

Sterling rallies on Brexit newsflow

Brexit-related developments have seen sterling rally strongly over the past 24 hours. The currency benefitted from positive reports emanating from a meeting between Irish Taoiseach Varadkar and British PM Johnson.

A joint statement issued following the meeting said both sides could “see a possible pathway to a deal”. There has been some speculation that concessions were made on Northern Ireland customs arrangements. However, ahead of talks today between UK Brexit Secretary Barclay and EU negotiator Barnier, no details have been forthcoming.

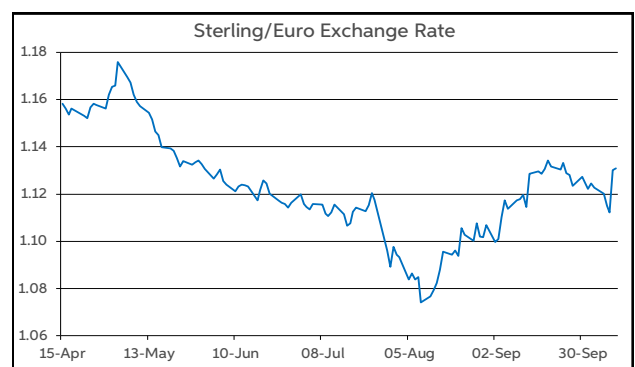
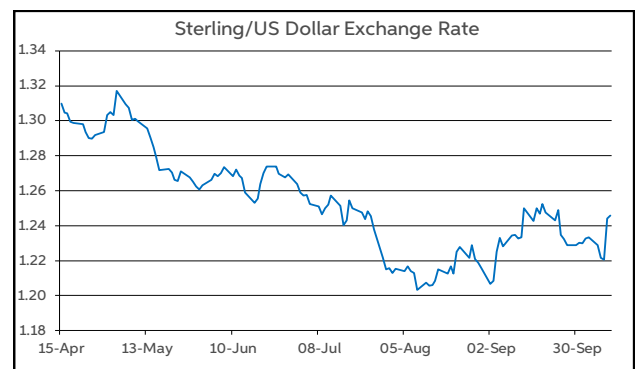
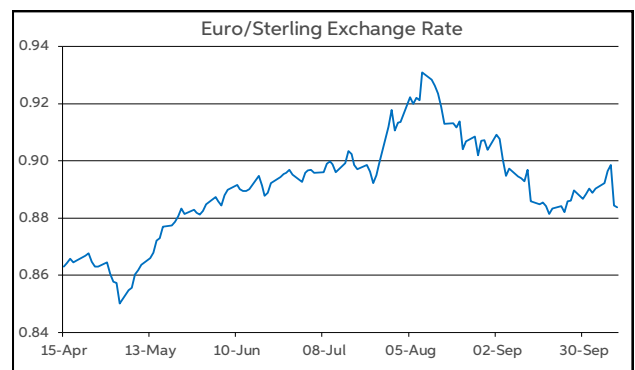
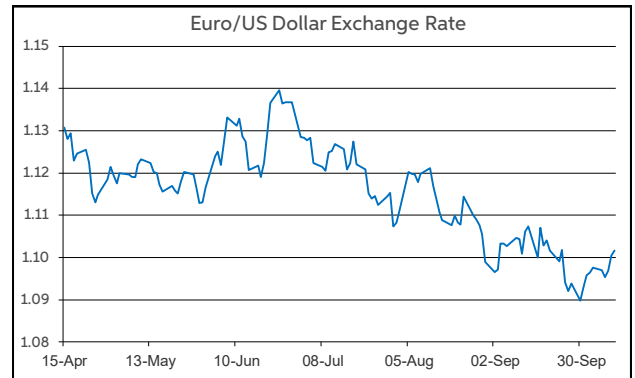
Elsewhere, encouraging headlines with regard to US-China trade talks helped risk appetite improve yesterday. Equities made modest gains, with the S&P 500 up 0.6%. At the same time, bond markets sold off, with yields moving higher globally. In terms of FX impact, the dollar and the yen have both lost some ground.

In level terms, the boost for sterling and the weaker dollar have seen GBP/USD move up into the \$1.24-1.25 band. Meanwhile, EUR/GBP is back down in the lower half of the 88-89p range. EUR/USD has also regained the \$1.10 handle.

Turning to the day ahead, sterling watchers will be keeping a close eye on the aforementioned Brexit talks in Brussels. Sterling could continue to make gains if there is further evidence today that a deal could be reached.

Across the Atlantic, the flash October reading of the Michigan consumer sentiment index is unlikely to be a mover for the dollar. However, trade talks will remain in focus for markets. Finally, there is nothing out to influence the euro today.

Conor Beake, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2018
EUR/USD	1.1014	0.27	-3.97
EUR/GBP	0.8838	-1.61	-1.63
GBP/USD	1.246	1.91	-2.33
GBP/EUR	1.1309	1.64	1.65
USD/JPY	107.99	0.47	-1.43
EUR/JPY	118.96	0.73	-5.37

* 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	1.92	1.99	1.90	1.56	1.45
EUR	0.00	-0.46	-0.42	-0.33	-0.41	-0.34
GBP	0.75	0.71	0.77	0.89	0.73	0.70

All rates quoted are indicative market rates

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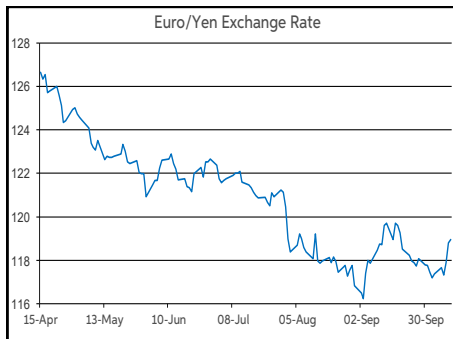
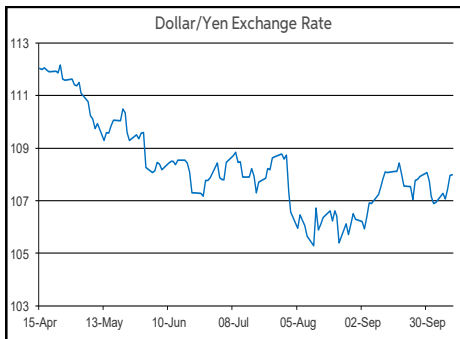
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIB 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Opening Levels

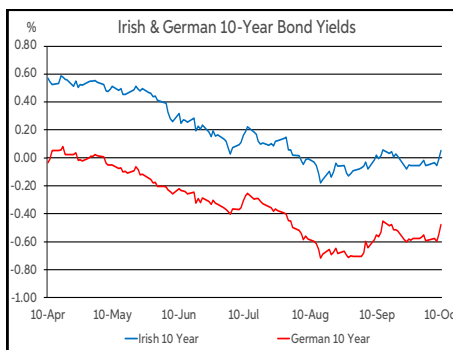
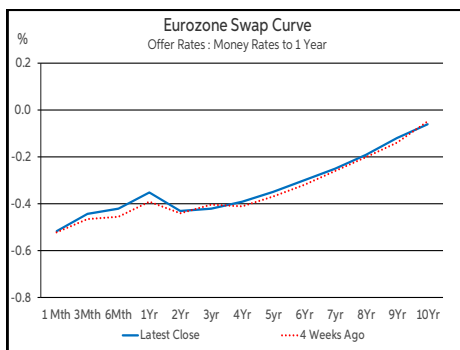
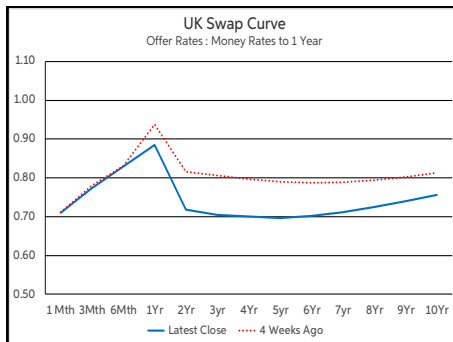
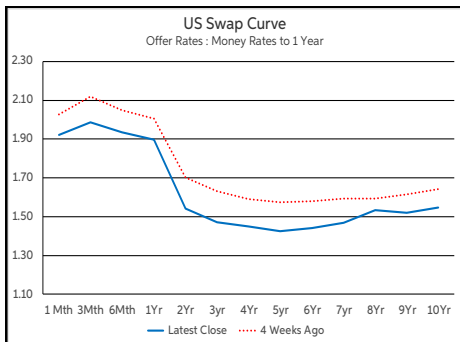
Friday 11 October 2019
07:12 am



Euro		Sterling		Dollar	
EUR/GBP	0.8838	GBP/EUR	1.1309	USD/JPY	107.99
EUR/USD	1.1014	GBP/USD	1.246	USD/CAD	1.3284
EUR/JPY	118.96	GBP/CAD	1.6552	USD/CHF	0.9971
EUR/SEK	10.8218	GBP/NZD	1.9715	USD/CNY	7.1059
EUR/DKK	7.4679	GBP/JPY	134.56	USD/BRL	4.11
EUR/NOK	10.0279	GBP/SEK	12.2395	USD/RUB	64.3606
EUR/CHF	1.0986	GBP/DKK	8.4479	USD/INR	71.0275
EUR/AUD	1.6265	GBP/NOK	11.3428	AUD/USD	0.6771
EUR/HKD	8.6366	GBP/CHF	1.2424	NZD/USD	0.6317
EUR/CAD	1.4632	GBP/AUD	1.8398		



Debt Markets				
	Close	Day	4 Weeks	End 18
10 Year Yield %				
US	1.67	+8	-11	-101
Germany	-0.48	+8	+5	-71
UK	0.58	+13	-8	-68
Ireland	0.05	+7	+4	N/A
Belgium	-0.17	+7	+3	-93
France	-0.19	+7	+6	-89
Italy	1.04	+9	+19	-168
Spain	0.21	+7	-0	-121
Portugal	0.18	+6	-4	-152
Greece	1.41	+2	-6	-289
5 Year Swap %				
US	1.42	+3	-15	-114
Eurozone	-0.35	+3	+2	-58
UK	0.70	+10	-9	-62
2 Year Swap %				
US	1.54	+5	-16	-110
Eurozone	-0.43	+2	+1	-29
UK	0.72	+8	-10	-45
10 Year Government Bond Spreads to Benchmark bps				
Ireland	53	-1	-2	N/A
Belgium	31	-1	-2	-21
France	29	-0	+0	-18
Italy	151	+1	+14	-97
Spain	68	-0	-6	-49
Portugal	66	-2	-9	-81
Greece	189	-6	-11	-217



Commodities				
	Close	Day	4 Weeks	End 18
Brent Oil	59.1	+1.34	-2.12	+9.85
West Texas Oil	53.57	+1.79	-2.83	+18.65
Gold \$	1494.6	-0.76	-0.31	+16.50

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