

Sterling softer following BoE comments

Sterling has struggled over the last 24 hours. While UK CPI inflation rose to 3% in September, further above the BoE's 2% target, some dovish sounding comments from MPC members attracted greater market attention.

The two newest Committee members (Tenreyro and Ramsden) seemed to suggest that they would not support a rate hike in the near-term due to "very, very weak" wage growth in the UK. This is in contrast to the minutes of the BoE's last meeting in August, which suggested that rates could rise in the coming months.

In level terms, the softer sterling saw cable (GBP/USD) fall below \$1.32, while the EUR/GBP pair regained a footing above the 89p level. Meantime, EUR/USD spent the day in a narrow \$1.173-1.178 range.

Today, market focus will remain on sterling. Given yesterday's comments on UK wages, earnings data for the three months to August will be closely analysed. However, headline wage inflation looks set to remain subdued, at close to 2%. At the same time, employment growth is expected to have slowed slightly, though the unemployment rate is anticipated to have remained at just 4.3%. Overall though, the labour market data could act as a headwind for sterling today.

Meanwhile, the EU Leaders' Summit which kicks off this evening (runs till Friday) may also pose some risks for the UK currency. Markets will be looking for any updates on the next steps of the Brexit negotiations, given some contradictory headlines on the issue in recent weeks. There will be particular interest in any comments regarding the UK's so-called 'exit bill'.

Dara Turnbull, Economist, AIB

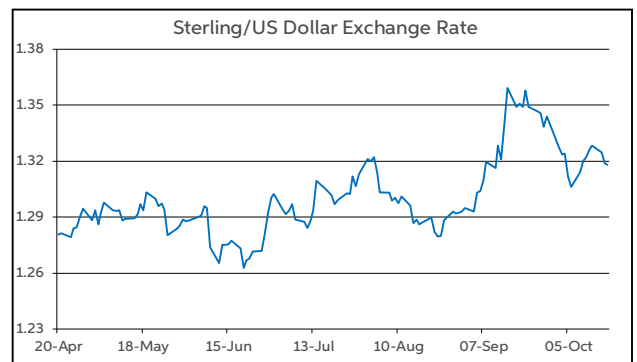
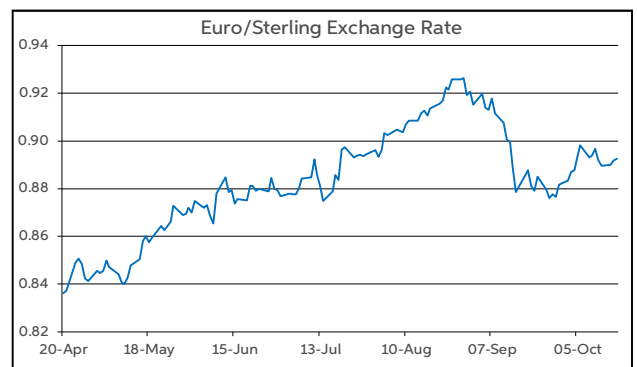
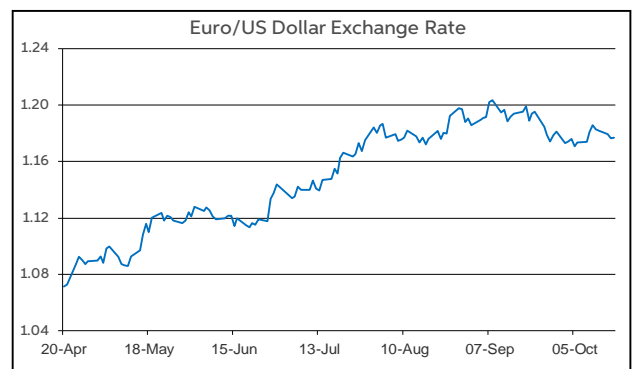
Opening Interest Rates						
	Base Rate	Short Term			Long Term	
		1-Mth	3-Mth	12-Mth	2-Yr	5-Yr
USD	1.125	1.24	1.36	1.82	1.80	2.03
EUR	0.00	-0.37	-0.33	-0.18	-0.18	0.21
GBP	0.25	0.30	0.38	0.75	0.82	1.05

Equity Indices				
	Latest Close	% Changes		
		on Day	End 2016 to Date	
Dow Jones	22997.44	+0.18	+16.37	
S&P 500	2559.36	+0.07	+14.32	
FTSE 100	7516.17	-0.14	+5.23	
DJ Stoxx 50	3607.77	+0.04	+9.64	
ISEQ	6784.84	-0.42	+4.11	
Nikkei	21363.05	+0.13	+11.76	

Today's Opening Rates			
		% Change	
		Day *	End 2016
EUR/USD	1.1768	-0.08	11.94
EUR/GBP	0.8928	0.48	4.81
GBP/USD	1.3178	-0.57	6.83
GBP/EUR	1.1198	-0.48	-4.59
USD/JPY	112.31	0.17	-3.90
EUR/JPY	132.17	0.08	7.33

* 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

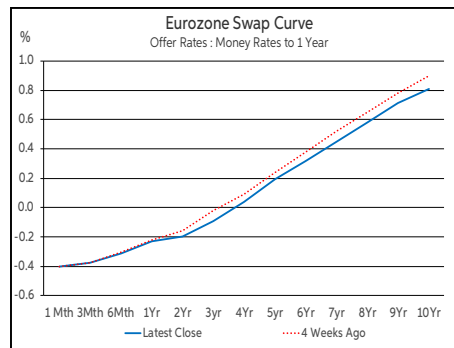
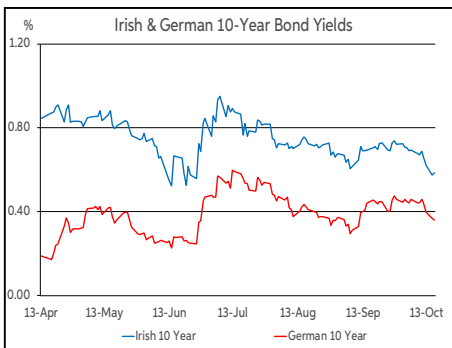
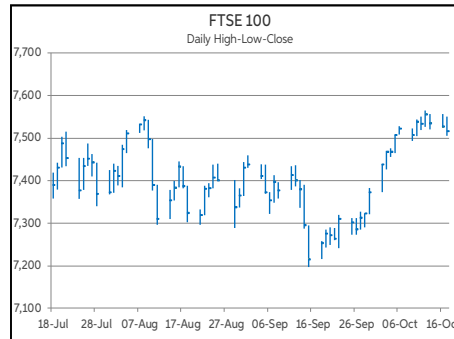
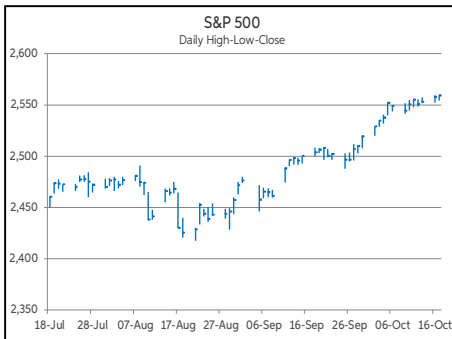
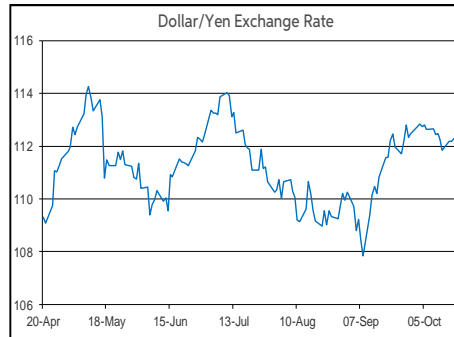
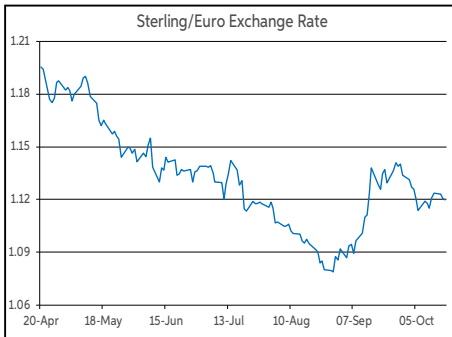
FX Spot	Karl Cooke Shane Gargan Adrian Flanagan Enda Homan	FX Options	Mark Tuite Lenny Hogan	Reuters Phone	AIB 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Opening Levels

Wednesday 18 October 2017
07:29 am



Euro		Sterling		Dollar	
EUR/GBP	0.8928	GBP/EUR	1.1198	USD/JPY	112.31
EUR/USD	1.1768	GBP/USD	1.3178	USD/CAD	1.2503
EUR/JPY	132.17	GBP/CAD	1.648	USD/CHF	0.9784
EUR/SEK	9.5925	GBP/NZD	1.8427	USD/CNY	6.6193
EUR/DKK	7.4436	GBP/JPY	148.01	USD/BRL	3.1577
EUR/NOK	9.3385	GBP/SEK	10.7388	USD/RUB	57.241
EUR/CHF	1.1514	GBP/DKK	8.3348	USD/INR	65.065
EUR/AUD	1.4996	GBP/NOK	10.4585	AUD/USD	0.7844
EUR/HKD	9.1862	GBP/CHF	1.2895	NZD/USD	0.7149
EUR/CAD	1.4716	GBP/AUD	1.6793		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 16
10 Year Yield %				
US	2.30	-0	+6	-14
Germany	0.36	-1	-9	+16
UK	1.27	-6	-5	+4
Ireland	0.59	+1	-12	-16
Belgium	0.62	-2	-9	+11
France	0.76	-2	+4	+9
Italy	1.98	-4	-11	+18
Spain	1.53	-2	-1	+17
Portugal	2.27	-1	-13	-145
Greece	5.38	-4	+3	-150
5 Year Swap %				
US	2.02	+1	+11	+7
Eurozone	0.19	-1	-5	+12
UK	1.04	-5	-4	+16
2 Year Swap %				
US	1.79	+1	+14	+35
Eurozone	-0.20	-2	-4	-4
UK	0.81	-3	+1	+21
10 Year Government Bond Spreads to Benchmark bps				
Ireland	23	+2	-4	-32
Belgium	26	-1	+0	-5
France	40	-1	+13	-7
Italy	162	-3	-3	+2
Spain	117	-2	+8	+0
Portugal	191	-0	-5	-161
Greece	502	-3	+12	-166

Commodities				
	Close	% Change		
		Day	4 Weeks	End 16
Brent Oil	57.88	+0.10	+4.97	+1.87
West Texas Oil	51.87	+0.02	+4.70	-3.50
CRB - All Commodity	184.24	-0.21	+0.91	-4.30
CRB - Food	343.58	+1.96	+3.65	+1.43
Gold \$	1285.6	-0.76	-1.97	+11.57

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