

## Risk aversion, dollar gains

There was a strong risk averse tone to investor sentiment yesterday, linked to negative corporate earnings newsflow. The S&P 500 was around 2% lower at the close last night.

The action on currency markets has seen the dollar continue to hold the upper hand amid the 'risk off' mood. A sparse global macro calendar meant there was no data to influence FX markets. Sterling came into the day on the defensive against a backdrop of Brexit related concerns. However, the currency managed to generally not lose any additional ground. Meanwhile, political uncertainty arising from tensions between Italy and the EU has not been helpful to the euro.

In level terms, the dollar's on-going position of strength is reflected in EUR/USD trading down into the lower half of the \$1.12-1.13 band and GBP/USD remaining pinned down below \$1.29. Meanwhile, EUR/GBP is changing hands in a tight 87-87.5p range.

Ahead today, there is a raft of data due on the UK labour market for Q3 (incl. unemployment, employment and earning's figures). Overall, the data is expected to be consistent with a tightening labour market. Given the BoE's concern over building domestic cost pressures, if the data reinforces this, it could offer some upside support to sterling. However, if there is any major Brexit news (incl. UK cabinet meeting today), then this could overshadow the data and have the greater influence on sterling.

Meantime, there is a quiet US macro diary from a dollar perspective. For the euro, with today the deadline for Italy to submit new budgetary measures to the EU, the currency may be sensitive to political newsflow.

**John Fahey, Senior Economist, AIB**

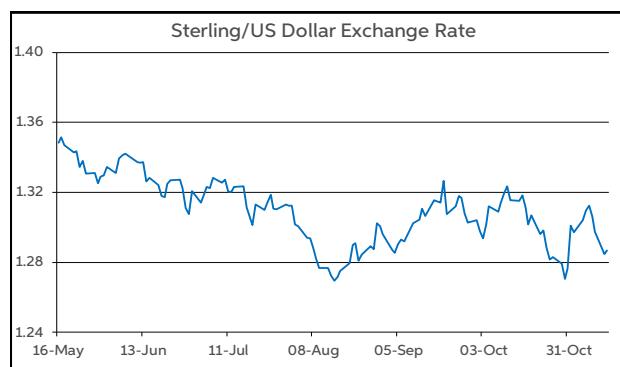
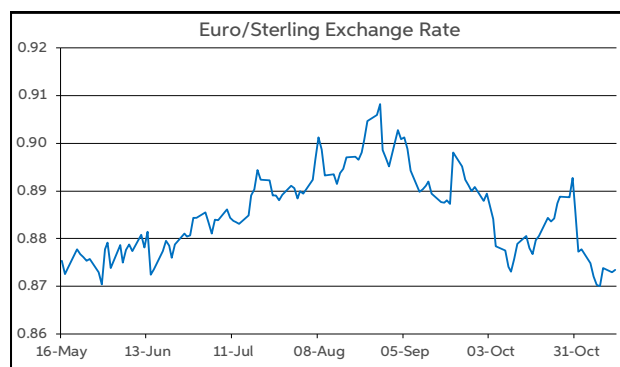
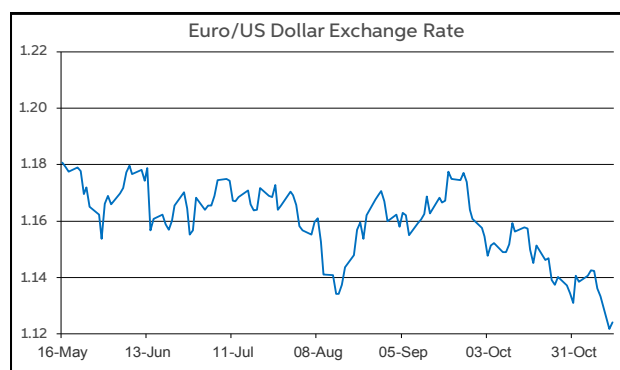
Opening Interest Rates						
	Base Rate	Short Term			Long Term	
		1-Mth	3-Mth	12-Mth	2-Yr	5-Yr
USD	2.125	2.31	2.61	3.13	3.07	3.12
EUR	0.00	-0.37	-0.32	-0.15	-0.12	0.36
GBP	0.75	0.73	0.88	1.14	1.19	1.42

Equity Indices				
	Latest Close	% Changes		
		on Day	End 2017 to Date	
Dow Jones	25387.18	-2.32	+2.70	
S&P 500	2726.22	-1.97	+1.97	
FTSE 100	7053.08	-0.74	-8.26	
DJ Stoxx 50	3194.08	-1.10	-8.84	
ISEQ	6126.62	-0.74	-12.95	
Nikkei	21810.52	-2.06	-4.19	

Today's Opening Rates			
		% Change	
		Day *	End 2017
EUR/USD	1.1241	-0.59	-6.29
EUR/GBP	0.8736	-0.36	-1.65
GBP/USD	1.2866	-0.22	-4.78
GBP/EUR	1.1443	0.37	1.68
USD/JPY	113.92	-0.11	1.11
EUR/JPY	128.08	-0.69	-5.25

\* v Previous Day's European Open

See Next Page for More Rates ▶▶▶



All rates quoted are indicative market rates

See Next Page For More Rates & Charts

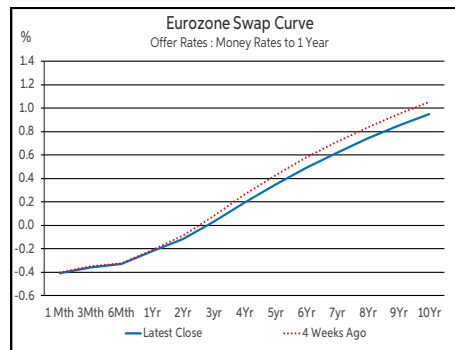
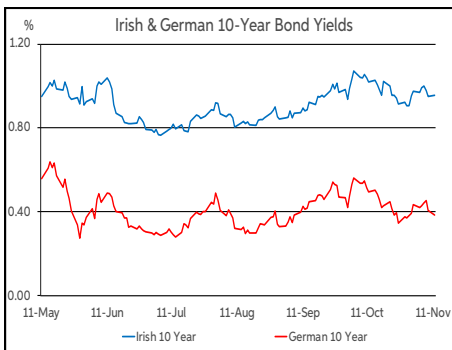
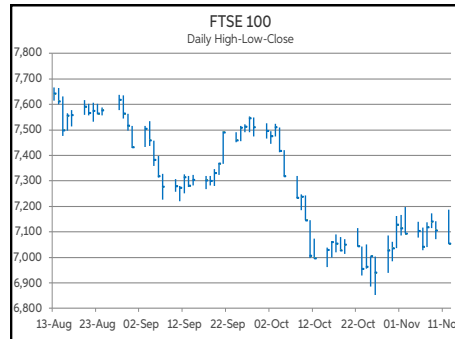
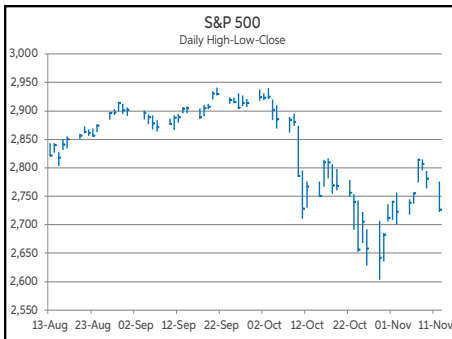
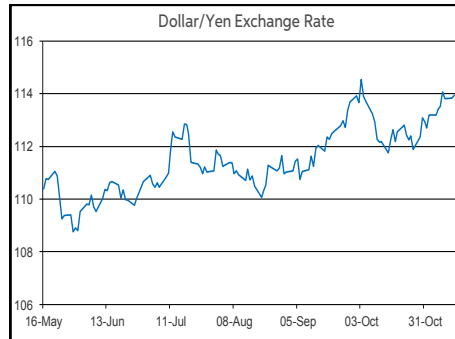
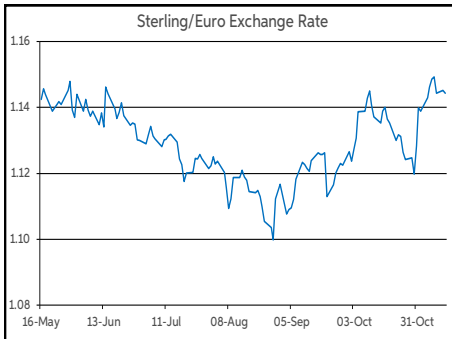
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite Lenny Hogan	Reuters Phone	AIB 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

# Opening Levels

Tuesday 13 November 2018  
07:23 am



Euro		Sterling		Dollar	
EUR/GBP	0.8736	GBP/EUR	1.1443	USD/JPY	113.92
EUR/USD	1.1241	GBP/USD	1.2866	USD/CAD	1.3227
EUR/JPY	128.08	GBP/CAD	1.7023	USD/CHF	1.0099
EUR/SEK	10.257	GBP/NZD	1.9067	USD/CNY	6.9555
EUR/DKK	7.4606	GBP/JPY	146.57	USD/BRL	3.7674
EUR/NOK	9.5666	GBP/SEK	11.7373	USD/RUB	67.7133
EUR/CHF	1.1354	GBP/DKK	8.5365	USD/INR	72.625
EUR/AUD	1.5598	GBP/NOK	10.9469	AUD/USD	0.7205
EUR/HKD	8.8041	GBP/CHF	1.2995	NZD/USD	0.6746
EUR/CAD	1.4872	GBP/AUD	1.7853		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 17
<b>10 Year Yield %</b>				
US	3.18	+0	+3	+78
Germany	0.38	-2	-12	-4
UK	1.43	-6	-18	+25
Ireland	0.96	+1	-7	N/A
Belgium	0.82	-0	-7	+20
France	0.76	-1	-10	-1
Italy	3.42	+3	-11	+143
Spain	1.57	-1	-9	+3
Portugal	1.93	+1	-7	+4
Greece	4.37	+5	+3	+33
<b>5 Year Swap %</b>				
US	3.13	-3	+1	+89
Eurozone	0.34	-2	-8	+3
UK	1.41	-6	-7	+37
<b>2 Year Swap %</b>				
US	3.08	-3	+5	+100
Eurozone	-0.12	-2	-3	+2
UK	1.18	-4	+1	+37
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	57	+3	+5	N/A
Belgium	43	+2	+5	+24
France	38	+1	+2	+2
Italy	304	+6	+1	+146
Spain	119	+1	+3	+7
Portugal	155	+3	+5	+7
Greece	399	+7	+15	+36

Commodities				
	Close	% Change		
		Day	4 Weeks	End 17
Brent Oil	70.12	-0.09	-13.20	+4.86
West Texas Oil	59.85	-0.56	-16.69	-1.01
CRB - All Commodity	187.99	-0.24	-5.88	-3.03
CRB - Food	332.41	-0.20	-2.12	-1.08
Gold \$	1200.7	-0.77	-2.17	-7.82

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