

Sterling sensitive to EU summit newsflow

Once again the action on currency markets yesterday was of a subdued nature. The main pairs were largely confined to tight ranges. Of the moves that did register, sterling held a modestly firmer tone for much of the day. The currency was aided in part by macro updates from the economy.

This included underlying UK wage growth printing ahead of expectations, increasing by 3.1% in the three months to August, representing its best pace of growth since January 2009. At the same time, the unemployment rate remained at a 42 year low of just 4%, despite a fall in the level of employment (-5k). The fact that there was no new negative headlines in relation to Brexit may also at the margin have been helpful to sterling.

In level terms, the slightly firmer sterling tone is reflected in EUR/GBP edging back further from the 88p mark and the GBP/USD cross trading up close to the \$1.32 level. Elsewhere, the action in EUR/USD has been relatively uneventful, with the pair spending most of the last 24 hours in a tight range between \$1.155 and \$1.16.

Today, the main release from the macro agenda is the Fed minutes (after European close) from their September meeting (when as expected they hiked rates). However, the key focus of attention is likely to fall on the EU Leaders' summit (starts tonight and due to last till Friday).

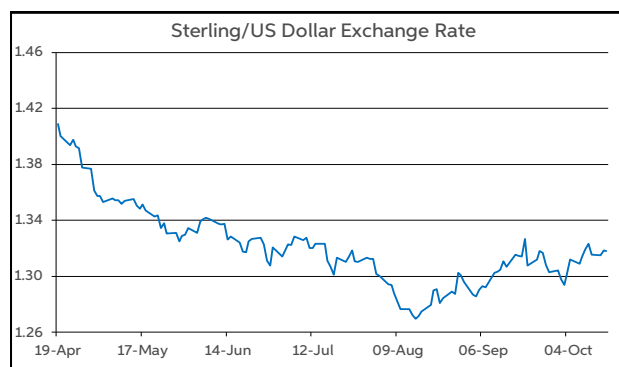
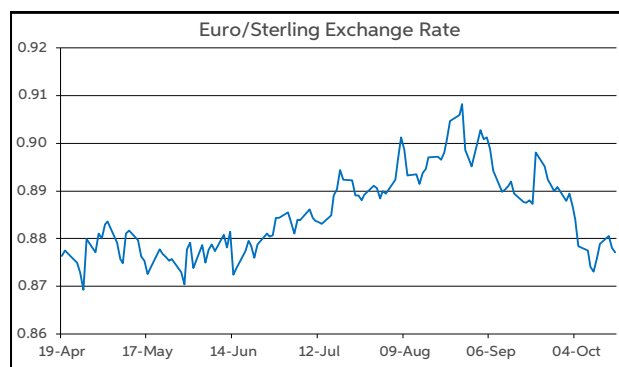
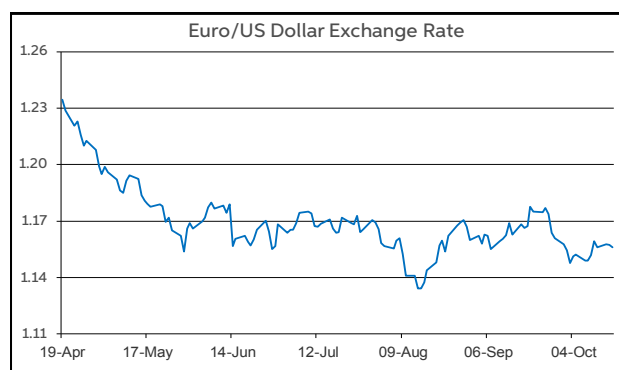
The summit poses some event risk for sterling. If the newsflow from it suggests that progress is being made on a Withdrawal Agreement, and in turn reduces the risks of a no deal/hard Brexit, then this could be supportive of sterling. However, if the summit indicates that talks remain deadlocked, thereby increasing concerns of a no deal scenario, then sterling could suffer.

John Fahey, Senior Economist, AIB

Today's Opening Rates			
		% Change	
		Day *	End 2017
EUR/USD	1.1561	-0.10	-3.63
EUR/GBP	0.8769	-0.40	-1.28
GBP/USD	1.3181	0.28	-2.45
GBP/EUR	1.1397	0.40	1.30
USD/JPY	112.22	0.18	-0.40
EUR/JPY	129.75	0.09	-4.02

* 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	2.125	2.29	2.44	2.97	3.06	3.14
EUR	0.00	-0.37	-0.32	-0.16	-0.11	0.40
GBP	0.75	0.72	0.81	1.08	1.18	1.47

Equity Indices				
	Latest Close	% Changes		
		on Day	End 2017 to Date	
Dow Jones	25798.42	+2.17	+4.37	
S&P 500	2809.92	+2.15	+5.10	
FTSE 100	7059.4	+0.43	-8.17	
DJ Stoxx 50	3257.34	+1.46	-7.04	
ISEQ	6263.19	+2.44	-11.01	
Nikkei	22841.12	+1.29	+0.33	

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

Opening Levels

Wednesday 17 October 2018
07:30 am



Euro

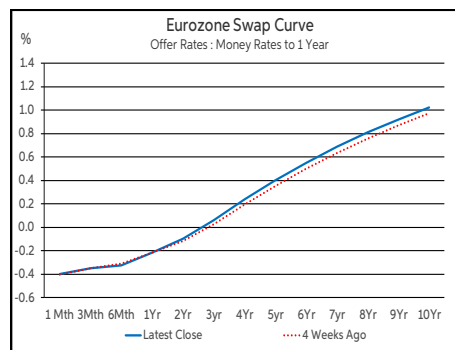
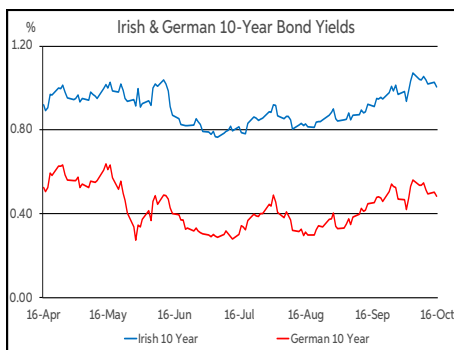
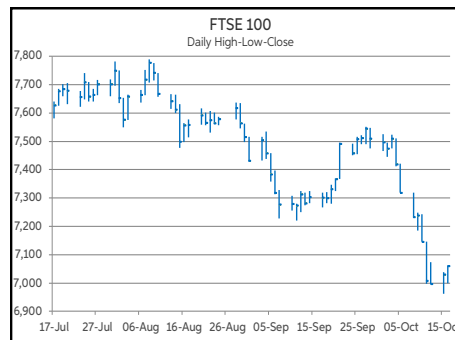
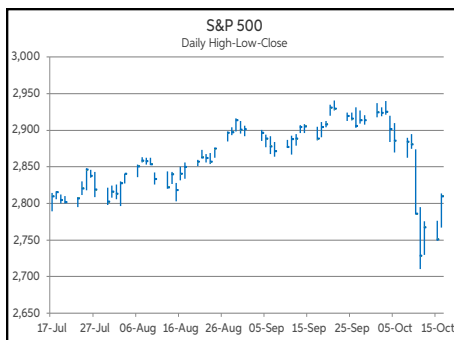
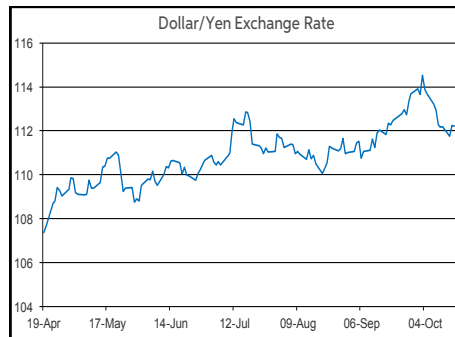
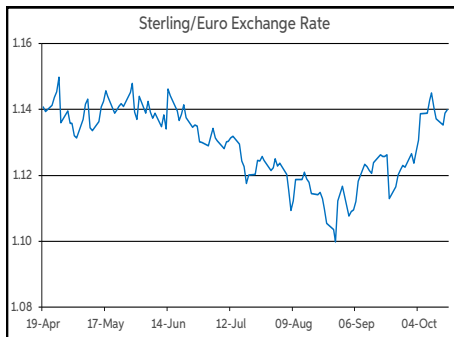
EUR/GBP	0.8769
EUR/USD	1.1561
EUR/JPY	129.75
EUR/SEK	10.317
EUR/DKK	7.4603
EUR/NOK	9.4309
EUR/CHF	1.1462
EUR/AUD	1.6198
EUR/HKD	9.0606
EUR/CAD	1.4976

Sterling

GBP/EUR	1.1397
GBP/USD	1.3181
GBP/CAD	1.7075
GBP/NZD	2.0001
GBP/JPY	147.92
GBP/SEK	11.7628
GBP/DKK	8.5038
GBP/NOK	10.7513
GBP/CHF	1.3066
GBP/AUD	1.8467

Dollar

USD/JPY	112.22
USD/CAD	1.2952
USD/CHF	0.9912
USD/CNY	6.921
USD/BRL	3.7253
USD/RUB	65.3125
USD/INR	73.49
AUD/USD	0.7135
NZD/USD	0.6587



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 17
10 Year Yield %				
US	3.16	+1	+11	+76
Germany	0.49	-2	+1	+7
UK	1.61	-0	+4	+43
Ireland	1.01	-2	+5	N/A
Belgium	0.86	-2	+7	+25
France	0.84	-2	+5	+6
Italy	3.45	-8	+70	+145
Spain	1.63	-3	+17	+9
Portugal	1.93	-7	+9	+4
Greece	4.24	-10	+20	+19
5 Year Swap %				
US	3.11	-1	+5	+87
Eurozone	0.40	-3	+5	+9
UK	1.46	-2	+3	+42
2 Year Swap %				
US	3.03	-1	+8	+95
Eurozone	-0.10	-1	+2	+4
UK	1.16	-0	+3	+36
10 Year Government Bond Spreads to Benchmark bps				
Ireland	52	-1	+5	N/A
Belgium	38	-0	+7	+19
France	35	-1	+4	-0
Italy	296	-7	+69	+139
Spain	115	-2	+16	+2
Portugal	144	-5	+8	-3
Greece	375	-8	+19	+13

Commodities				
	Close	% Change		
		Day	4 Weeks	End 17
Brent Oil	81.41	+0.78	+3.01	+21.74
West Texas Oil	71.93	+0.13	+2.95	+18.97
CRB - All Commodity	199.72	-0.01	+4.81	+3.02
CRB - Food	339.62	+0.01	+4.20	+1.07
Gold \$	1224.8	-0.20	+2.15	-5.97

This publication is for information purposes and is not an invitation to deal. The information is believed to be reliable but is not guaranteed. Any expressions of opinions are subject to change without notice. This publication is not to be reproduced in whole or in part without prior permission. In the Republic of Ireland it is distributed by Allied Irish Banks, p.l.c. In the UK it is distributed by Allied Irish Banks, p.l.c. and Allied Irish Bank (GB). In Northern Ireland it is distributed by First Trust Bank. In the United States of America it is distributed by Allied Irish Banks, p.l.c. Allied Irish Banks, p.l.c. is regulated by the Central Bank of Ireland. Allied Irish Bank (GB) and First Trust Bank are trade marks used under licence by AIB Group (UK) p.l.c. (a wholly owned subsidiary of Allied Irish Banks, p.l.c.), incorporated in Northern Ireland. Registered Office 92 Ann Street, Belfast BT1 3HH. Registered Number NI018800. Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. In the United States of America, Allied Irish Banks, p.l.c., New York Branch, is a branch licensed by the New York State Department of Financial Services. Deposits and other investment products are not FDIC insured, they are not guaranteed by any bank and they may lose value. Please note that telephone calls may be recorded in line with market practice.