

EUR/GBP down near 87p

The action on currency markets over the past 24 hours has seen the main pairs confined to relatively narrow trading ranges. A quiet macro calendar meant there was little to provide direction. There was also a partial market holiday in the US for Columbus Day.

Of the limited moves we did see on FX markets, after a weak start, sterling adopted a firmer tone. This came against a backdrop of mixed Brexit headlines. Negotiations continue in Brussels between the EU and the UK.

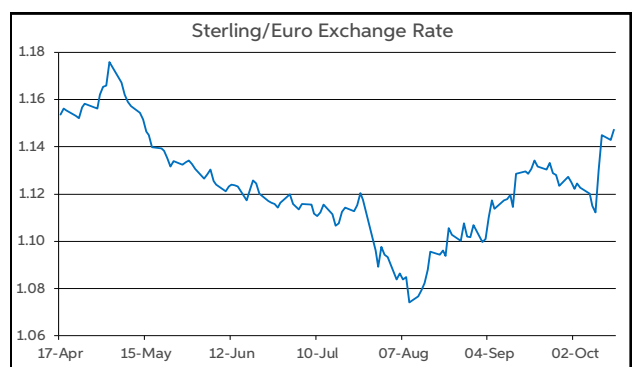
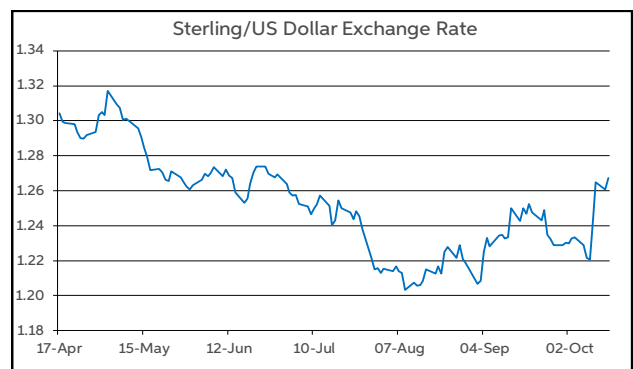
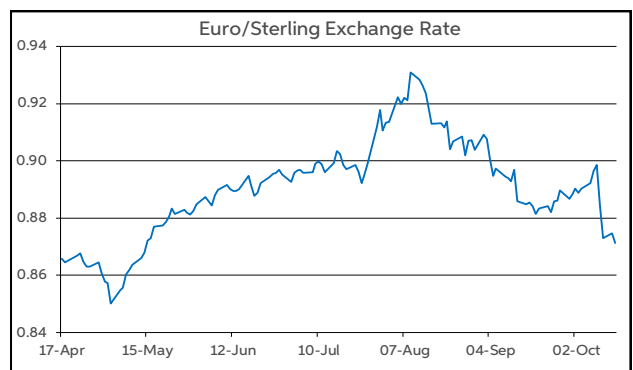
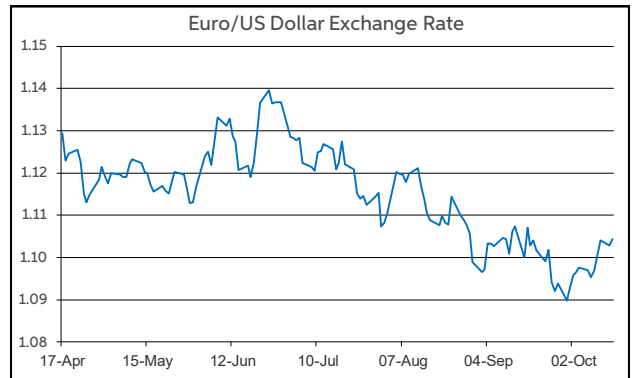
Data-wise, we got the August print of Eurozone industrial production. Output increased by a better than expected 0.4% (f'cast 0.3%). However, euro reaction was limited. The abysmal September PMIs suggest that yesterday's upside surprise does not represent the beginning of a recovery for the industrial sector.

In level terms, the modest gains for sterling are reflected in EUR/GBP opening this morning back down near the 87p level. At the same time, cable (GBP/USD) is operating in the upper half of the \$1.26-1.27 range. Elsewhere, EUR/USD continues to change hands near to the midpoint of the \$1.10-1.11 band.

Today, the latest UK labour market bulletin August is due. The weaker outlook for the economy is expected to see jobs growth hold at just 0.1% in the 3 months to August. Meantime, the unemployment rate is forecast to remain at 3.8%, while underlying wage inflation looks to have eased to a still strong 3.7%. Given the focus on Brexit, though, the data are unlikely to move sterling.

Elsewhere, there is little out to influence either the euro or the dollar. Therefore, barring unexpected geo-political developments, we could see EUR/USD continue to trade in a narrow range today.

Conor Beakey, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2018
EUR/USD	1.1042	0.12	-3.72
EUR/GBP	0.8716	-0.35	-2.98
GBP/USD	1.2668	0.48	-0.70
GBP/EUR	1.1471	0.36	3.07
USD/JPY	108.36	0.06	-1.10
EUR/JPY	119.67	0.17	-4.80

* v Previous Day's European Open

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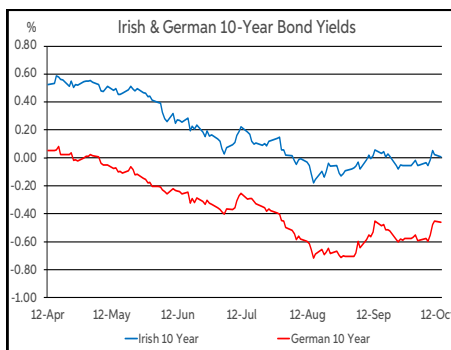
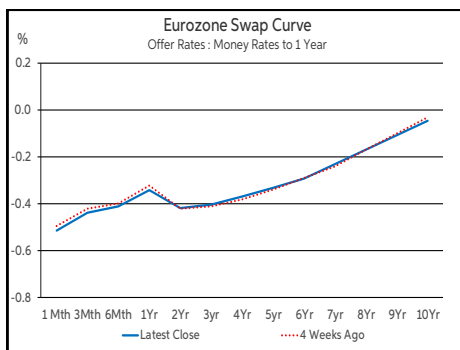
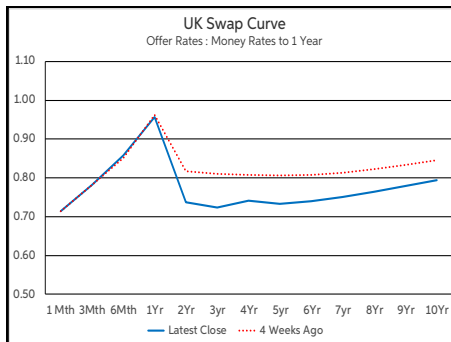
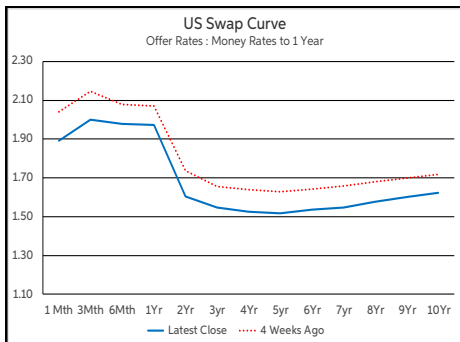
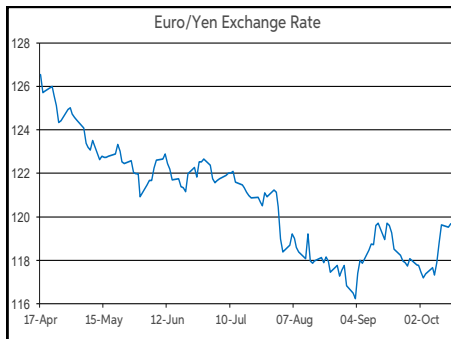
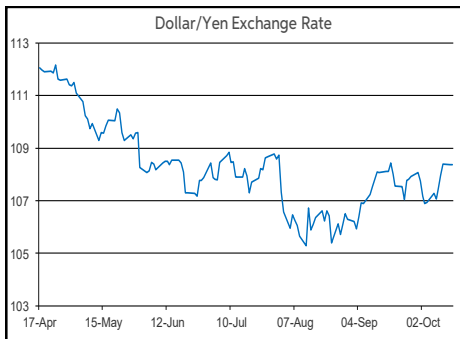
Opening Interest Rates						
Base Rate	Short Term			Long Term		
	1-Mth	3-Mth	12-Mth	2-Yr	5-Yr	
USD	1.875	1.89	2.00	1.97	1.63	1.54
EUR	0.00	-0.47	-0.42	-0.30	-0.40	-0.32
GBP	0.75	0.71	0.78	0.96	0.77	0.77

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	AIB 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Euro		Sterling		Dollar	
EUR/GBP	0.8714	GBP/EUR	1.1469	USD/JPY	108.36
EUR/USD	1.1042	GBP/USD	1.2669	USD/CAD	1.3227
EUR/JPY	119.68	GBP/CAD	1.6759	USD/CHF	0.9966
EUR/SEK	10.8266	GBP/NZD	2.0117	USD/CNY	7.0703
EUR/DKK	7.4686	GBP/JPY	137.29	USD/BRL	4.1252
EUR/NOK	10.0526	GBP/SEK	12.4214	USD/RUB	64.26
EUR/CHF	1.1006	GBP/DKK	8.5669	USD/INR	71.31
EUR/AUD	1.6302	GBP/NOK	11.5341	AUD/USD	0.6772
EUR/HKD	8.6623	GBP/CHF	1.2628	NZD/USD	0.6296
EUR/CAD	1.4607	GBP/AUD	1.8702		



Debt Markets				
	Close	Day	4 Weeks	End 18
10 Year Yield %				
US	1.73	+6	-11	-95
Germany	-0.46	-1	+3	-70
UK	0.63	-7	-5	-63
Ireland	0.01	-1	-2	N/A
Belgium	-0.17	-2	-1	-93
France	-0.19	-2	+2	-89
Italy	1.00	-3	+17	-172
Spain	0.20	-1	-4	-122
Portugal	0.16	-3	-10	-154
Greece	1.41	-1	-11	-289
5 Year Swap %				
US	1.52	-3	-11	-104
Eurozone	-0.33	-1	+1	-56
UK	0.73	-8	-7	-58
2 Year Swap %				
US	1.60	-2	-13	-104
Eurozone	-0.42	-2	+0	-28
UK	0.74	-6	-8	-43
10 Year Government Bond Spreads to Benchmark bps				
Ireland	47	-0	-5	N/A
Belgium	29	-1	-4	-23
France	27	-1	-1	-19
Italy	146	-2	+14	-102
Spain	66	+0	-6	-52
Portugal	62	-2	-12	-85
Greece	187	-0	-14	-219

Commodities				
	Close	Day	4 Weeks	End 18
Brent Oil	59.35	-1.92	-14.01	+10.32
West Texas Oil	53.57	-2.17	-15.10	+18.65
Gold \$	1493.0	+0.18	-0.45	+16.38

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