

Sterling gains on Brexit deal reports

Currency market action yesterday saw sterling build on its gains from Monday's session. The currency was boosted by circa 1% by positive Brexit related newsflow. Headlines have suggested that the EU and the UK are close to a Brexit deal. No details have emerged on what it might look like yet, but it is expected to be finalised today.

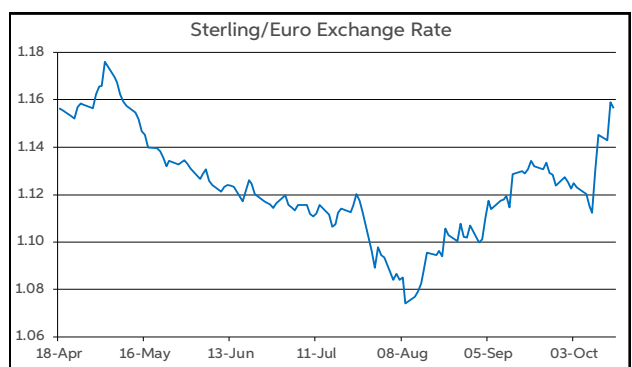
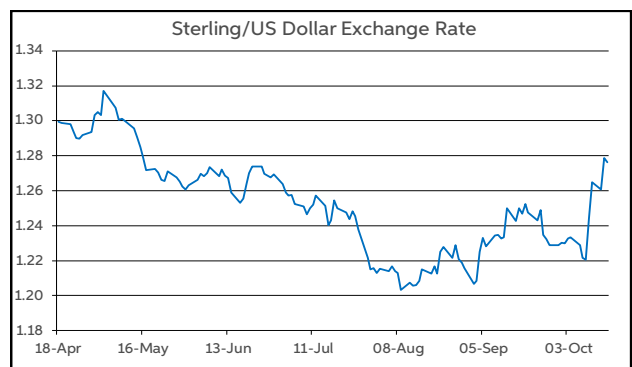
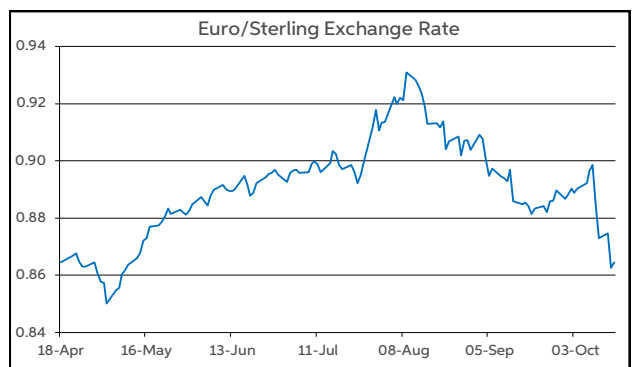
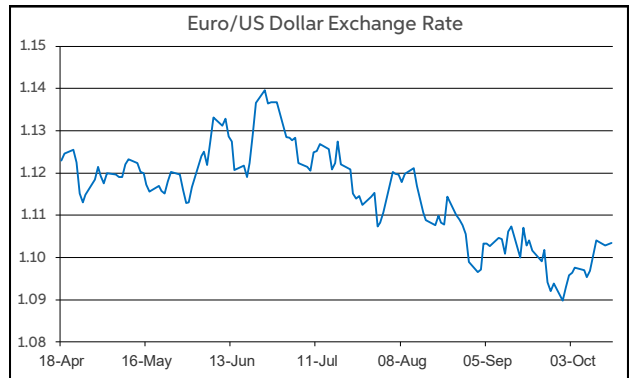
In level terms, the gains for sterling are reflected in EUR/GBP opening this morning down at the midpoint of the 86-87p band. At the same time, cable (GBP/USD) is changing hands above the \$1.27 level for the first time since May. Elsewhere, EUR/USD continues to operate in the lower half of the \$1.10-1.11 range.

The focus on Brexit meant that markets paid little heed to yesterday's soft UK labour market data. In the 3 months to August, employment fell by 57,000, the first decline in 2 years. This in turn led to the jobless rate edging up to 3.9%. Declining labour demand also saw underlying wage inflation ease to a still robust 3.8%.

Turning to the day ahead, the September print of UK CPI is due. However, the data are likely to be overshadowed by Brexit newsflow. Reports have indicated that a draft of the updated Withdrawal Agreement may be released today. In this case, attention will immediately turn to the level of support amongst MPs for the deal, which would be voted on in the House of Commons on Saturday. Sterling will watch developments closely.

In the US, the dollar could prove vulnerable to a downside surprise in September's retail sales report given heightened concerns about moderating economic growth. Although, the headline and the 'control' measure of retail sales are projected to have increased by a solid 0.3%. Finally, there is little out to influence the euro today.

Conor Beakey, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2018
EUR/USD	1.1034	0.05	-3.79
EUR/GBP	0.8644	-0.97	-3.78
GBP/USD	1.2763	1.04	0.05
GBP/EUR	1.1563	0.98	3.93
USD/JPY	108.67	0.31	-0.81
EUR/JPY	119.92	0.37	-4.61

* 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	1.89	2.00	1.97	1.62	1.57
EUR	0.00	-0.47	-0.42	-0.30	-0.39	-0.30
GBP	0.75	0.71	0.79	0.96	0.78	0.79

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

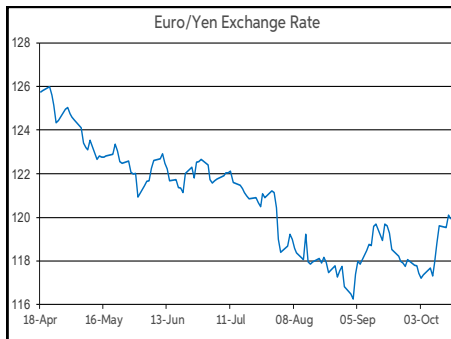
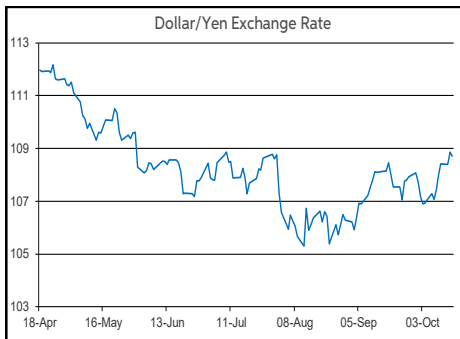
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIB 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Opening Levels

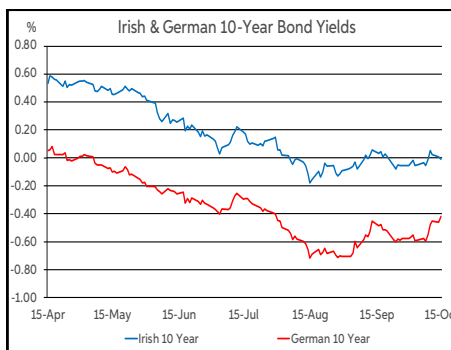
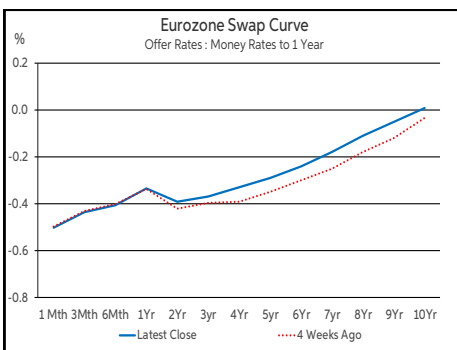
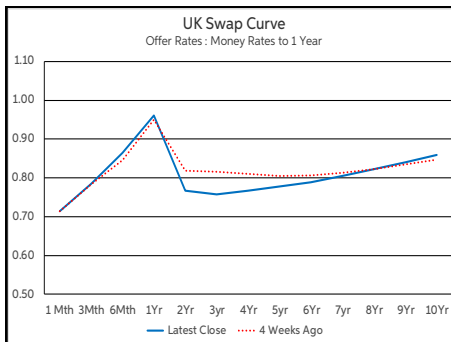
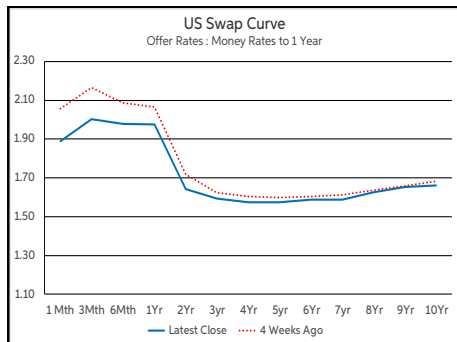
Wednesday 16 October 2019
07:14 am



Euro		Sterling		Dollar	
EUR/GBP	0.8644	GBP/EUR	1.1563	USD/JPY	108.67
EUR/USD	1.1034	GBP/USD	1.2763	USD/CAD	1.321
EUR/JPY	119.92	GBP/CAD	1.6862	USD/CHF	0.9977
EUR/SEK	10.836	GBP/NZD	2.0349	USD/CNY	7.0971
EUR/DKK	7.4702	GBP/JPY	138.7	USD/BRL	4.1796
EUR/NOK	10.0932	GBP/SEK	12.5292	USD/RUB	64.39
EUR/CHF	1.101	GBP/DKK	8.6395	USD/INR	71.525
EUR/AUD	1.6377	GBP/NOK	11.6716	AUD/USD	0.6736
EUR/HKD	8.6553	GBP/CHF	1.2734	NZD/USD	0.627
EUR/CAD	1.4571	GBP/AUD	1.8941		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 18
10 Year Yield %				
US	1.77	+4	-4	-91
Germany	-0.42	+4	+6	-66
UK	0.69	+5	-0	-58
Ireland	-0.01	-2	-5	N/A
Belgium	-0.14	+3	-0	-90
France	-0.17	+2	+2	-87
Italy	1.02	+2	+10	-170
Spain	0.21	+1	-6	-121
Portugal	0.17	+0	-13	-154
Greece	1.36	-4	-10	-293
5 Year Swap %				
US	1.58	+3	-2	-99
Eurozone	-0.29	+4	+6	-52
UK	0.78	+3	-3	-54
2 Year Swap %				
US	1.64	+1	-7	-100
Eurozone	-0.39	+2	+3	-25
UK	0.77	+2	-5	-40
10 Year Government Bond Spreads to Benchmark bps				
Ireland	41	-6	-11	N/A
Belgium	28	-2	-6	-25
France	25	-2	-4	-21
Italy	144	-2	+4	-104
Spain	63	-3	-12	-55
Portugal	59	-4	-19	-88
Greece	178	-9	-16	-228



Commodities				
	% Change			
	Close	Day	4 Weeks	End 18
Brent Oil	58.74	-1.03	-9.00	+9.18
West Texas Oil	52.81	-1.42	-10.88	+16.97
Gold \$	1481.4	-0.78	-1.50	+15.47

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