

Focus remains on Brexit

The focus yesterday remained on Brexit. The EU and the UK are reportedly close to agreeing an updated Withdrawal Agreement (WA). However, concerns remain over whether any proposed deal would be palatable to UK MPs. This morning the DUP stated that they would not be able to support it as it stands.

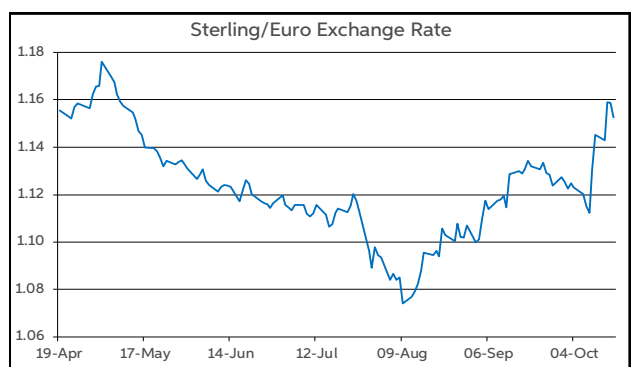
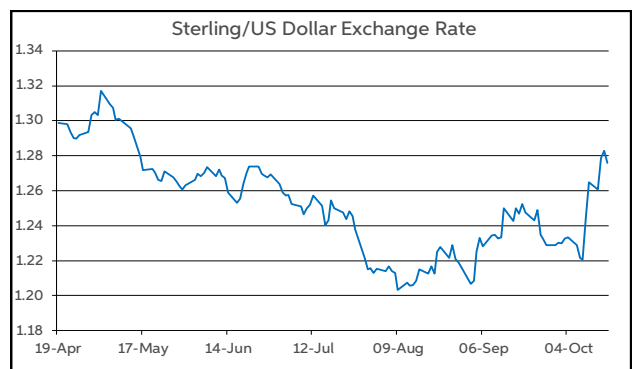
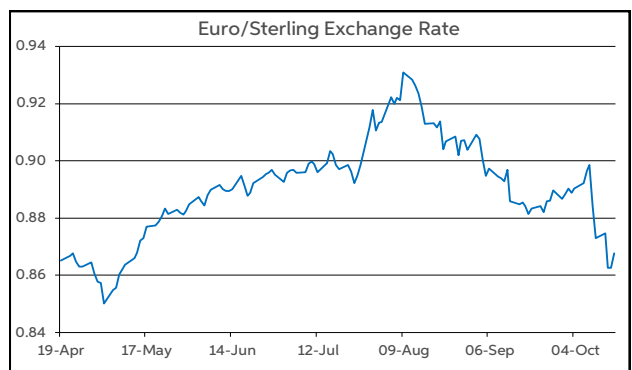
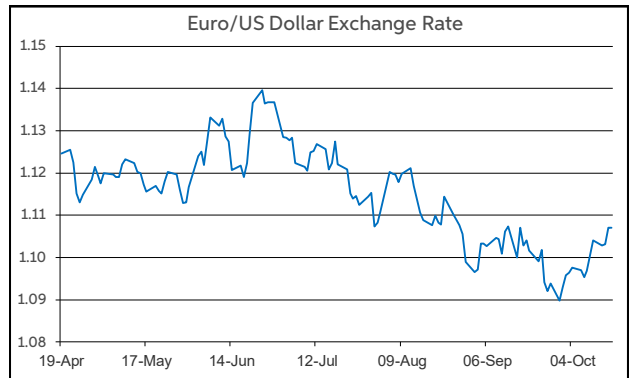
However, currency reaction to this statement has so far been muted. Sterling has pared back some of its gains. Cable (GBP/USD) has edged back below the \$1.28 threshold and is trading near the midpoint of the \$1.27-1.28 range. Meanwhile, some euro strength sees EUR/GBP open in the upper half of the 86-87p band.

Elsewhere, soft US retail sales data for September had little impact on the dollar. Weak auto sales saw headline retail expenditure fall by 0.3%, the first decline in 7 months. The control measure, a proxy for consumer spending, was flat in the month. EUR/USD is changing hands in the upper half of the \$1.10-1.11 range.

Today, attention will remain on Brexit developments. It will be of interest to see whether a draft WA can be agreed before the beginning of the EU Leaders' Summit this evening. Markets will also look for any further insight into the level of support amongst UK MPs for any such deal. As a result, sterling may continue to experience some volatility.

Data-wise, today's schedule includes UK September retail sales. However, given the focus on Brexit, they are unlikely to generate any reaction in sterling. Meanwhile, there is nothing out to influence the euro. Across the Atlantic, we will get US industrial production figures for September. Output is forecast to have dipped by 0.1%, reflecting the global downturn in the sector. Barring a major surprise, though, dollar impact may be limited.

Conor Beakey, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2018
EUR/USD	1.1072	0.38	-3.46
EUR/GBP	0.8675	0.35	-3.44
GBP/USD	1.276	0.04	0.02
GBP/EUR	1.1521	-0.35	3.56
USD/JPY	108.74	0.08	-0.75
EUR/JPY	120.41	0.48	-4.22

* v Previous Day's European Open

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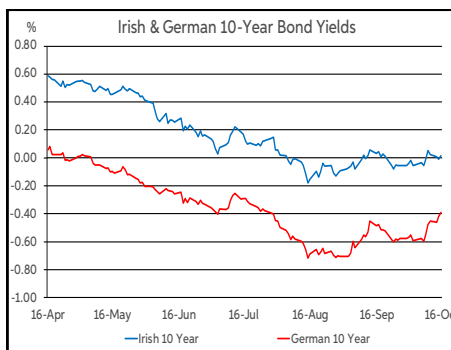
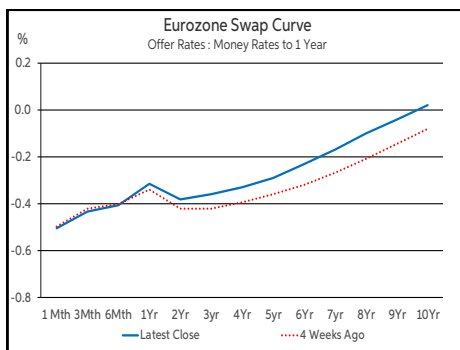
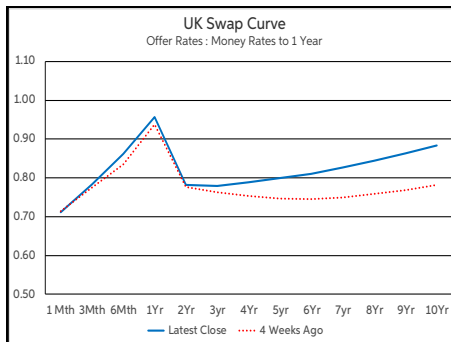
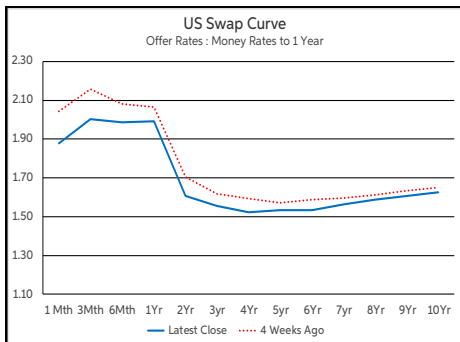
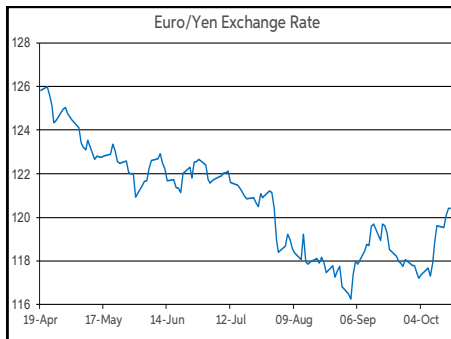
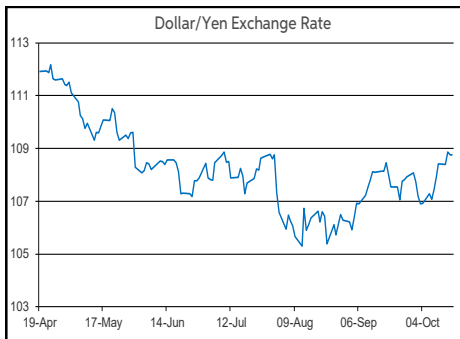
Opening Interest Rates						
	Base Rate	Short Term			Long Term	
		1-Mth	3-Mth	12-Mth	2-Yr	5-Yr
USD	1.875	1.88	2.00	1.99	1.61	1.55
EUR	0.00	-0.46	-0.42	-0.30	-0.38	-0.26
GBP	0.75	0.71	0.78	0.96	0.78	0.82

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	0.8675	GBP/EUR	1.1521	USD/JPY	108.74
EUR/USD	1.1072	GBP/USD	1.276	USD/CAD	1.3204
EUR/JPY	120.41	GBP/CAD	1.6855	USD/CHF	0.9934
EUR/SEK	10.8329	GBP/NZD	2.0289	USD/CNY	7.0987
EUR/DKK	7.4708	GBP/JPY	138.75	USD/BRL	4.1501
EUR/NOK	10.1629	GBP/SEK	12.4847	USD/RUB	64.1117
EUR/CHF	1.1	GBP/DKK	8.6095	USD/INR	71.42
EUR/AUD	1.6321	GBP/NOK	11.7101	AUD/USD	0.6783
EUR/HKD	8.6849	GBP/CHF	1.2676	NZD/USD	0.6287
EUR/CAD	1.4624	GBP/AUD	1.8811		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 18
10 Year Yield %				
US	1.74	-3	-5	-94
Germany	-0.39	+3	+12	-63
UK	0.71	+2	+7	-56
Ireland	0.01	+2	+1	N/A
Belgium	-0.11	+4	+8	-87
France	-0.14	+3	+9	-84
Italy	1.01	-0	+14	-170
Spain	0.24	+4	+3	-117
Portugal	0.19	+2	-4	-152
Greece	1.37	+1	+2	-292
5 Year Swap %				
US	1.53	-5	-4	-103
Eurozone	-0.29	-1	+7	-52
UK	0.80	+1	+5	-52
2 Year Swap %				
US	1.61	-6	-10	-103
Eurozone	-0.38	+0	+4	-24
UK	0.78	+0	+1	-38
10 Year Government Bond Spreads to Benchmark bps				
Ireland	41	-0	-11	N/A
Belgium	28	+1	-4	-24
France	25	-0	-3	-21
Italy	140	-3	+1	-107
Spain	64	+1	-9	-54
Portugal	58	-0	-16	-89
Greece	177	-2	-10	-230

Commodities				
	% Change			
	Close	Day	4 Weeks	End 18
Brent Oil	59.42	+1.16	-6.57	+10.45
West Texas Oil	53.42	+1.16	-8.20	+18.32
Gold \$	1490.2	+0.59	-0.27	+16.16

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