

## No surprises from Fed; attention shifts to BoE

As expected, last night's Fed meeting concluded with no changes to policy. The tone of the meeting statement remained hawkish. It continued to note that the Committee expected a "gradual" pace of interest rate hikes. Overall, the statement did nothing to alter market expectations that the Fed will hike rates again in December.

As a result, impact on the dollar was very limited. The lack of reaction may also reflect the fact that President Trump is expected to announce his pick for the new Fed Chair later today.

In level terms, cable (GBP/USD) opens this morning broadly unchanged, trading in the upper half of the \$1.32-1.33 band. The EUR/USD pair is around the mid-point of the \$1.16 level. Elsewhere, a quiet schedule in Europe yesterday meant that EUR/GBP was confined to a narrow 87.3-87.8p range.

Turning to the day ahead, the focus will be firmly on the BoE meeting outcome. The market consensus is that the MPC will vote by a margin of 6 to 3 to increase the bank rate by 25bps to 0.50%. This reflects the backdrop where headline inflation is at 3%, the core rate is at 2.7%, while the unemployment rate is at a 42-year low.

Assuming that the BoE hikes today, then markets will be closely analysing the Inflation Report, meeting minutes and BoE Governor Carney's press conference for a steer on the interest rate outlook.

Should the BoE signal today that further hikes are on the horizon, then it would likely provide a boost to sterling. However, if the MPC suggests that today's hike does not represent the start of a tightening cycle, then positive sterling impact may be more muted.

### Dara Turnbull, Economist, AIB

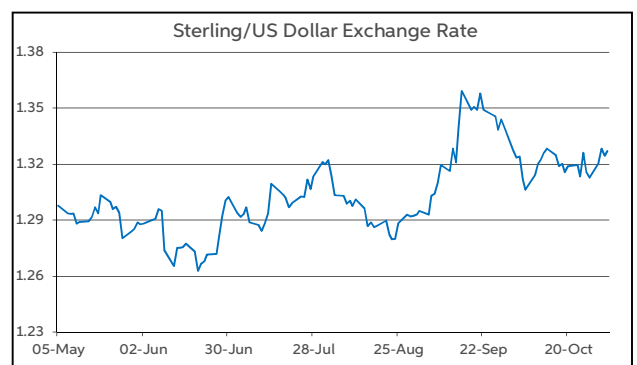
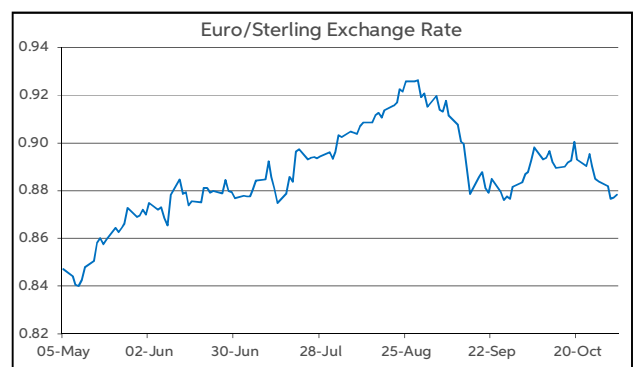
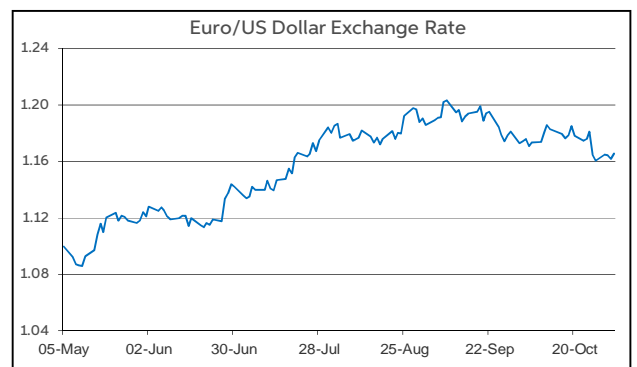
Opening Interest Rates						
	Base Rate	Short Term			Long Term	
		1-Mth	3-Mth	12-Mth	2-Yr	5-Yr
USD	1.125	1.24	1.38	1.86	1.84	2.09
EUR	0.00	-0.37	-0.33	-0.19	-0.18	0.21
GBP	0.25	0.42	0.45	0.78	0.88	1.14

Equity Indices				
	Latest Close	% Changes		
		on Day	End 2016 to Date	
Dow Jones	23435.01	+0.25	+18.58	
S&P 500	2579.36	+0.16	+15.21	
FTSE 100	7487.96	-0.07	+4.83	
DJ Stoxx 50	3697.4	+0.64	+12.37	
ISEQ	7010.59	+0.54	+7.57	
Nikkei	22539.12	+0.53	+17.92	

Today's Opening Rates			
		% Change	
		Day *	End 2016
EUR/USD	1.1658	0.25	10.89
EUR/GBP	0.8782	0.27	3.10
GBP/USD	1.3273	-0.02	7.60
GBP/EUR	1.1383	-0.27	-3.01
USD/JPY	113.94	0.03	-2.51
EUR/JPY	132.84	0.26	7.88

\* 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

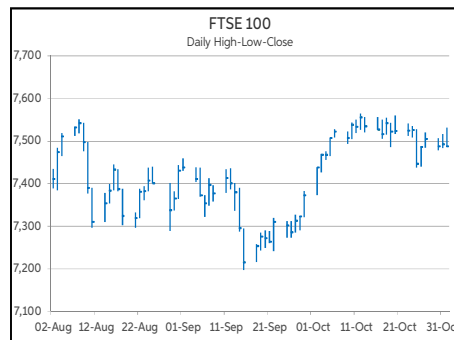
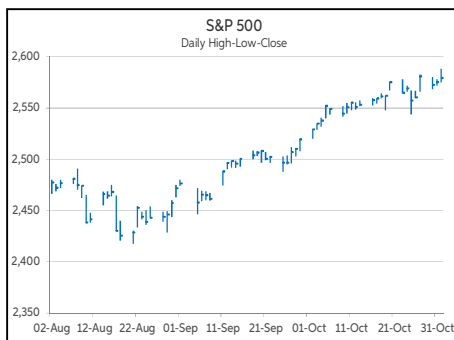
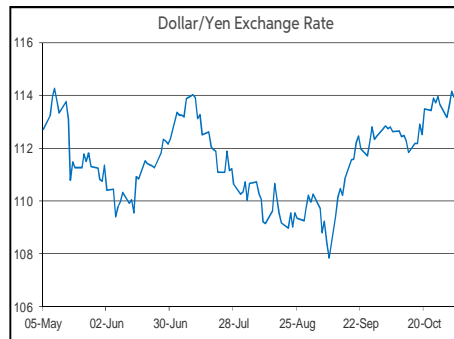
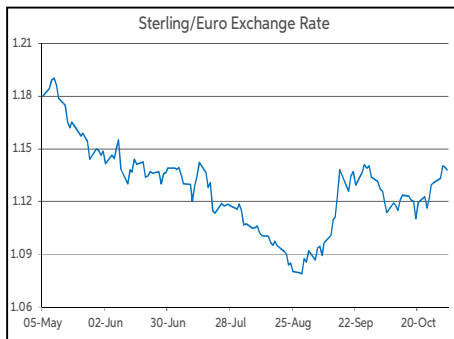
FX Spot	Karl Cooke Shane Gargan Adrian Flanagan Enda Homan	FX Options	Mark Tuite Lenny Hogan	Reuters Phone	AIB 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

# Opening Levels

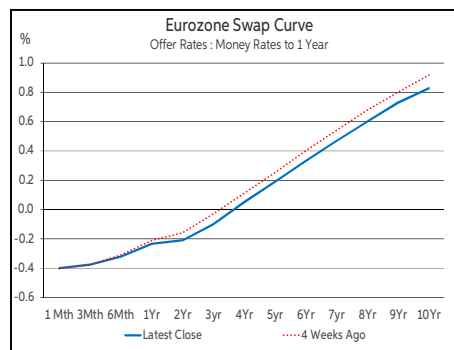
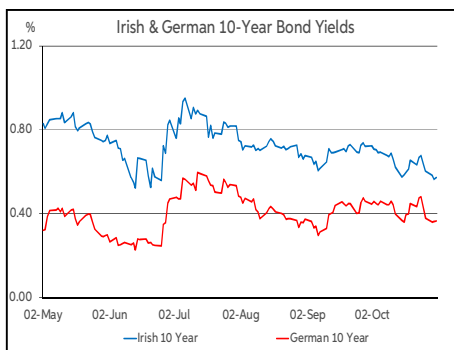
Thursday 02 November 2017  
07:29 am



Euro		Sterling		Dollar	
EUR/GBP	0.8782	GBP/EUR	1.1383	USD/JPY	113.94
EUR/USD	1.1658	GBP/USD	1.3273	USD/CAD	1.2827
EUR/JPY	132.84	GBP/CAD	1.7028	USD/CHF	0.9991
EUR/SEK	9.7668	GBP/NZD	1.9167	USD/CNY	6.5986
EUR/DKK	7.4412	GBP/JPY	151.23	USD/BRL	3.2673
EUR/NOK	9.4736	GBP/SEK	11.1188	USD/RUB	58.0055
EUR/CHF	1.1648	GBP/DKK	8.4703	USD/INR	64.575
EUR/AUD	1.5099	GBP/NOK	10.786	AUD/USD	0.7721
EUR/HKD	9.0943	GBP/CHF	1.326	NZD/USD	0.6923
EUR/CAD	1.4955	GBP/AUD	1.7189		



	Close	Change bps		
		Day	4 Weeks	End 16
<b>10 Year Yield %</b>				
US	2.37	-1	+5	-7
Germany	0.37	+1	-8	+17
UK	1.34	+1	-3	+11
Ireland	0.57	+1	-13	-18
Belgium	0.61	+1	-12	+10
France	0.76	+0	+1	+8
Italy	1.80	-2	-44	-1
Spain	1.46	+1	-30	+9
Portugal	2.07	+3	-32	-165
Greece	5.17	-22	-33	-171
<b>5 Year Swap %</b>				
US	2.06	-2	+7	+10
Eurozone	0.19	-2	-6	+11
UK	1.13	+3	+3	+25
<b>2 Year Swap %</b>				
US	1.80	-2	+7	+36
Eurozone	-0.21	-2	-5	-5
UK	0.87	+2	+6	+27
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	21	+0	-5	-34
Belgium	24	+1	-4	-7
France	39	-0	+10	-9
Italy	143	-2	-36	-18
Spain	110	+1	-22	-8
Portugal	171	+3	-24	-182
Greece	480	-22	-25	-188



	Close	% Change		
		Day	4 Weeks	End 16
Brent Oil	60.49	-1.43	+8.41	+6.46
West Texas Oil	54.32	-0.07	+8.64	+1.06
CRB - All Commodity	187.94	+0.20	+3.67	-2.37
CRB - Food	345.24	+0.63	+3.40	+1.92
Gold \$	1274.8	+0.22	-0.02	+10.64

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