

Equity sell-off continues but FX action remains subdued

Following the previous day's sharp falls on Wall Street, the main focus yesterday was on the performance of equity markets. There remained a strong risk averse tone to proceedings as investors continued to grapple with a raft of concerns including the impact that global trade tensions could have on corporate earnings/global economy and the recent move higher in US yields/rates. At the closing bell last night, the S&P 500 was down 2% on the day.

However, the action on currency markets remained subdued. A factor behind the lacklustre trading was the uninspiring data calendar. Indeed, the only macro release of any note yesterday was US CPI data for September. Core inflation remained at 2.2%, slightly below expectations for 2.3%. The lack of any noteworthy news from the data meant it had little influence on the dollar.

As trading gets underway this morning, most of the main FX pairs are broadly unchanged from 24 hours earlier. In level terms, EUR/USD has consolidated its position above the \$1.15 mark after having fallen below this level earlier in the week. Elsewhere, EUR/GBP continues to change hands in a narrow range near the midpoint of the 87-88p band. Meanwhile, cable (GBP/USD) has been mostly trading just above the \$1.32 threshold since yesterday's open.

Looking ahead to today, the macro data schedule remains rather dull. The only highlight being Eurozone industrial production data (Aug) and the preliminary reading of the University of Michigan measure of US consumer sentiment for October. Neither release would be expected to provide much interest to currency markets. As a result, the main FX pairs could continue to trade near their current levels heading into the weekend.

John Fahey, Senior Economist, AIB

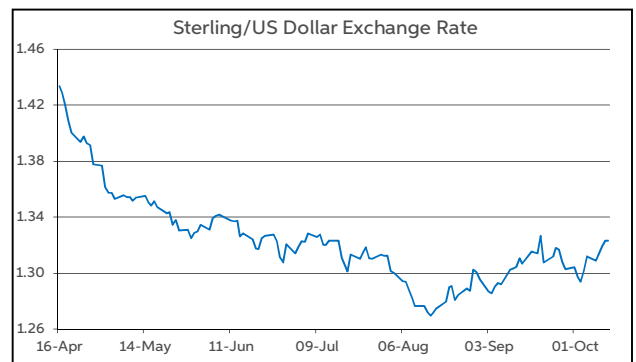
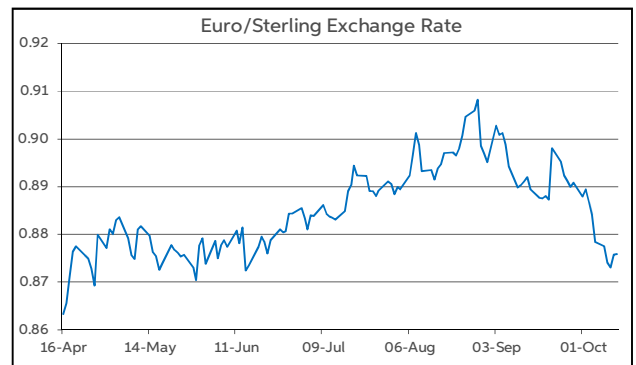
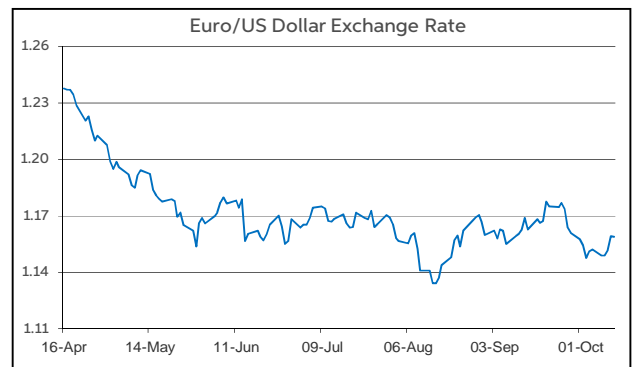
Opening Interest Rates						
	Base Rate	Short Term			Long Term	
		1-Mth	3-Mth	12-Mth	2-Yr	5-Yr
USD	2.125	2.28	2.44	2.95	3.06	3.14
EUR	0.00	-0.37	-0.32	-0.16	-0.09	0.46
GBP	0.75	0.72	0.81	1.09	1.21	1.53

Equity Indices				
	Latest Close	% Changes		
		on Day	End 2017 to Date	
Dow Jones	25052.83	-2.13	+1.35	
S&P 500	2728.37	-2.06	+2.05	
FTSE 100	7006.93	-1.94	-8.86	
DJ Stoxx 50	3209.19	-1.77	-8.41	
ISEQ	6018.81	-2.19	-14.48	
Nikkei	22694.66	+0.46	-0.31	

Today's Opening Rates			
		% Change	
		Day *	End 2017
EUR/USD	1.1591	0.28	-3.38
EUR/GBP	0.8759	0.19	-1.40
GBP/USD	1.3231	0.08	-2.08
GBP/EUR	1.1413	-0.19	1.42
USD/JPY	112.37	0.20	-0.27
EUR/JPY	130.25	0.45	-3.65

* 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				

Euro

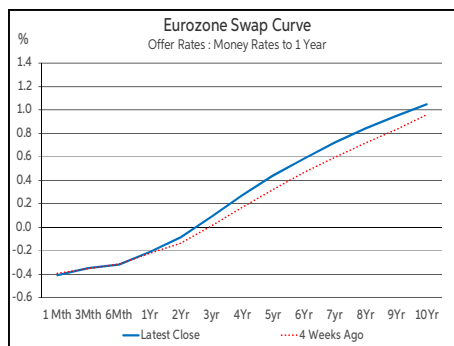
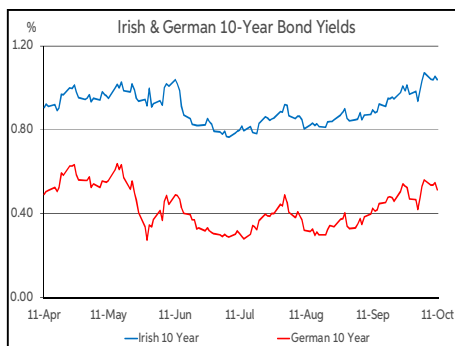
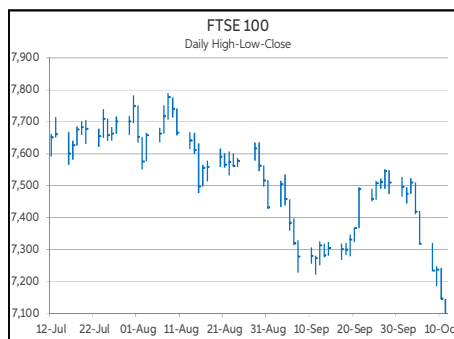
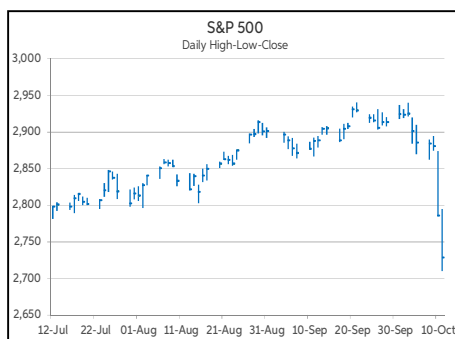
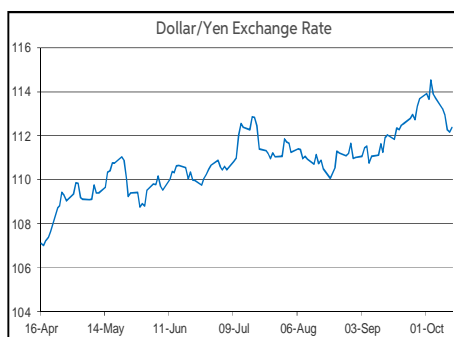
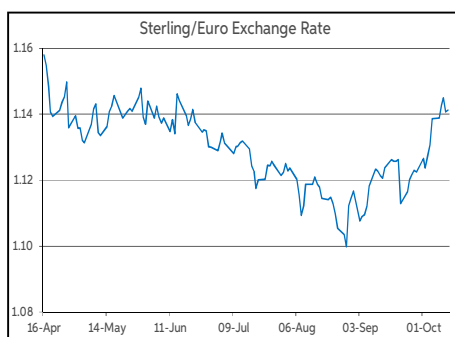
EUR/GBP	0.8759
EUR/USD	1.1591
EUR/JPY	130.25
EUR/SEK	10.3854
EUR/DKK	7.4605
EUR/NOK	9.485
EUR/CHF	1.1476
EUR/AUD	1.6275
EUR/HKD	9.081
EUR/CAD	1.5087

Sterling

GBP/EUR	1.1413
GBP/USD	1.3231
GBP/CAD	1.7222
GBP/NZD	2.0292
GBP/JPY	148.68
GBP/SEK	11.854
GBP/DKK	8.5147
GBP/NOK	10.8273
GBP/CHF	1.3102
GBP/AUD	1.8579

Dollar

USD/JPY	112.37
USD/CAD	1.3016
USD/CHF	0.9901
USD/CNY	6.9036
USD/BRL	3.7824
USD/RUB	66.042
USD/INR	73.79
AUD/USD	0.7121
NZD/USD	0.6519



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 17
10 Year Yield %				
US	3.14	-3	+17	+74
Germany	0.51	-3	+10	+10
UK	1.68	-4	+18	+50
Ireland	1.04	-1	+15	N/A
Belgium	0.89	-1	+15	+28
France	0.87	-3	+14	+9
Italy	3.54	+7	+77	+155
Spain	1.62	+2	+20	+8
Portugal	2.00	+5	+15	+11
Greece	4.46	+4	+48	+41
5 Year Swap %				
US	3.11	+0	+12	+87
Eurozone	0.44	-2	+12	+12
UK	1.52	-5	+13	+49
2 Year Swap %				
US	3.01	+1	+9	+93
Eurozone	-0.09	-2	+5	+5
UK	1.20	-2	+7	+39
10 Year Government Bond Spreads to Benchmark bps				
Ireland	53	+2	+6	N/A
Belgium	38	+2	+5	+19
France	36	+0	+4	-0
Italy	303	+10	+67	+145
Spain	111	+5	+10	-1
Portugal	149	+9	+5	+1
Greece	394	+7	+38	+32

Commodities				
	Close	% Change		
		Day	4 Weeks	End 17
Brent Oil	80.26	-3.41	+2.66	+20.02
West Texas Oil	70.97	-3.02	+3.45	+17.38
CRB - All Commodity	196.63	-0.75	+2.73	+1.43
CRB - Food	336.89	+0.98	+4.23	+0.25
Gold \$	1224.9	+2.49	+1.89	-5.97

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