

## Fed minutes contain no surprises

There was a muted tone to currency markets yesterday. A quiet macro-data schedule meant there was little to provide direction to the main pairs. We did get the minutes from the Fed's September meeting after the close in Europe. However, there was no notable reaction in the dollar. The minutes reemphasised the FOMC's current data dependent policy stance, but there was a recognition of the increasing downside risks to growth.

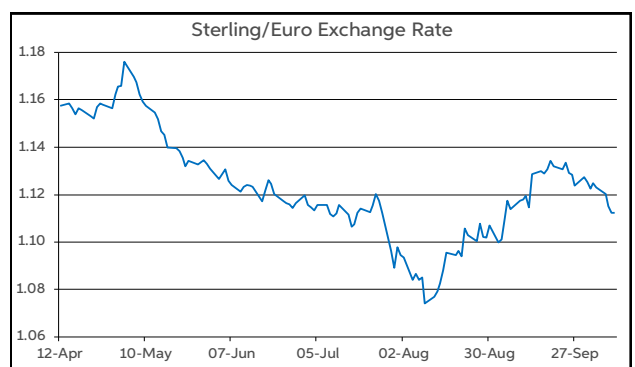
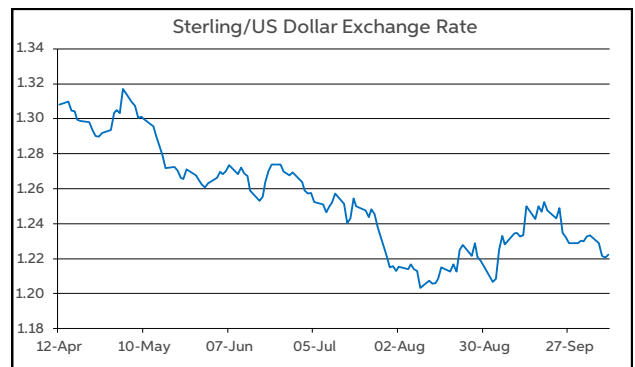
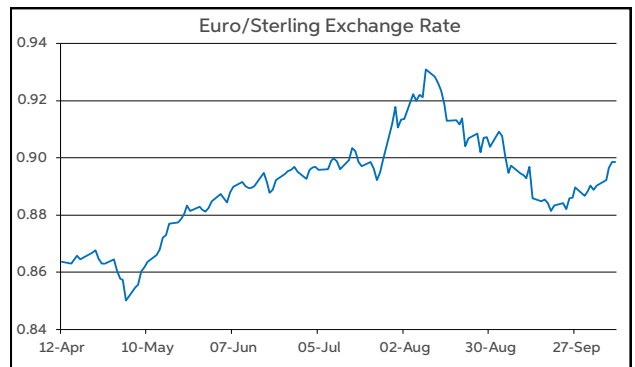
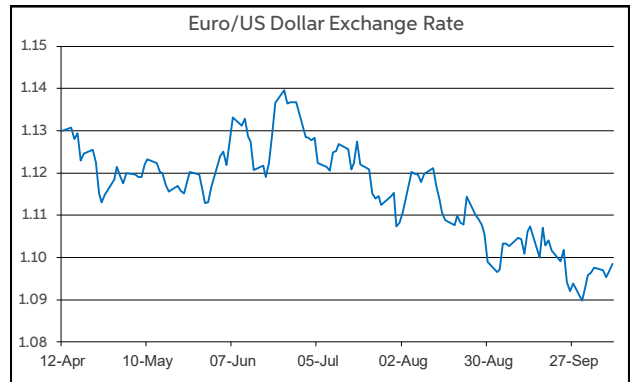
The subdued action on currency markets sees the main pairs open this morning broadly unchanged from 24 hours previous. EUR/USD continues to trade in the upper half of the \$1.09-1.10 band, while EUR/GBP is close to the 90p threshold. Meantime, cable (GBP/USD) is changing hands just above the \$1.22 level.

Elsewhere on financial markets, there was a partial recovery in risk sentiment ahead of today's US-China trade talks. This followed reports that the Chinese are preparing to increase purchases of US agricultural products. The improvement in risk appetite was reflected in equities trading higher, with the S&P 500 and Euro Stoxx 50 both up 0.9%.

Turning to the day ahead, the UK schedule includes the latest estimate of GDP. In the 3 months to end-August, output is projected to have increased by just 0.1%. Given concerns that the UK may have entered into a technical recession in Q3, sterling may be vulnerable to a downside surprise. Meantime, the ECB's account of its September meeting is unlikely to be a mover for the euro.

In the US, CPI data for September are due. Lower oil prices are expected to see headline inflation remain below 2%, while the core rate looks to have held at a robust 2.4%. Overall though, barring a major surprise, dollar impact could be limited.

**Conor Beake, Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2018
EUR/USD	1.0985	0.23	-4.22
EUR/GBP	0.8986	0.12	0.02
GBP/USD	1.2222	0.10	-4.19
GBP/EUR	1.1123	-0.12	-0.02
USD/JPY	107.49	0.33	-1.89
EUR/JPY	118.08	0.53	-6.07

\* v Previous Day's European Open

See Next Page for More Rates

Opening Interest Rates						
	Base Rate	Short Term			Long Term	
		1-Mth	3-Mth	12-Mth	2-Yr	5-Yr
USD	1.875	1.93	1.98	1.88	1.48	1.38
EUR	0.00	-0.46	-0.42	-0.33	-0.45	-0.39
GBP	0.75	0.71	0.76	0.87	0.63	0.59

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

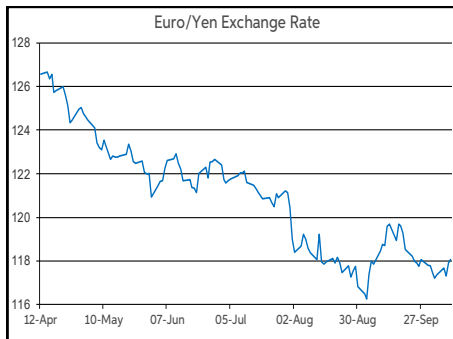
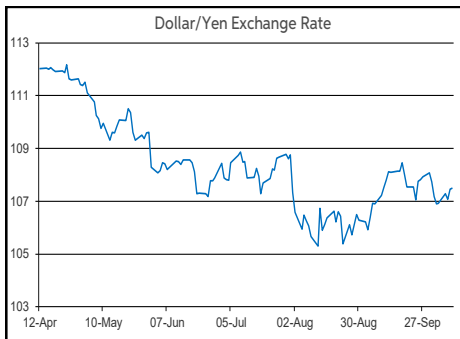
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBI 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

# Opening Levels

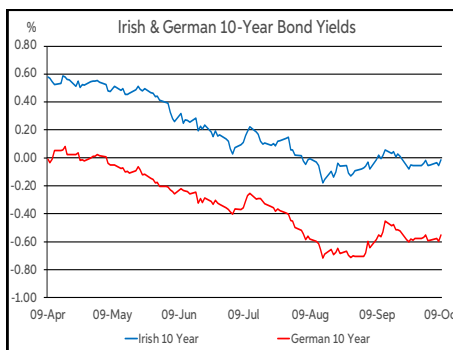
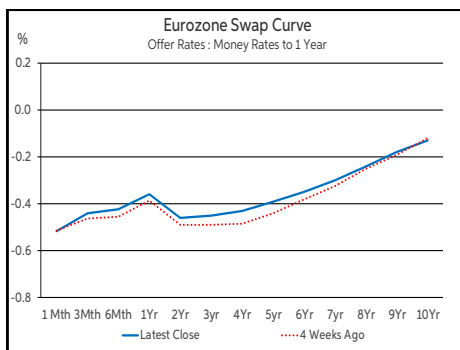
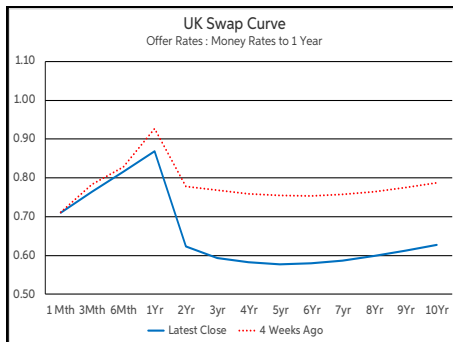
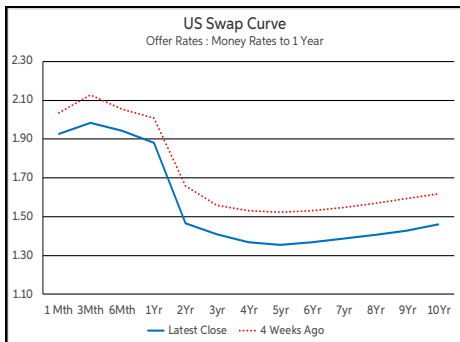
Thursday 10 October 2019  
07:15 am



Euro		Sterling		Dollar	
EUR/GBP	0.8986	GBP/EUR	1.1123	USD/JPY	107.49
EUR/USD	1.0985	GBP/USD	1.2222	USD/CAD	1.3315
EUR/JPY	118.08	GBP/CAD	1.6276	USD/CHF	0.9943
EUR/SEK	10.9103	GBP/NZD	1.935	USD/CNY	7.1109
EUR/DKK	7.4688	GBP/JPY	131.37	USD/BRL	4.1095
EUR/NOK	10.0585	GBP/SEK	12.1356	USD/RUB	64.6892
EUR/CHF	1.0922	GBP/DKK	8.3093	USD/INR	71.05
EUR/AUD	1.6285	GBP/NOK	11.1895	AUD/USD	0.6743
EUR/HKD	8.6144	GBP/CHF	1.2153	NZD/USD	0.6313
EUR/CAD	1.4627	GBP/AUD	1.8119		



Debt Markets				
	Close	Day	4 Weeks	End 18
<b>10 Year Yield %</b>				
US	1.59	+5	-16	-110
Germany	-0.55	+5	+1	-79
UK	0.46	+5	-18	-81
Ireland	-0.01	+4	-1	N/A
Belgium	-0.24	+4	-2	-99
France	-0.26	+4	+0	-96
Italy	0.95	+2	-1	-176
Spain	0.13	+4	-11	-128
Portugal	0.12	+2	-13	-158
Greece	1.40	-2	-24	-290
<b>5 Year Swap %</b>				
US	1.35	+3	-17	-121
Eurozone	-0.39	+2	+5	-62
UK	0.58	+1	-18	-74
<b>2 Year Swap %</b>				
US	1.47	+1	-19	-117
Eurozone	-0.46	+1	+3	-32
UK	0.62	+0	-15	-54
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	54	-1	-2	N/A
Belgium	32	-0	-3	-21
France	29	-0	-1	-17
Italy	150	-2	-3	-98
Spain	68	-1	-12	-49
Portugal	68	-3	-14	-79
Greece	195	-7	-25	-211



Commodities				
	Close	Day	4 Weeks	End 18
Brent Oil	58.32	+0.14	-4.09	+8.40
West Texas Oil	52.63	-0.02	-5.44	+16.57
Gold \$	1506.1	+0.02	+0.55	+17.40

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