

## Warm start to winter for sterling

Last week saw an improvement in the performance of sterling, with the currency managing to regain some upward momentum. It was helped by a more positive tone to Brexit newsflow (which suggested progress was being made in the exit talks), as well as a hawkish tone coming from the BoE's November policy meeting/ Inflation Report. In level terms, the firmer position of sterling was reflected in EUR/GBP falling back below the 88p mark and GBP/USD trading up to near the \$1.30 level. Elsewhere, EUR/USD changed hands in a \$1.13-1.145 range during the week.

Looking ahead to this week, it's the turn of the US Federal Reserve to take centre stage from a monetary policy perspective. No policy changes are expected. The Fed has guided that it will hike rates again in December. Therefore, the meeting statement (no press conference this month) will be looked to for further confirmation of this as well as for the Fed's updated views on the economic outlook. Overall, from a dollar viewpoint, the statement may not generate much reaction. The mid-term elections will also be worthy of attention and could cause some volatility for the dollar.

Data-wise, the main highlight this week is the first reading of UK GDP for Q3. The release is expected provide further evidence that the UK economy has regained momentum in recent months. Therefore, at the margin, it may offer some upside support to sterling. Meanwhile, as last week showed again, the currency remains sensitive to Brexit headlines.

For the euro, this week's schedule is very sparse. Industrial output (Sept) from France and Germany are the only releases of any note. Therefore, given this quiet macro backdrop and barring any major political newsflow (e.g. Italy/EU budget tensions), direction may be driven by the non-euro side of its key pairs this week.

**John Fahey, Senior Economist, AIB**

### Today's Opening Rates

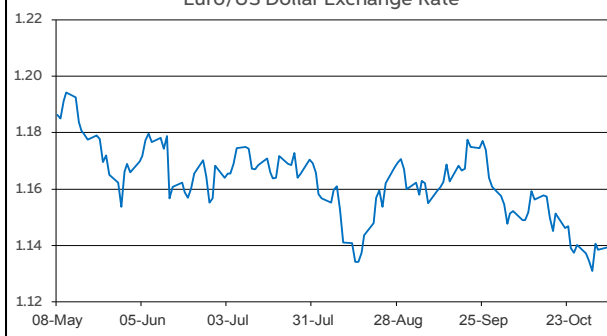
		% Change	
		Day *	End 2017
EUR/USD	1.1393	-0.27	-5.03
EUR/GBP	0.8758	-0.27	-1.41
GBP/USD	1.3008	0.01	-3.73
GBP/EUR	1.1414	0.27	1.43
USD/JPY	113.23	0.23	0.50
EUR/JPY	129.01	-0.04	-4.56

\* v Previous Day's European Open

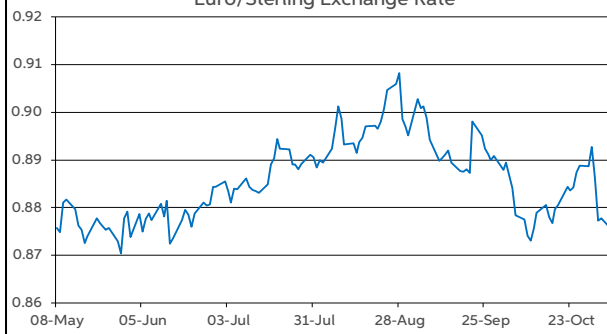
See Next Page for More Rates



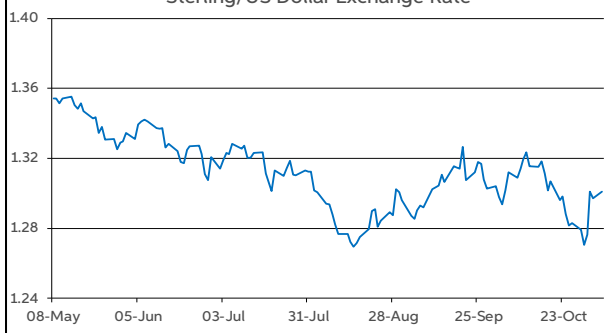
Euro/US Dollar Exchange Rate



Euro/Sterling Exchange Rate



Sterling/US Dollar Exchange Rate



### Opening Interest Rates

	Base Rate	Short Term			Long Term	
		1-Mth	3-Mth	12-Mth	2-Yr	5-Yr
USD	2.125	2.32	2.59	3.10	3.10	3.17
EUR	0.00	-0.37	-0.32	-0.15	-0.12	0.36
GBP	0.75	0.73	0.83	1.12	1.19	1.44

### Equity Indices

	Latest Close	% Changes	
		on Day	End 2017 to Date
Dow Jones	25270.83	-0.43	+2.23
S&P 500	2723.06	-0.63	+1.85
FTSE 100	7094.12	-0.29	-7.72
DJ Stoxx 50	3214.41	+0.32	-8.26
ISEQ	6224.07	+1.10	-11.57
Nikkei	21898.99	-1.55	-3.80

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

Monday 05 November 2018  
07:23 am



## Euro

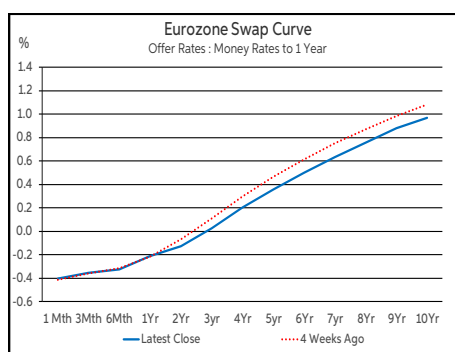
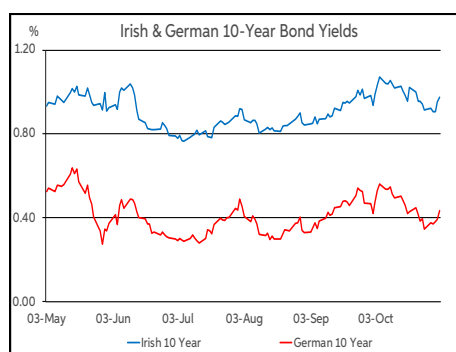
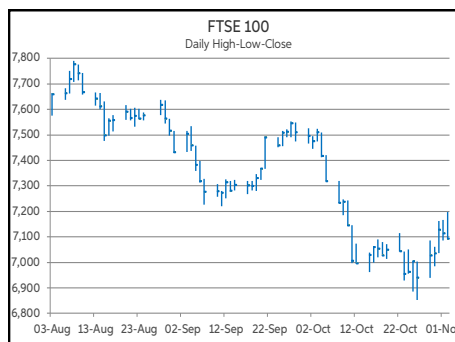
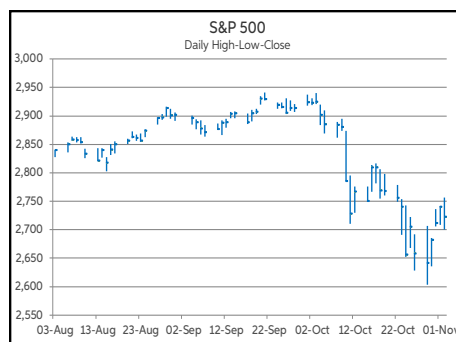
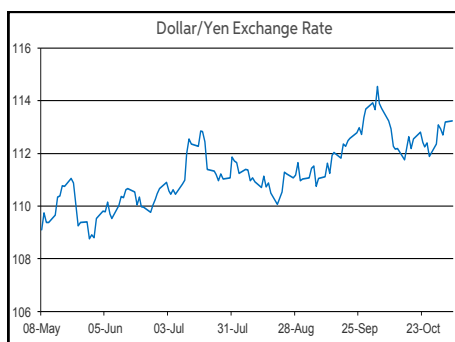
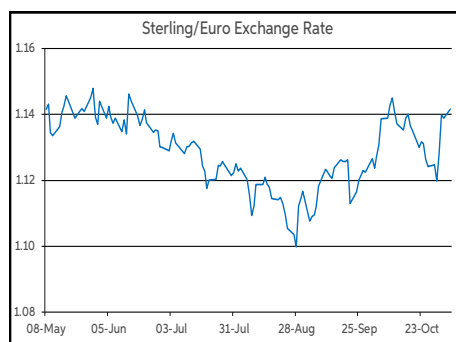
EUR/GBP	0.8757
EUR/USD	1.1394
EUR/JPY	129
EUR/SEK	10.3118
EUR/DKK	7.46
EUR/NOK	9.5222
EUR/CHF	1.1431
EUR/AUD	1.5831
EUR/HKD	8.9264
EUR/CAD	1.4933

## Sterling

GBP/EUR	1.1414
GBP/USD	1.3008
GBP/CAD	1.705
GBP/NZD	1.9554
GBP/JPY	147.29
GBP/SEK	11.7692
GBP/DKK	8.5161
GBP/NOK	10.8724
GBP/CHF	1.3047
GBP/AUD	1.8073

## Dollar

USD/JPY	113.23
USD/CAD	1.3103
USD/CHF	1.0032
USD/CNY	6.9204
USD/BRL	3.6965
USD/RUB	66.0593
USD/INR	73.07
AUD/USD	0.7196
NZD/USD	0.665



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 17
<b>10 Year Yield %</b>				
US	3.22	+9	-1	+81
Germany	0.43	+4	-13	+1
UK	1.49	+5	-22	+31
Ireland	0.97	+2	-10	N/A
Belgium	0.79	+1	-12	+17
France	0.79	+4	-11	+1
Italy	3.29	-7	-12	+130
Spain	1.56	+2	-1	+1
Portugal	1.87	+0	-5	-3
Greece	4.24	+6	-20	+20
<b>5 Year Swap %</b>				
US	3.15	+6	-2	+91
Eurozone	0.36	-1	-11	+4
UK	1.44	+3	-13	+40
<b>2 Year Swap %</b>				
US	3.09	+5	+3	+100
Eurozone	-0.13	-2	-6	+2
UK	1.18	+2	-4	+38
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	54	-2	+3	N/A
Belgium	35	-3	+1	+16
France	36	-0	+2	-0
Italy	286	-11	+1	+128
Spain	112	-2	+12	-0
Portugal	143	-4	+7	-4
Greece	381	+2	-7	+18

Commodities				
	% Change			
	Close	Day	4 Weeks	End 17
Brent Oil	72.83	-0.08	-13.46	+8.91
West Texas Oil	63.12	-0.86	-15.00	+4.40
CRB - All Commodity	192.30	+0.34	-3.38	-0.81
CRB - Food	338.97	+0.30	+0.24	+0.87
Gold \$	1233.3	-0.03	+2.50	-5.32

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