

Dollar holding the upper hand

From a currency viewpoint, of the relatively limited action to register last week, the dollar was holding the upper hand. It was aided in part by encouraging US macro data, which supports the view that the economy can continue to grow at a solid pace.

In level terms, the firmer tone to the dollar was reflected in EUR/USD falling back below \$1.11 to trade closer to \$1.10. At the same time, GBP/USD was unable to hold above the \$1.29 threshold and instead was changing hands down at \$1.28. Meanwhile, EUR/GBP continued to trade in a tight range in and around 86p.

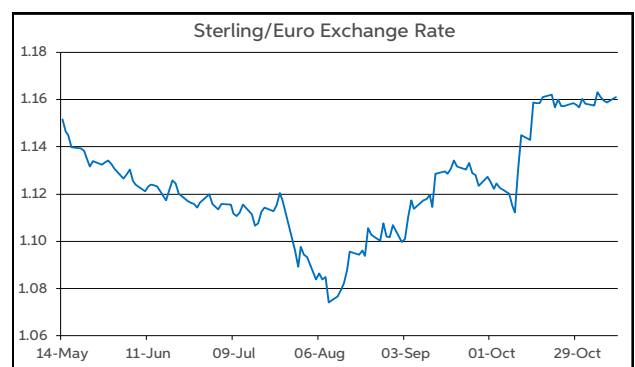
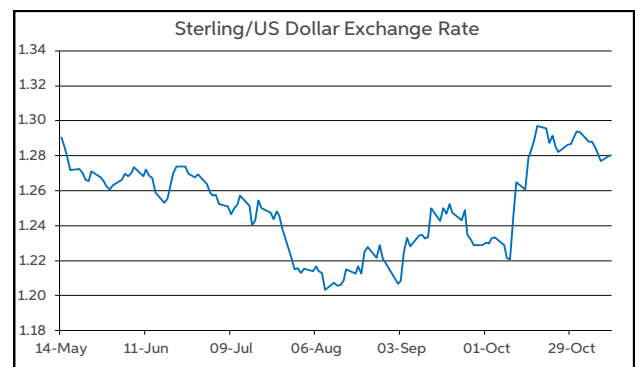
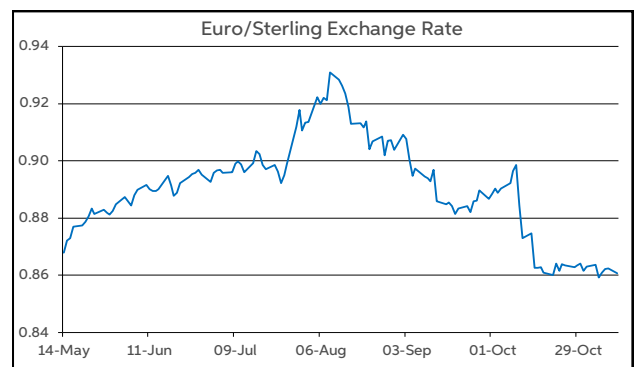
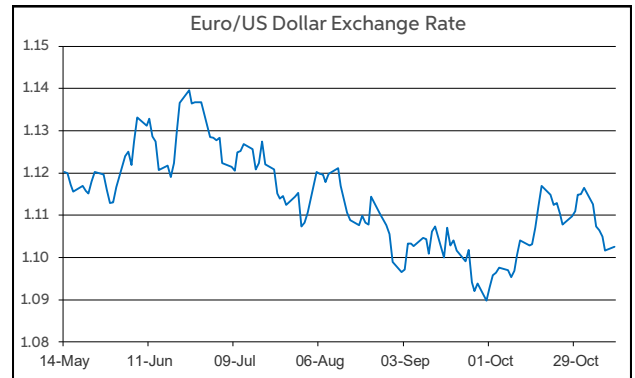
The improvement in investor sentiment linked to positive newsflow regarding US/China trade talks saw bonds sell off last week. US 10-year Treasury yields rose by c.20bps, while the German equivalent increased by 12 bps. Equities also made some gains amid the 'risk-on' mood, with the S&P 500 hitting fresh record highs.

Looking to the week ahead, for sterling, there is busy flow of data releases. This includes GDP and labour market data for Q3, as well as inflation and retail sales data (October). However, unless this data surprises significantly versus expectations, its currency impact may be limited. This is due to the market's focus on the upcoming election (Dec 12th) and the implications it has for Brexit.

In terms of the euro, attention may be centred on the first estimate of German Q3 GDP. This is because the data is forecast will show that the Eurozone's largest economy slipped into recession. Despite being expected, this could still weigh on the euro.

For the dollar, there is a quiet macro diary this week. The only data highlights are retail sales and CPI (both Oct). As a result, the dollar may not get much direction from its own data schedule.

John Fahey, Senior Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2018
EUR/USD	1.1026	-0.24	-3.86
EUR/GBP	0.861	-0.16	-4.16
GBP/USD	1.2805	-0.05	0.38
GBP/EUR	1.1612	0.16	4.34
USD/JPY	108.96	-0.26	-0.55
EUR/JPY	120.15	-0.48	-4.42

* 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	1.625	1.76	1.90	2.00	1.68	1.71
EUR	0.00	-0.46	-0.40	-0.26	-0.33	-0.18
GBP	0.75	0.72	0.79	0.96	0.83	0.89

All rates quoted are indicative market rates

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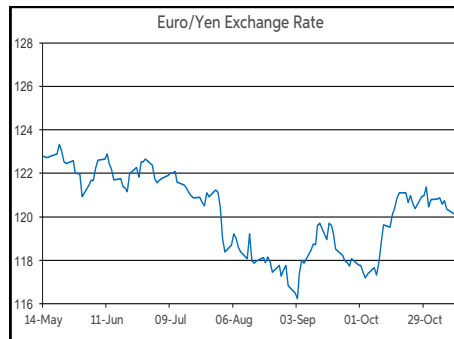
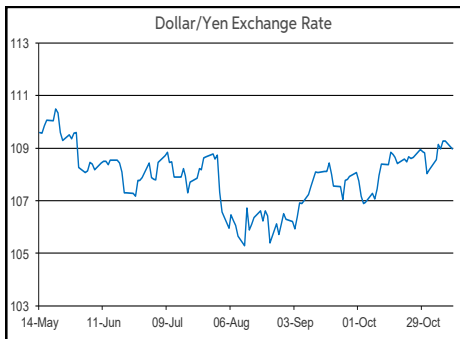
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIB 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Opening Levels

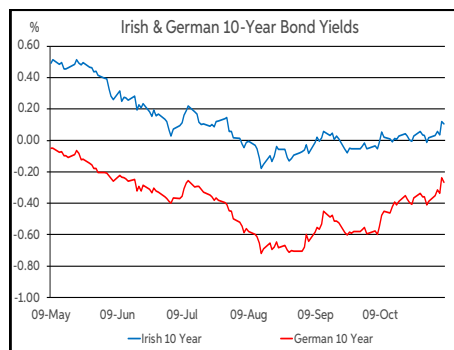
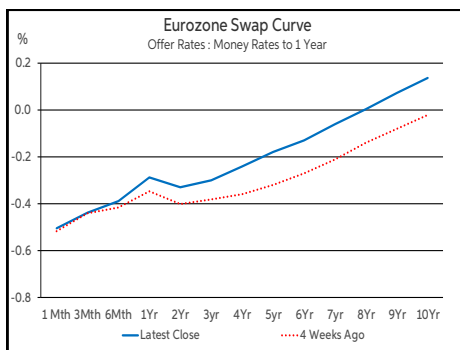
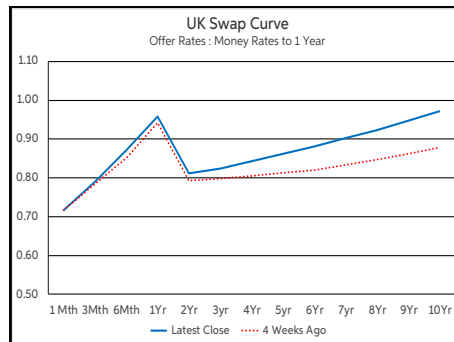
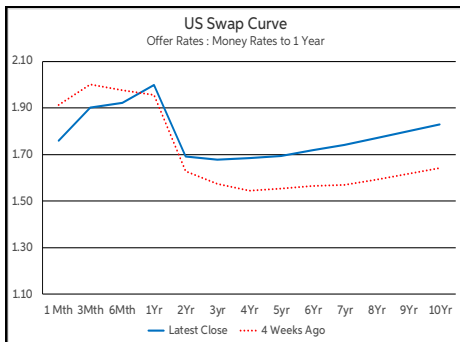
Monday 11 November 2019
07:28 am



Euro		Sterling		Dollar	
EUR/GBP	0.861	GBP/EUR	1.1612	USD/JPY	108.96
EUR/USD	1.1026	GBP/USD	1.2805	USD/CAD	1.3223
EUR/JPY	120.15	GBP/CAD	1.6937	USD/CHF	0.9959
EUR/SEK	10.7107	GBP/NZD	2.017	USD/CNY	7.0057
EUR/DKK	7.4718	GBP/JPY	139.52	USD/BRL	4.1637
EUR/NOK	10.0912	GBP/SEK	12.4354	USD/RUB	63.9218
EUR/CHF	1.0984	GBP/DKK	8.6769	USD/INR	71.4374
EUR/AUD	1.6081	GBP/NOK	11.7178	AUD/USD	0.6856
EUR/HKD	8.6347	GBP/CHF	1.2755	NZD/USD	0.6348
EUR/CAD	1.4584	GBP/AUD	1.8676		



Debt Markets				
	Close	Day	4 Weeks	End 18
10 Year Yield %				
US	1.94	+2	+21	-74
Germany	-0.27	-3	+18	-50
UK	0.79	-0	+9	-48
Ireland	0.11	-2	+8	N/A
Belgium	0.02	-2	+16	-74
France	0.02	-3	+19	-68
Italy	1.27	+3	+24	-144
Spain	0.37	+0	+16	-105
Portugal	0.31	+2	+11	-140
Greece	1.32	+11	-10	-298
5 Year Swap %				
US	1.69	-1	+14	-87
Eurozone	-0.18	-1	+14	-41
UK	0.86	-1	+5	-45
2 Year Swap %				
US	1.69	-2	+6	-95
Eurozone	-0.33	-1	+7	-19
UK	0.81	-0	+2	-35
10 Year Government Bond Spreads to Benchmark bps				
Ireland	37	+2	-10	N/A
Belgium	28	+1	-2	-24
France	29	+0	+0	-18
Italy	154	+6	+6	-94
Spain	63	+3	-2	-54
Portugal	57	+5	-7	-90
Greece	158	+14	-29	-248



Commodities				
	Close	Day	4 Weeks	End 18
Brent Oil	62.51	+0.35	+3.31	+16.19
West Texas Oil	57.02	+0.19	+4.13	+26.29
Gold \$	1458.9	-0.64	-2.10	+13.72

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