

## Politics still driving FX markets

There was some modest volatility on currency markets yesterday, though moves were within relatively narrow ranges. Sterling came under pressure in early trading, as markets continued to express concerns about the on-going Brexit negotiations. However, some encouraging Brexit related headlines later in the day helped sterling to move higher.

Elsewhere, the on-going standoff between the Italian government and the European Commission continued to act as a headwind to the euro. This saw EUR/USD edge down to a two-month low of \$1.143 yesterday.

However, the dollar itself came under some downward pressure heading into yesterday's European close. This coincided with the news that another senior Trump administration official (UN Ambassador) had resigned.

Overall then, the main currency pairs open this morning little changed versus 24 hours previous. The somewhat firmer tone to sterling means EUR/GBP has edged down further to a four-month low at 87.3p. GBP/USD has regained a footing above \$1.31, currently changing hands at \$1.317. EUR/USD is broadly unchanged, continuing to trade close to the \$1.15 mark.

Today, the focus from a data perspective will be on the UK. A busy schedule includes GDP for the three months to August, industrial production and goods trade figures (both August). The GDP release is forecast to show a solid 0.6% rate of growth. Overall then, the UK data could help to create a supportive backdrop for sterling. Elsewhere, quiet calendars in both the Eurozone and US mean there may be little to provide direction to the euro or dollar.

### Dara Turnbull, Economist, AIB

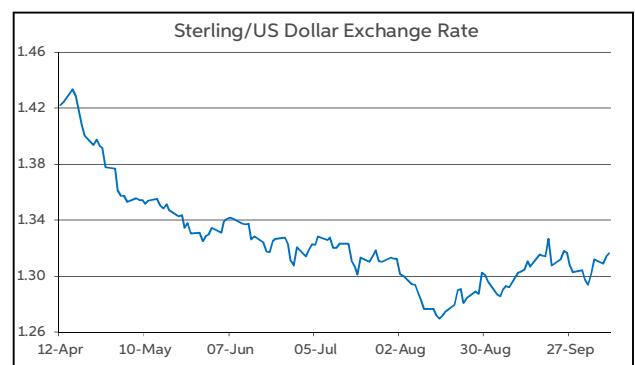
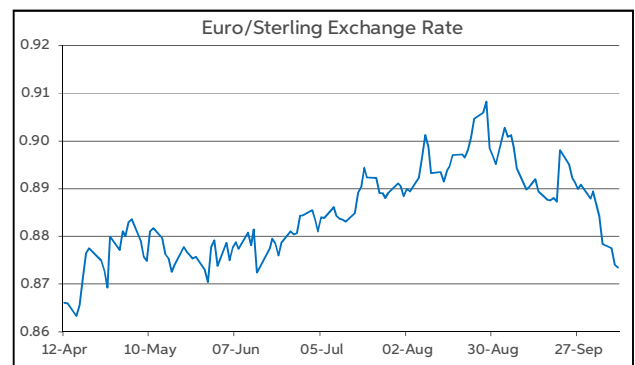
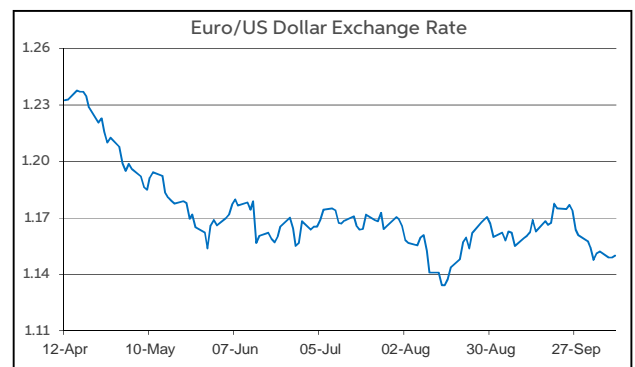
Opening Interest Rates						
	Base Rate	Short Term			Long Term	
		1-Mth	3-Mth	12-Mth	2-Yr	5-Yr
USD	2.125	2.29	2.42	2.96	3.05	3.17
EUR	0.00	-0.37	-0.32	-0.16	-0.08	0.45
GBP	0.75	0.72	0.81	1.09	1.22	1.56

Equity Indices				
	Latest Close	% Changes		
		on Day	End 2017 to Date	
Dow Jones	26430.57	-0.21	+6.92	
S&P 500	2880.34	-0.14	+7.73	
FTSE 100	7237.59	+0.06	-5.86	
DJ Stoxx 50	3321.79	+0.36	-5.20	
ISEQ	6328.4	-0.95	-10.09	
Nikkei	23506.04	+0.16	+3.26	

Today's Opening Rates			
		% Change	
		Day *	End 2017
EUR/USD	1.1501	0.03	-4.13
EUR/GBP	0.8734	-0.44	-1.68
GBP/USD	1.3165	0.47	-2.57
GBP/EUR	1.1446	0.45	1.71
USD/JPY	113.01	-0.04	0.30
EUR/JPY	129.99	0.00	-3.84

\* 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 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

Wednesday 10 October 2018  
07:30 am



## Euro

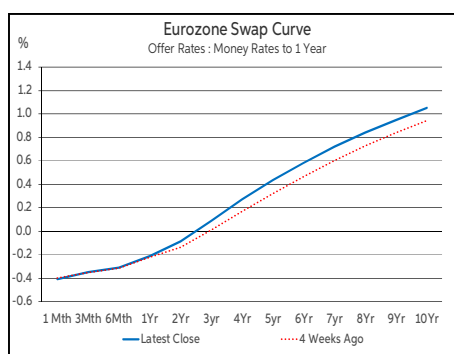
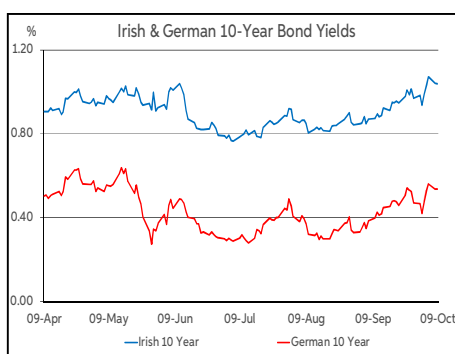
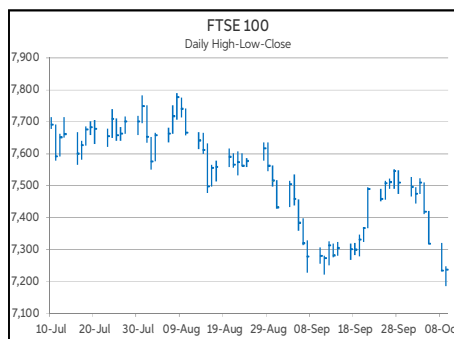
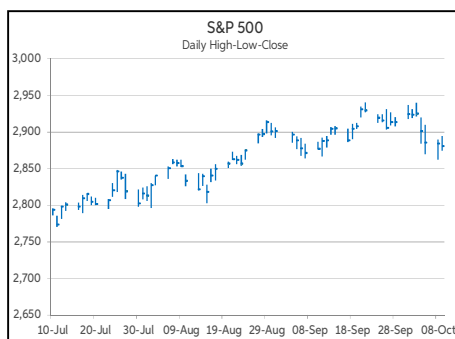
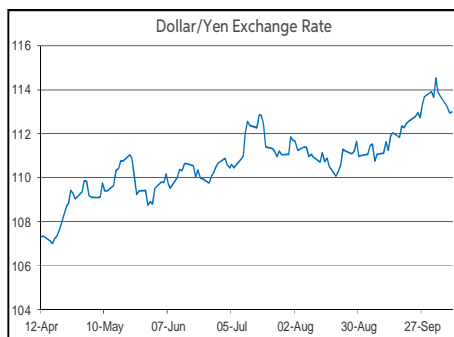
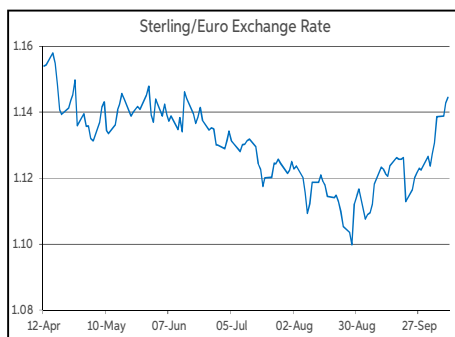
EUR/GBP	0.8734
EUR/USD	1.1501
EUR/JPY	129.99
EUR/SEK	10.4411
EUR/DKK	7.46
EUR/NOK	9.4536
EUR/CHF	1.14
EUR/AUD	1.6153
EUR/HKD	9.0116
EUR/CAD	1.4866

## Sterling

GBP/EUR	1.1444
GBP/USD	1.3165
GBP/CAD	1.7023
GBP/NZD	2.0297
GBP/JPY	148.78
GBP/SEK	11.9485
GBP/DKK	8.5378
GBP/NOK	10.8233
GBP/CHF	1.305
GBP/AUD	1.8489

## Dollar

USD/JPY	113.01
USD/CAD	1.2926
USD/CHF	0.9911
USD/CNY	6.9186
USD/BRL	3.7158
USD/RUB	66.007
USD/INR	74.15
AUD/USD	0.712
NZD/USD	0.6484



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 17
<b>10 Year Yield %</b>				
US	3.20	-2	+23	+80
Germany	0.54	-0	+11	+12
UK	1.69	+1	+19	+50
Ireland	1.04	-0	+14	N/A
Belgium	0.89	+1	+16	+28
France	0.88	-0	+14	+10
Italy	3.47	-6	+71	+147
Spain	1.59	+1	+15	+5
Portugal	1.95	-1	+7	+6
Greece	4.56	-4	+53	+52
<b>5 Year Swap %</b>				
US	3.15	-3	+17	+91
Eurozone	0.44	-1	+11	+12
UK	1.55	+1	+16	+51
<b>2 Year Swap %</b>				
US	3.04	-2	+13	+95
Eurozone	-0.09	-1	+5	+5
UK	1.21	+1	+8	+41
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	50	-0	+4	N/A
Belgium	35	+1	+5	+16
France	34	-0	+3	-1
Italy	293	-6	+60	+136
Spain	106	+1	+4	-7
Portugal	142	-0	-4	-6
Greece	403	-4	+42	+40

Commodities				
	Close	% Change		
		Day	4 Weeks	End 17
Brent Oil	85	+1.30	+7.51	+27.11
West Texas Oil	74.95	+0.92	+8.17	+23.97
CRB - All Commodity	200.37	+0.31	+4.54	+3.36
CRB - Food	338.24	+0.26	+4.08	+0.65
Gold \$	1190.1	+0.14	-0.75	-8.64

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