

Some reprieve for sterling at month end

Sterling managed to move off its lows yesterday, making some gains in the lead up to today's BoE meeting amid some positive Brexit related headlines. The firmer sterling tone over the last 24 hours is reflected in EUR/GBP falling back below 89p and GBP/USD regaining ground up in \$1.28-1.29 territory.

Elsewhere, the dollar continued to be supported by US macro data. The US employment cost index for Q3, which is the Fed's preferred measure of wage growth, was released. The headline number exceeded expectations. Overall, the data provided further evidence of accelerating wage growth in the US economy. This adds credence to the Fed's inflation outlook and its interest rate projections, which in turn is helpful to the dollar. In terms of EUR/USD, the pair remains below the \$1.14 level as trading gets underway this morning.

Looking back on October as a whole, the dollar has been in the ascendancy against both the euro and sterling. The currency has been aided by a plethora of strong macro newsflow. In contrast, disappointing data and political tensions (Italy) have been a headwind to the euro over the period. Meanwhile, Brexit related uncertainty has acted as a drag on sterling during much of the month.

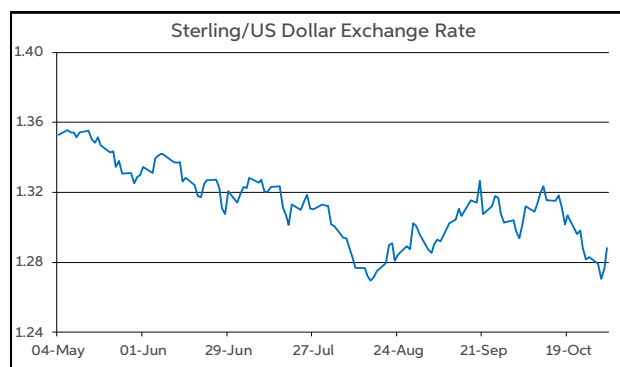
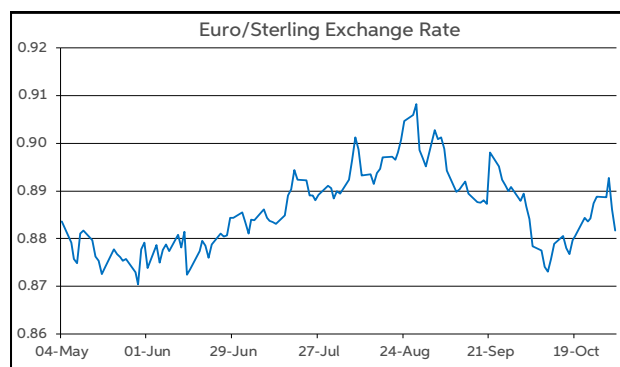
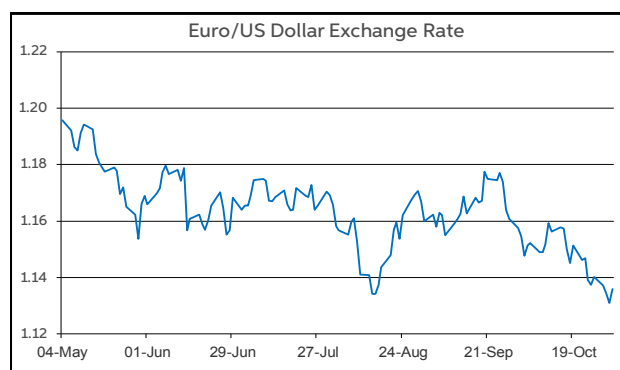
Today, is a market holiday in most of the Eurozone. The main calendar highlight is the aforementioned BoE meeting. While no policy changes are expected, it still does entail some event risk for sterling. Markets will be paying close attention to the November Inflation Report (incl. updated macro f'casts) and Governor Carney's press conference for insight into the timing of the next rate hike (market view is rates on hold till at least Q2'19). Sterling also remains sensitive to Brexit headlines.

John Fahey, Senior Economist, AIB

		% Change	
		Day *	End 2017
EUR/USD	1.1361	0.18	-5.29
EUR/GBP	0.8817	-1.18	-0.74
GBP/USD	1.2882	1.38	-4.66
GBP/EUR	1.1338	1.19	0.75
USD/JPY	112.8	-0.40	0.12
EUR/JPY	128.17	-0.23	-5.19

* v Previous Day's European Open

See Next Page for More Rates ▶▶▶



	Base Rate	Short Term			Long Term	
		1-Mth	3-Mth	12-Mth	2-Yr	5-Yr
USD	2.125	2.31	2.56	3.08	3.07	3.13
EUR	0.00	-0.37	-0.32	-0.15	-0.11	0.37
GBP	0.75	0.73	0.82	1.06	1.14	1.39

	Latest Close	% Changes	
		on Day	End 2017 to Date
Dow Jones	25115.76	+0.97	+1.60
S&P 500	2711.74	+1.09	+1.43
FTSE 100	7128.1	+1.31	-7.28
DJ Stoxx 50	3197.51	+1.60	-8.75
ISEQ	6147.61	+0.73	-12.65
Nikkei	21687.65	-1.06	-4.73

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 Lenny Hogan	Reuters Phone	AIB 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Opening Levels

Thursday 01 November 2018
07:26 am



Euro

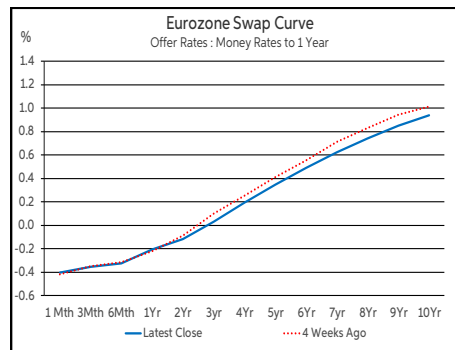
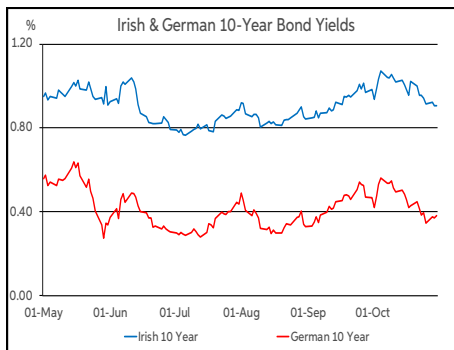
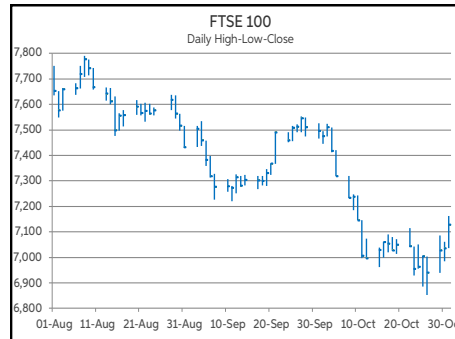
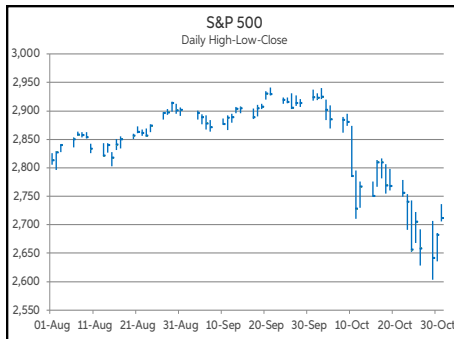
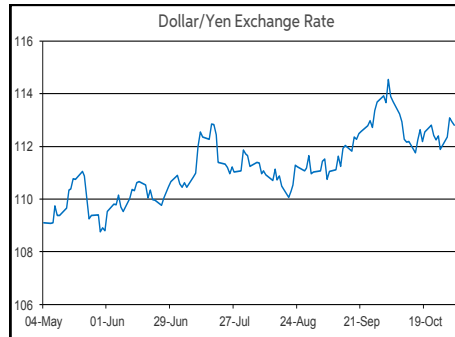
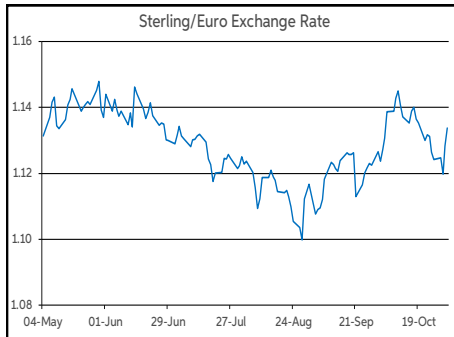
EUR/GBP	0.8816
EUR/USD	1.136
EUR/JPY	128.17
EUR/SEK	10.319
EUR/DKK	7.461
EUR/NOK	9.5242
EUR/CHF	1.1416
EUR/AUD	1.5896
EUR/HKD	8.9058
EUR/CAD	1.4916

Sterling

GBP/EUR	1.1337
GBP/USD	1.2882
GBP/CAD	1.6913
GBP/NZD	1.9508
GBP/JPY	145.32
GBP/SEK	11.7003
GBP/DKK	8.4582
GBP/NOK	10.7982
GBP/CHF	1.2944
GBP/AUD	1.8025

Dollar

USD/JPY	112.81
USD/CAD	1.3129
USD/CHF	1.0048
USD/CNY	6.9477
USD/BRL	3.7219
USD/RUB	65.6112
USD/INR	73.69
AUD/USD	0.7146
NZD/USD	0.6601



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 17
10 Year Yield %				
US	3.15	+3	-3	+74
Germany	0.38	+1	-9	-4
UK	1.44	+3	-14	+26
Ireland	0.91	+0	-8	N/A
Belgium	0.76	-1	-8	+14
France	0.75	+1	-6	-3
Italy	3.40	-6	+10	+141
Spain	1.53	-2	+1	-1
Portugal	1.85	-1	-2	-4
Greece	4.20	-2	-15	+15
5 Year Swap %				
US	3.11	+1	-3	+86
Eurozone	0.35	-0	-6	+3
UK	1.38	+4	-7	+34
2 Year Swap %				
US	3.03	+1	+1	+95
Eurozone	-0.12	-1	-3	+2
UK	1.13	+3	-3	+33
10 Year Government Bond Spreads to Benchmark bps				
Ireland	52	-1	+1	N/A
Belgium	37	-2	+1	+18
France	37	-0	+3	+1
Italy	302	-7	+20	+145
Spain	115	-3	+10	+3
Portugal	147	-2	+7	-0
Greece	382	-3	-6	+19

Commodities				
	Close	% Change		
		Day	4 Weeks	End 17
Brent Oil	75.47	-0.58	-12.54	+12.86
West Texas Oil	65.31	-1.31	-14.52	+8.02
CRB - All Commodity	190.97	-0.41	-5.10	-1.50
CRB - Food	336.4	+1.70	-0.41	+0.11
Gold \$	1214.9	-0.76	+1.43	-6.73

This publication is for information purposes and is not an invitation to deal. The information is believed to be reliable but is not guaranteed. Any expressions of opinions are subject to change without notice. This publication is not to be reproduced in whole or in part without prior permission. In the Republic of Ireland it is distributed by Allied Irish Banks, p.l.c. In the UK it is distributed by Allied Irish Banks, p.l.c. and Allied Irish Bank (GB). In Northern Ireland it is distributed by First Trust Bank. In the United States of America it is distributed by Allied Irish Banks, p.l.c. Allied Irish Banks, p.l.c. is regulated by the Central Bank of Ireland. Allied Irish Bank (GB) and First Trust Bank are trade marks used under licence by AIB Group (UK) p.l.c. (a wholly owned subsidiary of Allied Irish Banks, p.l.c.), incorporated in Northern Ireland. Registered Office 92 Ann Street, Belfast BT1 3HH. Registered Number NI018800. Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. In the United States of America, Allied Irish Banks, p.l.c., New York Branch, is a branch licensed by the New York State Department of Financial Services. Deposits and other investment products are not FDIC insured, they are not guaranteed by any bank and they may lose value. Please note that telephone calls may be recorded in line with market practice.