

Sterling strengthens

There was a mixed mood on markets as the third quarter came to a close. Equities were higher in the US, while the main European exchanges were slightly down on the day. On currency markets, sterling gained some ground, helped by quarter end flows. BoE Chief Economist Haldane, indicated that negative rates are still some time away also, providing further support for the pound.

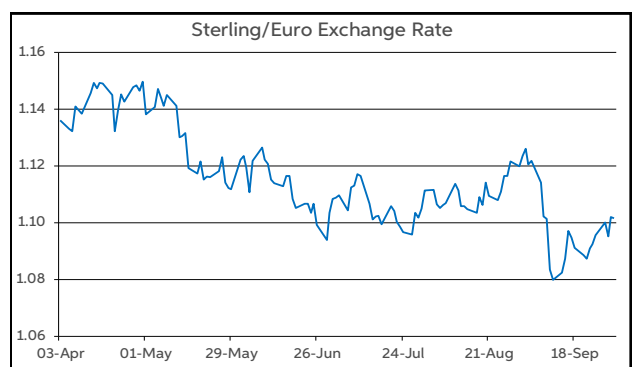
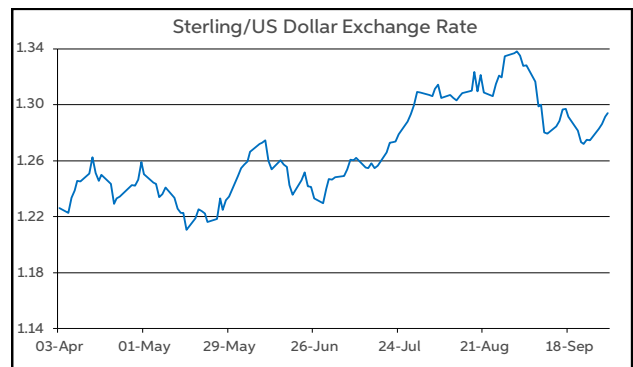
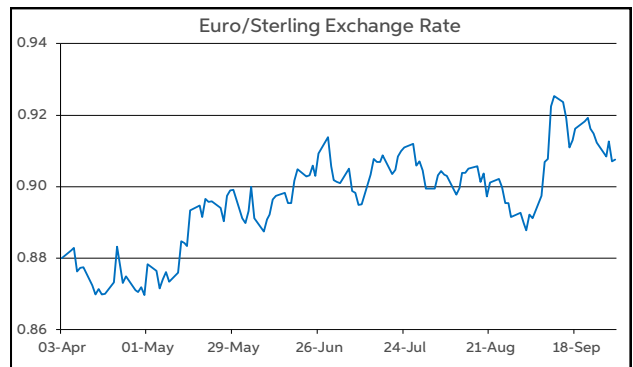
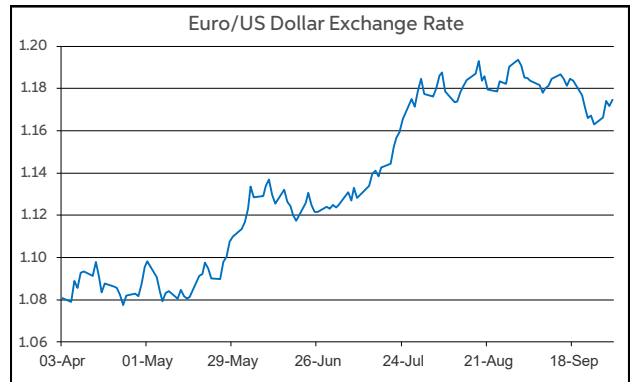
Meanwhile in the US, Treasury Secretary Mnuchin indicated that talks were ongoing between Democrats and the White House on another fiscal stimulus package. Meantime, pending home sales increased by 8.8% in August, beating expectations of a 3.4% rise. Other data in the US, such as the ADP national employment and the Chicago PMI, also came in ahead of expectations.

In the Eurozone, President Lagarde's speech at the ECB Watchers conference suggested the bank may consider allowing inflation to exceed its current 2% target. President Lagarde also stressed that both monetary and fiscal policies must remain expansionary in the current environment.

The firmer sterling tone is reflected in EUR/GBP opening this morning back below 91p. EUR/USD is changing hands around the midpoint of \$1.17–1.18, while GBP/USD is operating around \$1.295.

Turning to the day ahead, the Fed's favoured measure of inflation core-PCE, is expected to have edged up 1.4% in August. The August print of personal consumption will also be closely watched, as many households stopped receiving enhanced benefits in the month. The manufacturing ISM is forecast to rise to 56.3 in September from 56.0. Meanwhile, the Eurozone unemployment rate is projected to have edged up to 8.1% in August from 7.9%.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2019
EUR/USD	1.1747	0.12	4.79
EUR/GBP	0.9074	-0.67	7.33
GBP/USD	1.2943	0.81	-2.38
GBP/EUR	1.1017	0.67	-6.83
USD/JPY	105.48	0.00	-2.88
EUR/JPY	123.92	0.11	1.72

* v Previous Day's European Open

See Next Page for More Rates

Opening Interest Rates						
	Base Rate	Money Market		Swap Rates		
		1-Mth	3-Mth	1-Yr	2-Yr	5-Yr
USD	0.125	0.15	0.23	0.20	0.24	0.37
EUR	0.00	-0.52	-0.49	-0.48	-0.48	-0.42
GBP	0.10	0.05	0.07	0.07	0.08	0.20

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

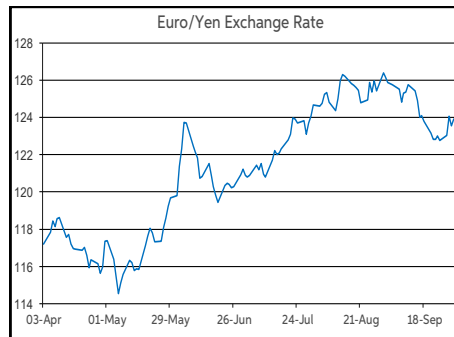
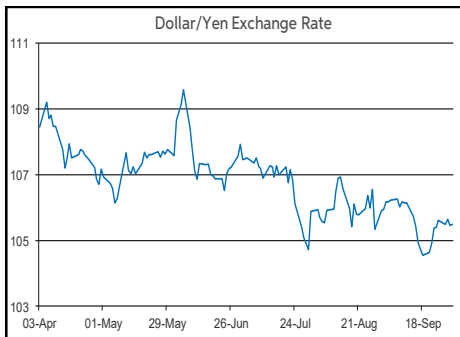
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Opening Levels

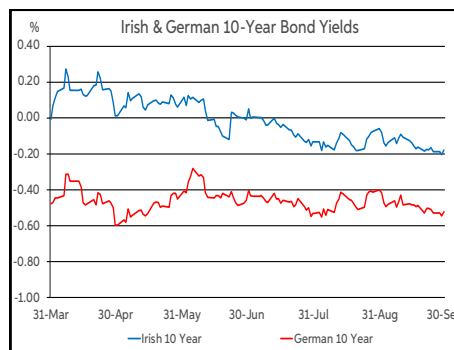
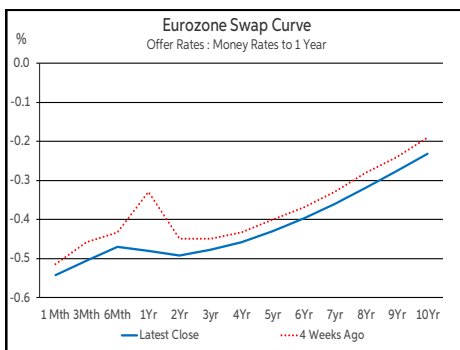
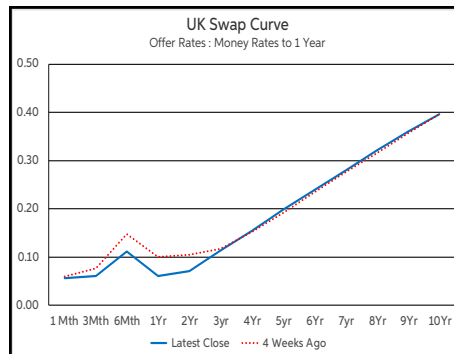
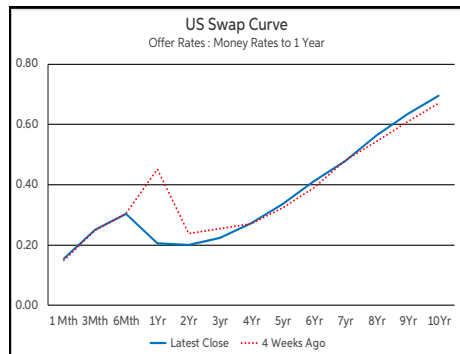
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Euro		Sterling		Dollar	
EUR/GBP	0.9074	GBP/EUR	1.1017	USD/JPY	105.48
EUR/USD	1.1747	GBP/USD	1.2943	USD/CAD	1.3281
EUR/JPY	123.92	GBP/CAD	1.7183	USD/CHF	0.9191
EUR/SEK	10.4888	GBP/NZD	1.9477	USD/CNY	6.7898
EUR/DKK	7.4441	GBP/JPY	136.53	USD/BRL	5.6105
EUR/NOK	10.9094	GBP/SEK	11.5535	USD/RUB	77.1344
EUR/CHF	1.0798	GBP/DKK	8.2016	USD/INR	73.4175
EUR/AUD	1.6323	GBP/NOK	12.017	AUD/USD	0.7197
EUR/HKD	9.1022	GBP/CHF	1.1894	NZD/USD	0.6645
EUR/CAD	1.5599	GBP/AUD	1.7986		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 19
10 Year Yield %				
US	0.69	+3	+4	-123
Germany	-0.52	+2	-5	-33
UK	0.23	+5	-0	-59
5 Year Swap %				
US	0.34	+2	+2	-137
Eurozone	-0.43	+1	-2	-31
UK	0.20	+3	+1	-68
2 Year Swap %				
US	0.20	-1	-1	-146
Eurozone	-0.49	-0	-3	-20
UK	0.07	+1	-2	-72
10 Year Government Bond Spreads to Benchmark bps				
Ireland	38	+1	+2	+8
Belgium	23	+1	-3	-5
France	28	+1	-1	-3
Italy	139	+1	-12	-22
Spain	77	+1	-3	+12
Portugal	79	+1	-4	+16
Greece	154	-2	-6	-10



Commodities				
	% Change			
	Close	Day	4 Weeks	End 19
Brent Oil	40.95	-0.19	-7.83	-37.95
West Texas Oil	40.05	+2.61	-6.34	-34.49
Gold \$	1885.4	-0.65	-2.94	+24.29

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