap %				
US	1.23	-9	-21	-133
Eurozone	-0.52	+0	-14	-75
UK	0.53	-3	-9	-79
2 Year Swap %				
US	1.42	-8	-15	-122
Eurozone	-0.56	+0	-9	-42
UK	0.60	-2	-6	-56
10 Year Government Bond Spreads to Benchmark bps				
Ireland	63	+1	+11	N/A
Belgium	35	-1	+1	-17
France	30	-1	+2	-17
Italy	156	-10	-49	-92
Spain	79	-2	+4	-39
Portugal	81	-3	+2	-66
Greece	229	+1	-28	-177

Commodities				
	Close	Day	4 Weeks	End 18
Brent Oil	58.26	-0.68	-1.15	+8.29
West Texas Oil	53.91	-2.11	+0.58	+19.40
Gold \$	1547.3	+1.08	+4.93	+20.61

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