

Equities fall; Little FX impact

There was a strong decline on equity markets yesterday. This seems to reflect a number of factors, including concerns over the potential impact of trade tensions on global growth. Higher global bond yields are also causing some worry for investors, with the US 10-year treasury yield at a seven-year high.

The sharp sell-off in equity markets was evident in the S&P 500, which closed down by 3.3%, its largest one-day fall since February. Meantime, the Euro Stoxx fell by 1.7%. In overnight Asia trading, the Nikkei declined by almost 4%.

Despite the stock market sell-off, impact on currency market was limited. The risk-off tone did coincide with some modest support for the yen, while the dollar has struggled somewhat. Overall though, most of the main FX pairs open this morning little changed versus 24 hours previous.

In level terms, the slightly firmer yen and softer dollar see USD/JPY trading back down near ¥112. Elsewhere, EUR/USD has moved further above the \$1.15 mark, while GBP/USD is changing hands just above \$1.32. EUR/GBP is broadly unchanged, trading close to the mid-point of the 87-88p band.

Today, there is a sparse schedule in Europe. In the US, CPI data for September are due. They are expected to show that inflation slowed from 2.7% to 2.4%, reflecting unwinding base effects from oil price rises in 2017. Although, underlying inflation looks set to have edged up slightly to 2.3%, from 2.2%.

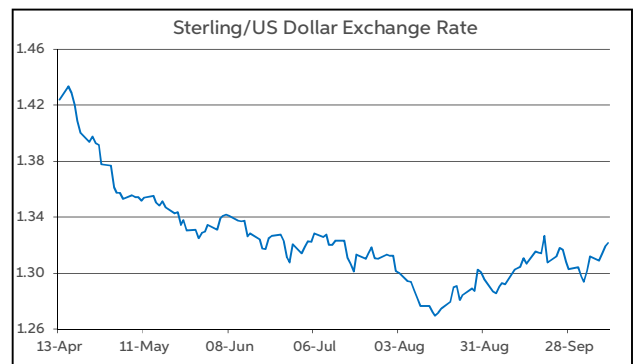
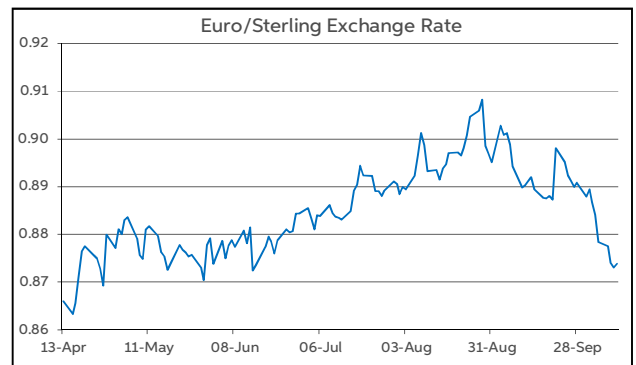
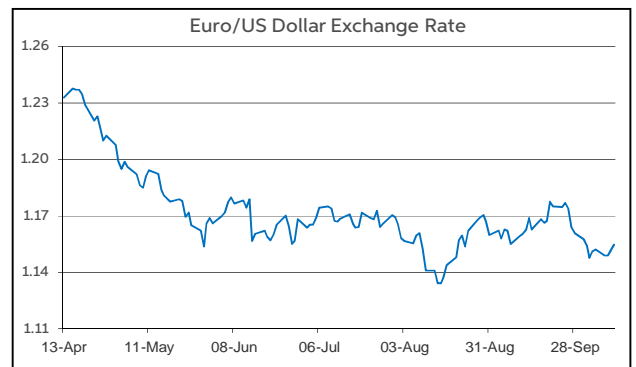
Overall, FX markets seem likely to continue to overlook the data calendar, but they will be keeping a watchful eye on developments on equity markets.

Dara Turnbull, Economist, AIB

		% Change	
		Day *	End 2017
EUR/USD	1.1545	0.35	-3.76
EUR/GBP	0.8738	-0.05	-1.63
GBP/USD	1.321	0.40	-2.24
GBP/EUR	1.1442	0.05	1.66
USD/JPY	112.23	-0.73	-0.39
EUR/JPY	129.56	-0.41	-4.16

* v Previous Day's European Open

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	Base Rate	Short Term			Long Term	
		1-Mth	3-Mth	12-Mth	2-Yr	5-Yr
USD	2.125	2.28	2.43	2.97	3.00	3.10
EUR	0.00	-0.37	-0.32	-0.16	-0.08	0.43
GBP	0.75	0.72	0.80	1.09	1.22	1.56

	Latest Close	% Changes	
		on Day	End 2017 to Date
Dow Jones	25598.74	-3.15	+3.56
S&P 500	2785.68	-3.29	+4.19
FTSE 100	7145.74	-1.27	-7.05
DJ Stoxx 50	3266.9	-1.65	-6.77
ISEQ	6153.81	-2.76	-12.57
Nikkei	22590.86	-3.89	-0.76

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

Thursday 11 October 2018
07:29 am



Euro

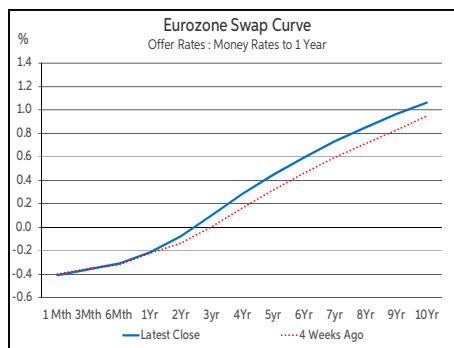
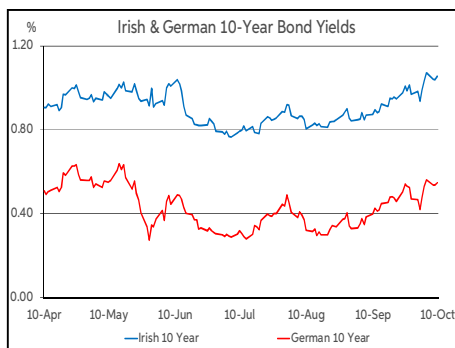
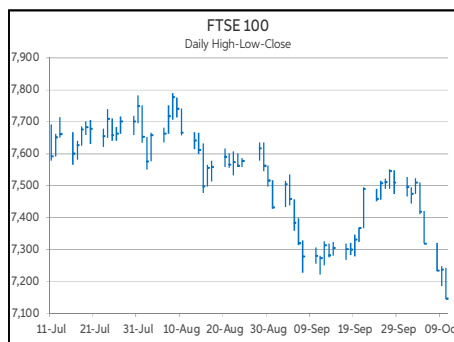
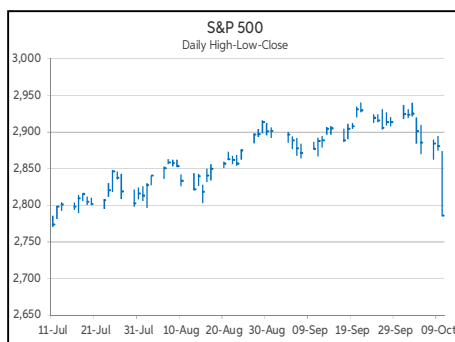
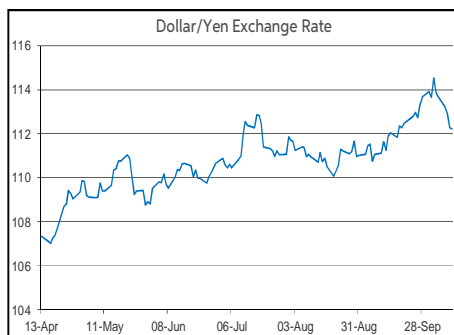
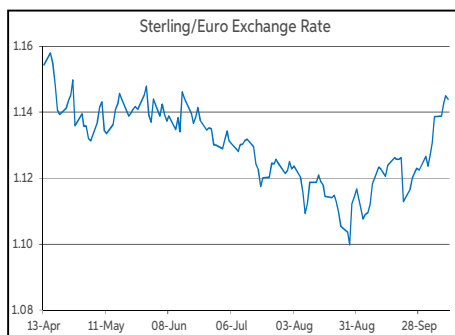
EUR/GBP	0.8736
EUR/USD	1.1546
EUR/JPY	129.56
EUR/SEK	10.529
EUR/DKK	7.46
EUR/NOK	9.5133
EUR/CHF	1.1406
EUR/AUD	1.6325
EUR/HKD	9.045
EUR/CAD	1.5051

Sterling

GBP/EUR	1.144
GBP/USD	1.321
GBP/CAD	1.7224
GBP/NZD	2.0404
GBP/JPY	148.23
GBP/SEK	12.045
GBP/DKK	8.5364
GBP/NOK	10.8879
GBP/CHF	1.3052
GBP/AUD	1.8681

Dollar

USD/JPY	112.21
USD/CAD	1.3038
USD/CHF	0.988
USD/CNY	6.9293
USD/BRL	3.7556
USD/RUB	66.8839
USD/INR	74.3875
AUD/USD	0.7071
NZD/USD	0.6472



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 17
10 Year Yield %				
US	3.17	-3	+21	+77
Germany	0.55	+1	+13	+13
UK	1.72	+3	+24	+54
Ireland	1.05	+2	+17	N/A
Belgium	0.90	+2	+17	+29
France	0.90	+2	+19	+13
Italy	3.47	+0	+70	+148
Spain	1.60	+1	+16	+6
Portugal	1.95	-0	+9	+5
Greece	4.42	-15	+38	+38
5 Year Swap %				
US	3.10	-8	+11	+85
Eurozone	0.44	-0	+13	+13
UK	1.56	-0	+17	+52
2 Year Swap %				
US	2.99	-7	+7	+91
Eurozone	-0.08	+0	+6	+6
UK	1.21	-1	+8	+41
10 Year Government Bond Spreads to Benchmark bps				
Ireland	51	+1	+4	N/A
Belgium	36	+0	+3	+17
France	36	+1	+5	-0
Italy	293	-1	+57	+135
Spain	106	+0	+3	-7
Portugal	140	-2	-4	-7
Greece	387	-16	+24	+25

Commodities				
	Close	% Change		
		Day	4 Weeks	End 17
Brent Oil	83.09	-2.25	+4.20	+24.26
West Texas Oil	73.18	-2.36	+3.99	+21.04
CRB - All Commodity	198.12	-1.13	+2.46	+2.19
CRB - Food	335.91	-2.33	+4.09	-0.04
Gold \$	1195.2	+0.43	-0.97	-8.25

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