

US elections event risk for the dollar

The start of the trading week on currency markets yesterday got off to a relatively uneventful start. The main pairs were largely confined to tight ranges. This may in a large part be due to the market adopting a wait-and-see approach ahead of today's US midterm elections. Of the action that did register, sterling made some gains, maintaining its upward momentum from last week.

Yesterday's macro releases went largely unnoticed from an FX perspective. The UK services PMI for October surprised to the downside of expectations. It suggests that the UK economy may have started off Q4 on a slightly softer footing after regaining momentum in both Q2 and Q3. Meantime, in the US, in keeping with the recent trend, another release printed ahead of expectations. This time it was the turn of the non-manufacturing ISM (October). It fell by less than forecast and remains consistent with a solid pace of growth in the sector in early Q4.

As trading gets underway this morning, the firmer tone to sterling is reflected in EUR/GBP edging down into the lower half of the 87-88p band and GBP/USD regaining further ground up in \$1.30 territory. Meanwhile, EUR/USD is changing hands in a tight range just above \$1.14.

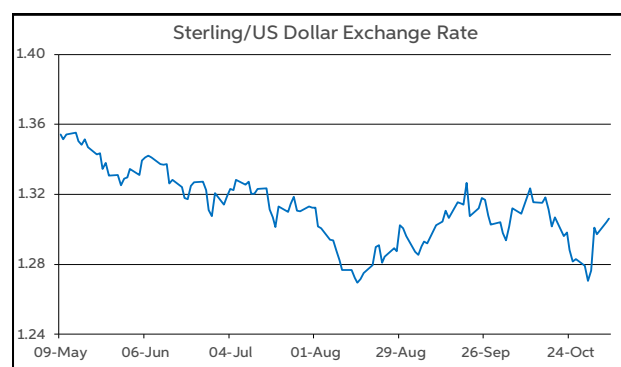
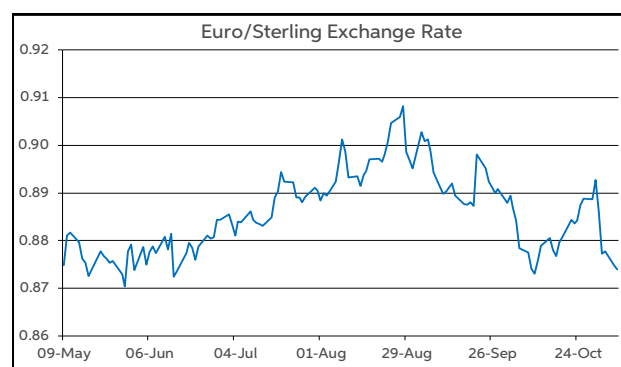
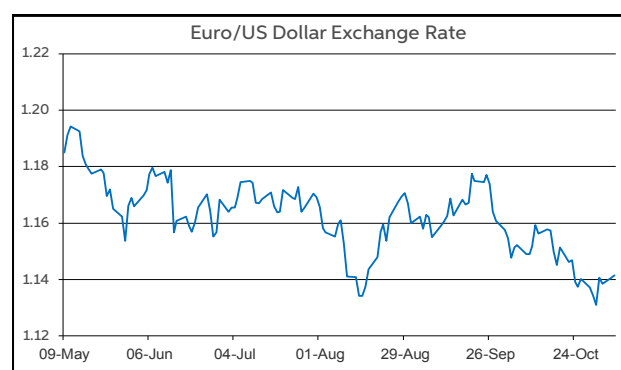
Today, the aforementioned US elections may result in currency markets on hold awaiting their outcome. Results are likely to be coming in throughout Tuesday night/Wednesday morning. Polls suggest Republicans may retain the Senate while Democrats could take control of house. The dollar could experience some volatility as the various results come in. Elsewhere today, there is a quiet Eurozone macro schedule. For sterling, given the currency's sensitivity to Brexit newsflow, a UK cabinet meeting will warrant attention amid mixed reports of progress in the exit talks.

John Fahey, Senior Economist, AIB

Today's Opening Rates			
		% Change	
		Day *	End 2017
EUR/USD	1.1417	0.25	-4.83
EUR/GBP	0.874	-0.30	-1.61
GBP/USD	1.3063	0.57	-3.32
GBP/EUR	1.144	0.30	1.64
USD/JPY	113.37	0.11	0.62
EUR/JPY	129.44	0.36	-4.25

* 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	2.125	2.32	2.59	3.12	3.09	3.16
EUR	0.00	-0.37	-0.32	-0.15	-0.12	0.37
GBP	0.75	0.73	0.84	1.12	1.20	1.45

Equity Indices				
	Latest Close	% Changes		
		on Day	End 2017 to Date	
Dow Jones	25461.7	+0.76	+3.00	
S&P 500	2738.31	+0.56	+2.42	
FTSE 100	7103.84	+0.14	-7.60	
DJ Stoxx 50	3217.37	+0.09	-8.18	
ISEQ	6191.37	-0.53	-12.03	
Nikkei	22147.75	+1.14	-2.71	

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

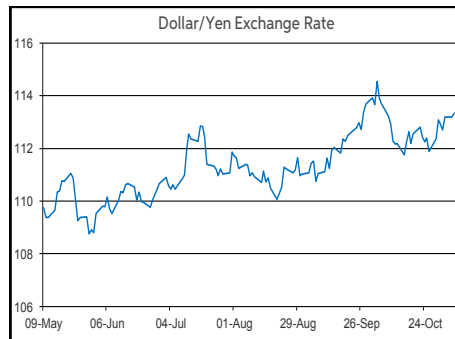
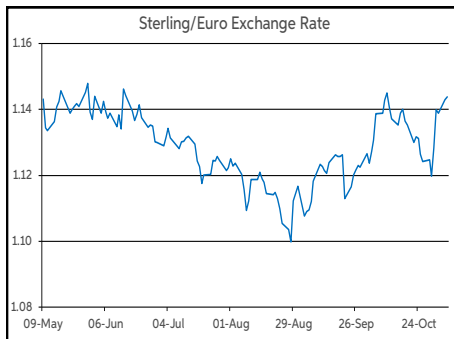
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite Lenny Hogan	Reuters Phone	AIB 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Opening Levels

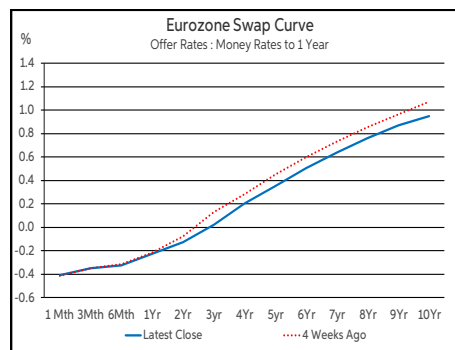
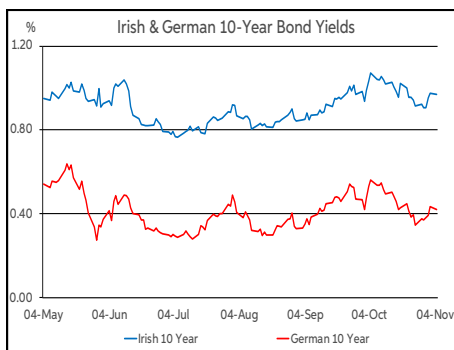
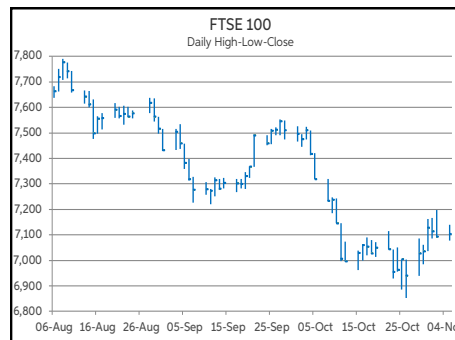
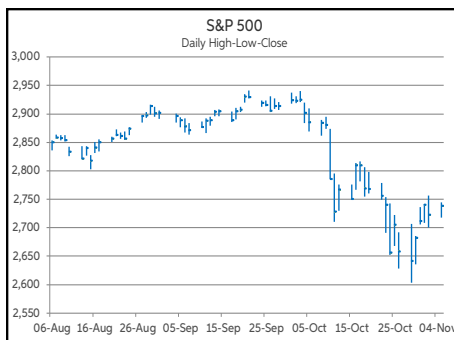
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Euro		Sterling		Dollar	
EUR/GBP	0.874	GBP/EUR	1.144	USD/JPY	113.37
EUR/USD	1.1417	GBP/USD	1.3063	USD/CAD	1.3112
EUR/JPY	129.44	GBP/CAD	1.7128	USD/CHF	1.0037
EUR/SEK	10.3284	GBP/NZD	1.9604	USD/CNY	6.9181
EUR/DKK	7.4599	GBP/JPY	148.1	USD/BRL	3.726
EUR/NOK	9.529	GBP/SEK	11.8122	USD/RUB	65.9978
EUR/CHF	1.1462	GBP/DKK	8.5335	USD/INR	72.96
EUR/AUD	1.5809	GBP/NOK	10.903	AUD/USD	0.722
EUR/HKD	8.9443	GBP/CHF	1.3113	NZD/USD	0.666
EUR/CAD	1.4973	GBP/AUD	1.8087		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 17
10 Year Yield %				
US	3.20	-2	-3	+80
Germany	0.42	-1	-12	+0
UK	1.49	+0	-19	+31
Ireland	0.97	-0	-7	N/A
Belgium	0.81	+2	-7	+20
France	0.79	+0	-9	+1
Italy	3.31	+2	-22	+132
Spain	1.55	-1	-3	+0
Portugal	1.87	+0	-8	-2
Greece	4.25	+1	-35	+21
5 Year Swap %				
US	3.14	-2	-4	+90
Eurozone	0.35	-2	-10	+4
UK	1.44	-0	-9	+40
2 Year Swap %				
US	3.06	-3	+0	+98
Eurozone	-0.13	-1	-5	+2
UK	1.18	-1	-2	+38
10 Year Government Bond Spreads to Benchmark bps				
Ireland	55	+1	+4	N/A
Belgium	39	+4	+4	+20
France	37	+1	+3	+1
Italy	289	+3	-11	+131
Spain	113	+0	+8	+0
Portugal	145	+2	+3	-2
Greece	383	+2	-24	+21



Commodities				
	Close	% Change		
		Day	4 Weeks	End 17
Brent Oil	73.17	+0.47	-12.80	+9.42
West Texas Oil	63.12	+0.00	-15.01	+4.40
CRB - All Commodity	192.58	+0.14	-3.59	-0.66
CRB - Food	338.56	-0.41	+0.17	+0.75
Gold \$	1231.7	-0.13	+3.64	-5.45

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