

## EUR/GBP dips below 86p

Currency market action yesterday saw sterling make some modest gains. The currency was aided by political headlines. Investors appeared to react positively to the Brexit Party's announcement that it will not run against incumbent Tory MPs in the upcoming general election. The decision could be viewed as reducing the possibility of another hung Parliament.

Data-wise, the main release was the first reading of UK GDP for Q3. The economy expanded by a solid 0.3% in the quarter, aided by good consumer spending and a positive contribution from net trade. While the consensus forecast had been for a 0.4% rise, the slight downside surprise had no impact on sterling.

In level terms, the support for sterling has seen EUR/GBP move just below the 86p threshold. At the same time, GBP/USD is trading up at the midpoint of the \$1.28-1.29 range. Meanwhile, EUR/USD continues to operate in the lower half of the \$1.10-1.11 band.

Turning to the day ahead, UK labour market data for Q3 are set to feature. Despite the pick-up in growth, it is anticipated that a fall in labour demand will see numbers in employment decline by 94k. However, the jobless rate may hold at 3.9%. Tight labour market conditions are expected to see underlying wage inflation hold at a robust 3.8%. Overall though, sterling impact could be muted given the market's preoccupation with UK political newsflow.

Meanwhile, there is a relatively sparse look to the data schedules in both the Eurozone and the US. As a result, the euro and the dollar could range trade again today. However, a speech by President Trump that is expected to touch on the latest developments in US-China trade talks later today will be closely watched by markets.

**Conor Beakey, Economist, AIB**

Today's Opening FX Rates			
		% Change	
		Day *	End 2018
EUR/USD	1.103	0.06	-3.83
EUR/GBP	0.8582	-0.36	-4.47
GBP/USD	1.2851	0.41	0.74
GBP/EUR	1.1647	0.36	4.68
USD/JPY	109.26	0.23	-0.27
EUR/JPY	120.54	0.30	-4.11

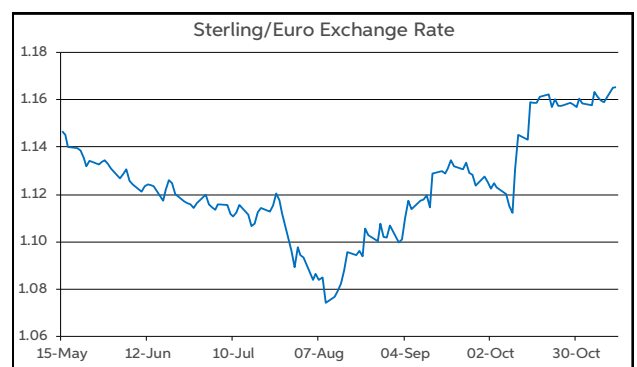
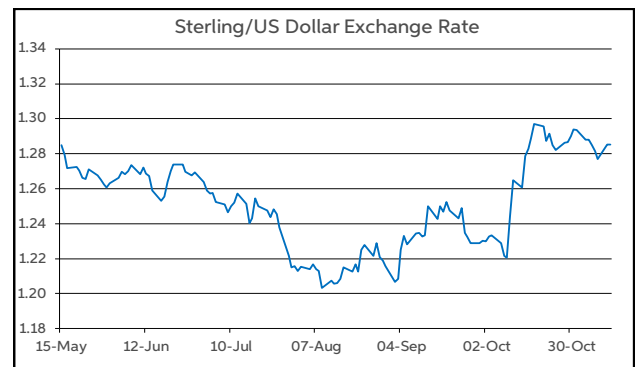
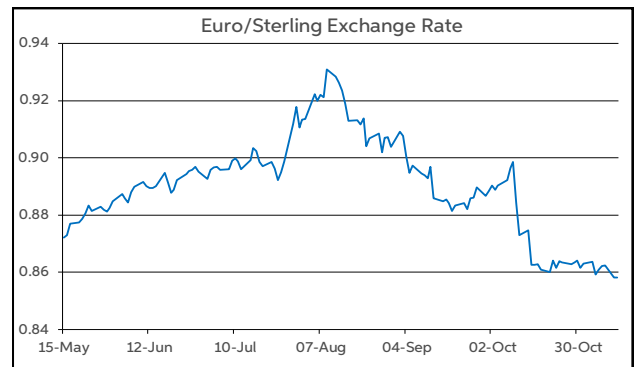
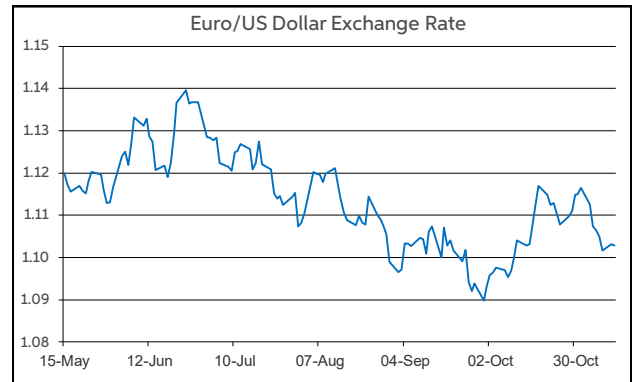
\* v Previous Day's European Open

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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	1.99	1.74	1.73
EUR	0.00	-0.46	-0.40	-0.26	-0.33	-0.17
GBP	0.75	0.72	0.79	0.96	0.83	0.88

All rates quoted are indicative market rates

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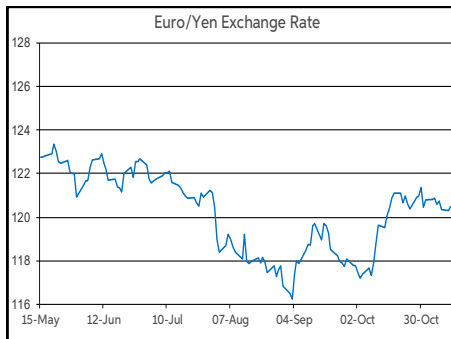
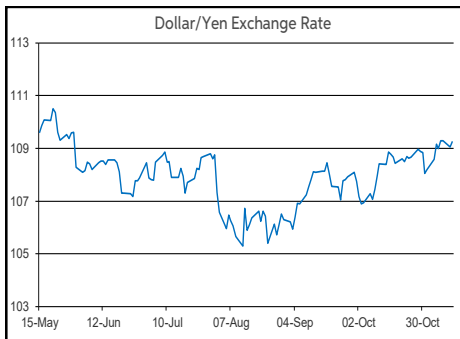
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIB 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

# Opening Levels

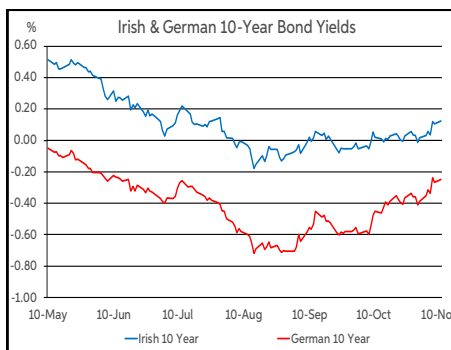
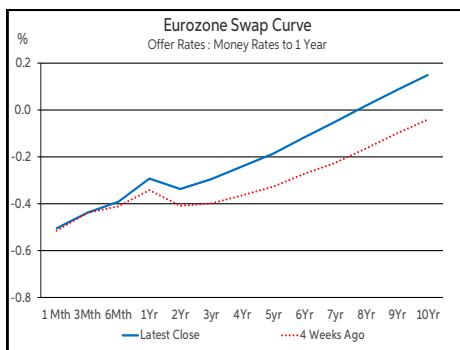
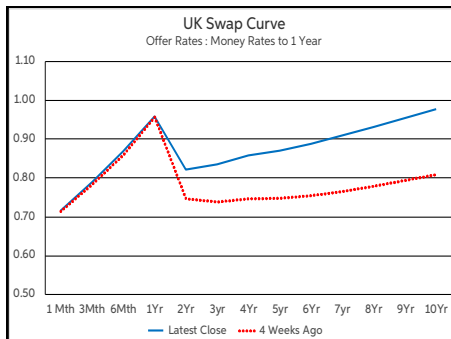
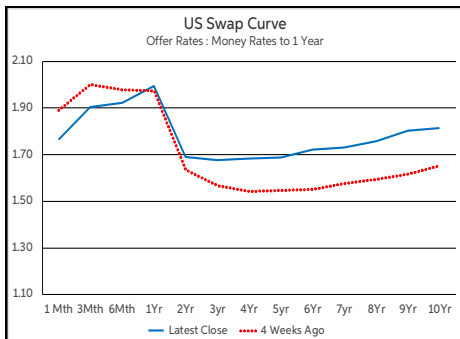
Tuesday 12 November 2019  
07:20 am



Euro		Sterling		Dollar	
EUR/GBP	0.8582	GBP/EUR	1.1647	USD/JPY	109.26
EUR/USD	1.103	GBP/USD	1.2851	USD/CAD	1.3233
EUR/JPY	120.54	GBP/CAD	1.7013	USD/CHF	0.9944
EUR/SEK	10.6985	GBP/NZD	2.0275	USD/CNY	6.9975
EUR/DKK	7.4715	GBP/JPY	140.41	USD/BRL	4.1528
EUR/NOK	10.076	GBP/SEK	12.4608	USD/RUB	63.81
EUR/CHF	1.097	GBP/DKK	8.7046	USD/INR	71.539
EUR/AUD	1.6089	GBP/NOK	11.7398	AUD/USD	0.6856
EUR/HKD	8.6313	GBP/CHF	1.278	NZD/USD	0.6336
EUR/CAD	1.46	GBP/AUD	1.8745		



	Close	Change bps		
		Day	4 Weeks	End 18
<b>10 Year Yield %</b>				
US	1.94	+2	+21	-74
Germany	-0.25	+2	+21	-49
UK	0.80	+2	+17	-46
Ireland	0.13	+2	+12	N/A
Belgium	0.04	+2	+21	-72
France	0.05	+3	+24	-65
Italy	1.34	+7	+34	-138
Spain	0.41	+5	+22	-100
Portugal	0.34	+3	+18	-137
Greece	1.33	+1	-8	-297
<b>5 Year Swap %</b>				
US	1.69	-3	+14	-87
Eurozone	-0.19	-2	+14	-42
UK	0.87	-0	+12	-45
<b>2 Year Swap %</b>				
US	1.69	-2	+6	-95
Eurozone	-0.34	-2	+7	-20
UK	0.82	-0	+7	-34
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	37	+0	-10	N/A
Belgium	29	+0	-1	-24
France	30	+1	+2	-17
Italy	158	+5	+13	-89
Spain	66	+3	+0	-52
Portugal	59	+1	-4	-88
Greece	158	-1	-29	-249



	% Change			
	Close	Day	4 Weeks	End 18
Brent Oil	62.18	-0.53	+4.77	+15.58
West Texas Oil	56.61	-0.72	+5.67	+25.38
Gold \$	1456.2	-0.19	-2.47	+13.50

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