

EUR/USD moves below \$1.09

The euro lost some ground against both the dollar and sterling yesterday. This was despite a positive surprise in the August print of Eurozone unemployment. The jobless rate edged down from 7.5% to 7.4%, an over 10-year low.

It was national inflation data, though, that had the bigger impact on the euro. The flash September readings of HICP in both Germany and Italy surprised to the downside. The ECB has signalled that if inflation remains subdued, it may ease policy again.

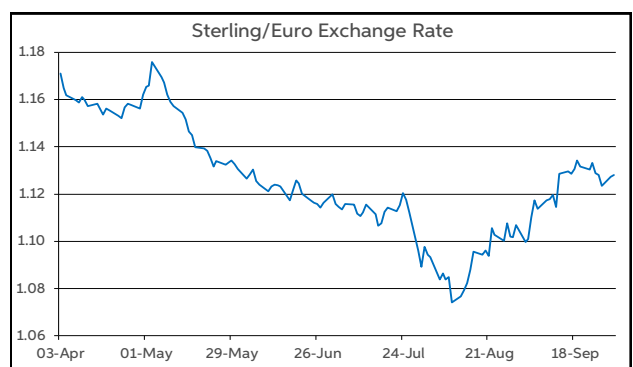
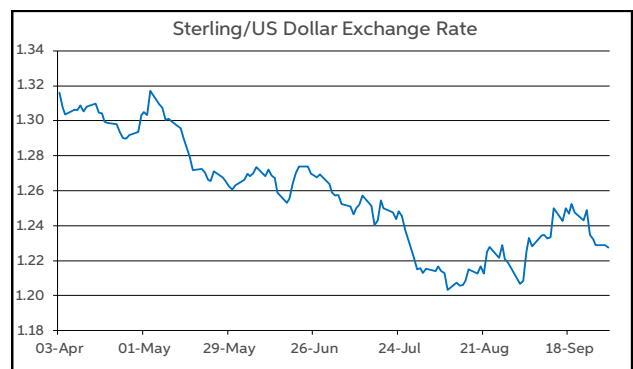
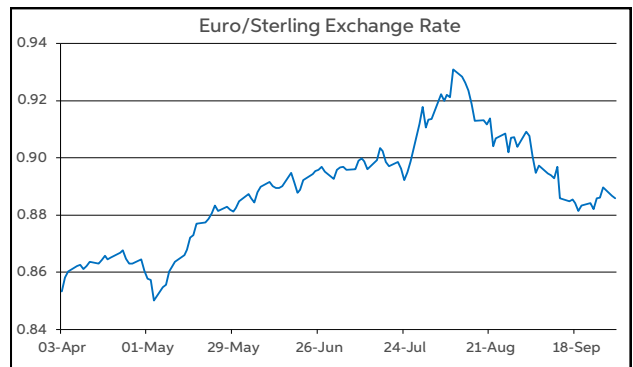
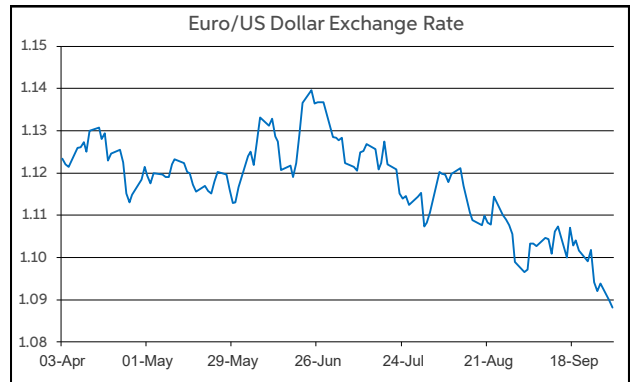
The evidence of subdued price pressures saw EUR/USD test below the \$1.09 level, where it opens this morning. Meantime, EUR/GBP is changing hands in the upper half of the 88-89p band, while cable (GBP/USD) continues to trade below the \$1.23 threshold.

Elsewhere, the action on financial markets was somewhat muted. Although, having dipped on Friday due to negative headlines surrounding US-China tensions, equities did see some modest support. The S&P 500 finished the day up 0.5%.

Today, the Eurozone schedule includes the release of flash September HICP, though FX impact may be limited. The forecast is for inflation to remain at 1.0%, but yesterday's national data indicates a downside surprise may be on the cards.

In the UK, it is anticipated that the manufacturing PMI edged further below the 50 level in September. However, Brexit newsflow is more likely to generate a reaction in sterling. Details released overnight of the UK's proposed 'backstop' alternative had little impact, but could be a potential mover for the currency today. Stateside, the manufacturing ISM looks to have crept into expansionary territory in September and may aid the dollar.

Conor Beakey, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2018
EUR/USD	1.0879	-0.52	-5.14
EUR/GBP	0.8861	-0.38	-1.37
GBP/USD	1.2275	-0.14	-3.78
GBP/EUR	1.128	0.38	1.39
USD/JPY	108.27	0.36	-1.18
EUR/JPY	117.81	-0.13	-6.28

* 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	1.875	2.02	2.09	2.03	1.64	1.52
EUR	0.00	-0.46	-0.41	-0.33	-0.45	-0.39
GBP	0.75	0.72	0.76	0.89	0.67	0.60

All rates quoted are indicative market rates

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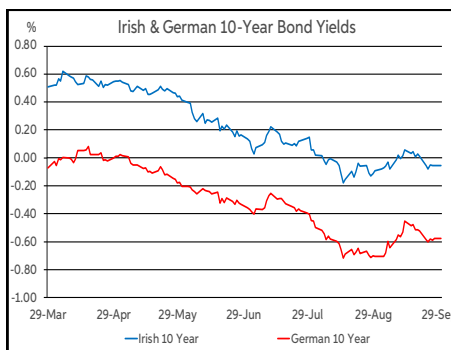
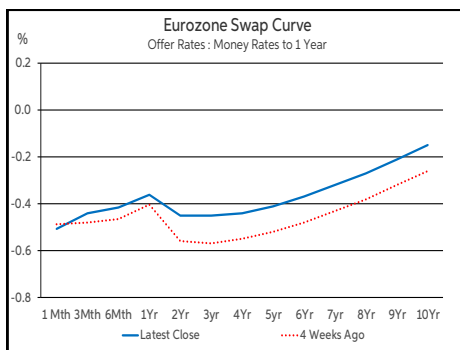
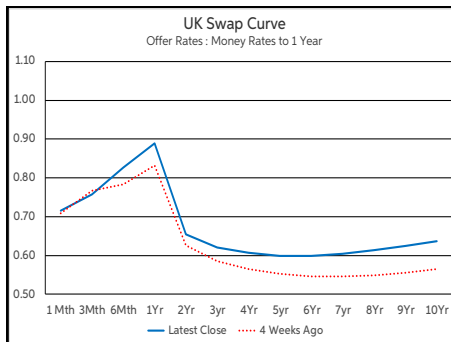
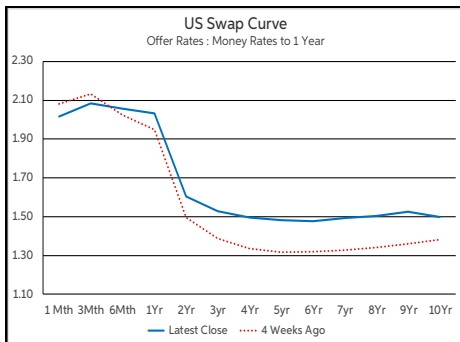
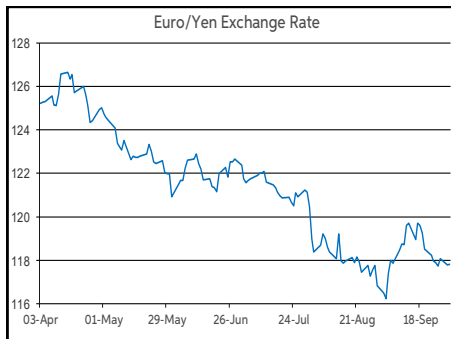
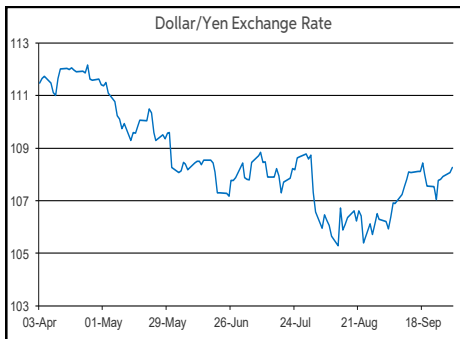
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIB 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Opening Levels

Tuesday 01 October 2019
07:18 am



Euro		Sterling		Dollar	
EUR/GBP	0.8861	GBP/EUR	1.128	USD/JPY	108.27
EUR/USD	1.0879	GBP/USD	1.2275	USD/CAD	1.3252
EUR/JPY	117.81	GBP/CAD	1.6269	USD/CHF	0.9993
EUR/SEK	10.739	GBP/NZD	1.9705	USD/CNY	7.1477
EUR/DKK	7.4652	GBP/JPY	132.9	USD/BRL	4.1563
EUR/NOK	9.9258	GBP/SEK	12.1128	USD/RUB	64.8124
EUR/CHF	1.0875	GBP/DKK	8.4223	USD/INR	70.865
EUR/AUD	1.6228	GBP/NOK	11.1978	AUD/USD	0.6704
EUR/HKD	8.5279	GBP/CHF	1.2267	NZD/USD	0.6227
EUR/CAD	1.442	GBP/AUD	1.8303		



Debt Markets				
	Close	Day	4 Weeks	End 18
10 Year Yield %				
US	1.67	-2	+17	-102
Germany	-0.58	+0	+13	-82
UK	0.48	-1	+7	-79
Ireland	-0.05	-0	+3	N/A
Belgium	-0.26	+1	+8	-102
France	-0.28	+1	+12	-98
Italy	0.82	-0	-14	-190
Spain	0.14	+0	+3	-128
Portugal	0.15	-1	+2	-156
Greece	1.32	+1	-26	-298
5 Year Swap %				
US	1.48	-2	+17	-108
Eurozone	-0.41	-1	+11	-64
UK	0.60	-2	+5	-72
2 Year Swap %				
US	1.60	-2	+11	-104
Eurozone	-0.45	+0	+11	-31
UK	0.65	-1	+3	-51
10 Year Government Bond Spreads to Benchmark bps				
Ireland	52	-0	-10	N/A
Belgium	32	+1	-5	-21
France	30	+1	-1	-17
Italy	139	-0	-27	-109
Spain	71	+0	-10	-46
Portugal	73	-1	-11	-74
Greece	189	+1	-39	-217

Commodities				
	Close	Day	4 Weeks	End 18
Brent Oil	60.78	-1.83	+3.61	+12.97
West Texas Oil	54.09	-3.32	-1.78	+19.80
Gold \$	1472.5	-1.66	-3.81	+14.78

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