

EUR/USD back below \$1.15

The moves on currency markets over the last 24 hours have seen some modest gains for the dollar against sterling and the euro. The firmer tone to the dollar coincided with an increase of around 3-5bps in US swap rates and treasury yields. The release of the Fed minutes from its September meeting provided no significant new insight on the central bank's outlook regarding its tightening cycle.

Data-wise, one of the few highlights from a sparse diary was UK inflation for September. The figures showed headline inflation coming in below expectations, at 2.4% in September (from 2.7% in August and versus forecast for 2.6%). Meantime, core inflation also printed lower than anticipated, falling to 1.9% (f'cast for 2.0%).

This data acted as somewhat of a headwind to sterling in the first half of the day. However, sterling watchers were mainly in 'wait-and-see mode' for much of yesterday in the lead up to the start of the EU summit last night. The initial phase of the get together yesterday indicated very little progress from the current stalemate in the exit negotiations.

Overall on the currency front, as the European trading session gets underway this morning, the dollar's firmer tone is reflected in EUR/USD opening back under the \$1.15 level and GBP/USD changing hands below the \$1.31 threshold. Meanwhile, EUR/GBP continues to mostly trade in a tight range just under the 88p mark.

Today, the only major data release once again comes from the UK schedule with retail sales for September due. Elsewhere, the ongoing EU Leaders' summit may garner attention. However, given last night's lack of progress on Brexit, expectations are low for any new developments in the currently deadlocked exit talks.

John Fahey, Senior Economist, AIB

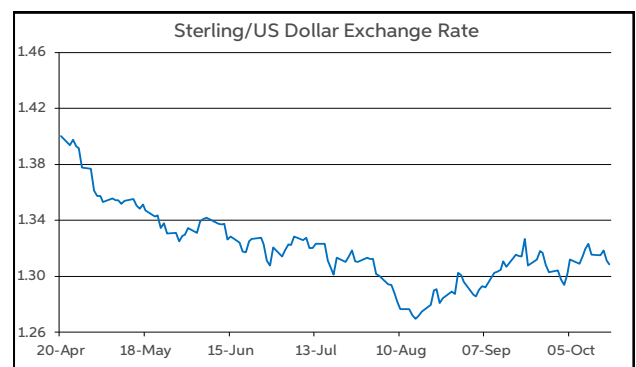
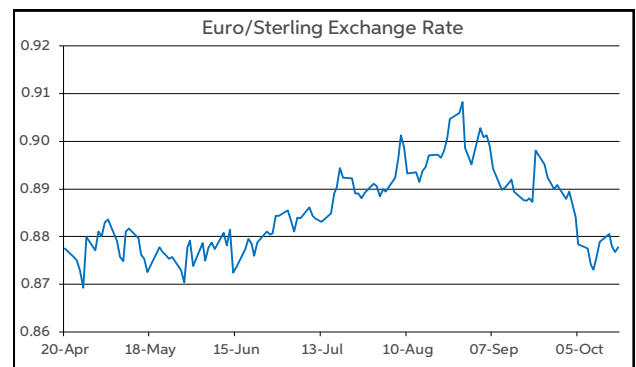
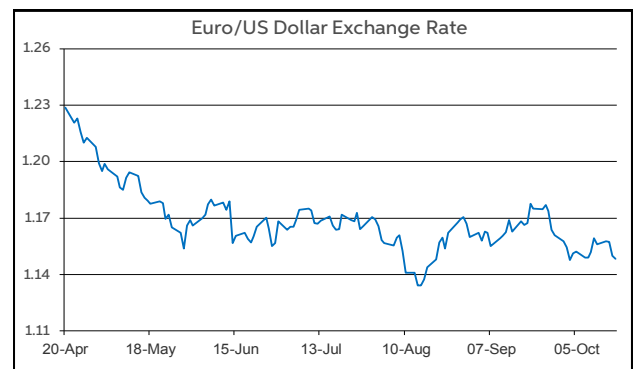
Opening Interest Rates						
	Base Rate	Short Term			Long Term	
		1-Mth	3-Mth	12-Mth	2-Yr	5-Yr
USD	2.125	2.28	2.45	2.97	3.09	3.19
EUR	0.00	-0.37	-0.32	-0.16	-0.10	0.39
GBP	0.75	0.72	0.80	1.08	1.16	1.45

Equity Indices				
	Latest Close	% Changes		
		on Day	End 2017 to Date	
Dow Jones	25706.68	-0.36	+3.99	
S&P 500	2809.21	-0.03	+5.07	
FTSE 100	7054.6	-0.07	-8.24	
DJ Stoxx 50	3243.08	-0.44	-7.45	
ISEQ	6188.02	-1.20	-12.08	
Nikkei	22658.16	-0.80	-0.47	

Today's Opening Rates			
		% Change	
		Day *	End 2017
EUR/USD	1.1483	-0.65	-4.28
EUR/GBP	0.8775	0.01	-1.22
GBP/USD	1.3083	-0.66	-3.17
GBP/EUR	1.1389	-0.01	1.23
USD/JPY	112.46	0.18	-0.19
EUR/JPY	129.16	-0.45	-4.45

* 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 Enda Homan	FX Options	Mark Tuite Lenny Hogan	Reuters Phone	AlBI 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
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Opening Levels

Thursday 18 October 2018
07:30 am



Euro

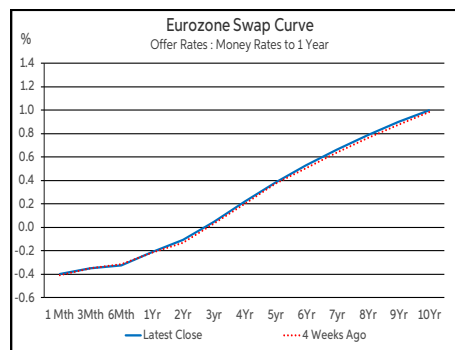
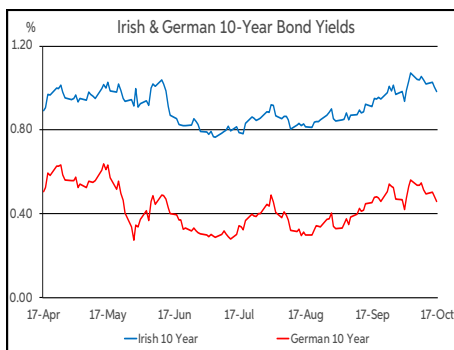
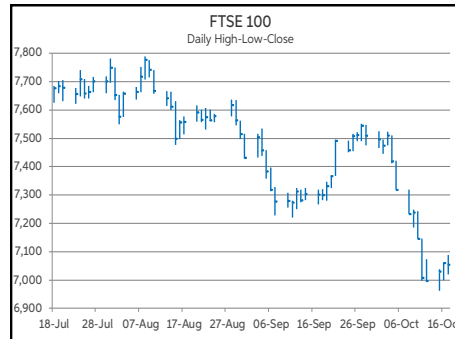
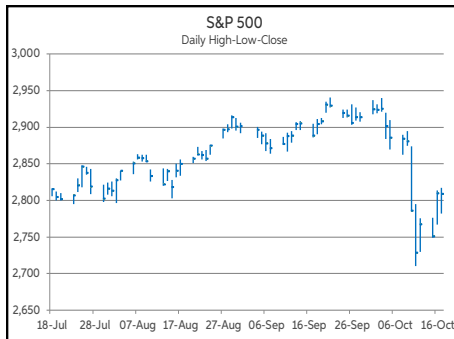
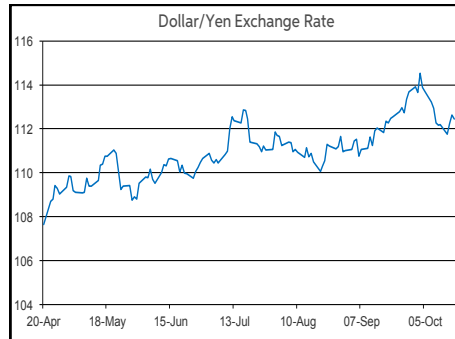
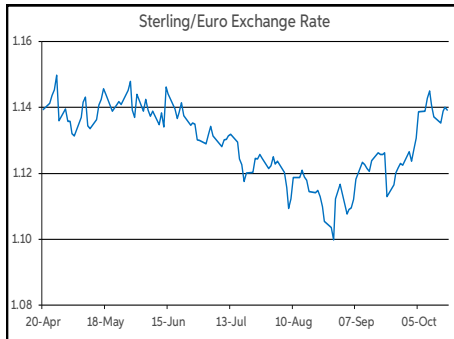
EUR/GBP	0.8775
EUR/USD	1.1483
EUR/JPY	129.16
EUR/SEK	10.3206
EUR/DKK	7.4605
EUR/NOK	9.4513
EUR/CHF	1.143
EUR/AUD	1.6129
EUR/HKD	9.0012
EUR/CAD	1.4987

Sterling

GBP/EUR	1.1389
GBP/USD	1.3084
GBP/CAD	1.7076
GBP/NZD	1.9974
GBP/JPY	147.14
GBP/SEK	11.755
GBP/DKK	8.498
GBP/NOK	10.7672
GBP/CHF	1.3024
GBP/AUD	1.8376

Dollar

USD/JPY	112.46
USD/CAD	1.3051
USD/CHF	0.9954
USD/CNY	6.9383
USD/BRL	3.6873
USD/RUB	65.658
USD/INR	73.55
AUD/USD	0.7119
NZD/USD	0.6548



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 17
10 Year Yield %				
US	3.21	+4	+14	+80
Germany	0.46	-3	-2	+4
UK	1.57	-4	-4	+39
Ireland	0.98	-2	+4	N/A
Belgium	0.84	-2	+4	+23
France	0.81	-2	+2	+4
Italy	3.51	+7	+69	+152
Spain	1.64	+0	+13	+9
Portugal	1.93	-0	+5	+3
Greece	4.26	+3	+21	+22
5 Year Swap %				
US	3.16	+2	+11	+92
Eurozone	0.38	-3	+1	+7
UK	1.45	-3	-2	+41
2 Year Swap %				
US	3.04	-2	+9	+95
Eurozone	-0.11	-2	+2	+3
UK	1.15	-2	-1	+35
10 Year Government Bond Spreads to Benchmark bps				
Ireland	52	+0	+6	N/A
Belgium	38	+0	+6	+19
France	35	+0	+4	-0
Italy	305	+9	+71	+148
Spain	118	+3	+15	+5
Portugal	147	+2	+7	-1
Greece	380	+5	+23	+18

Commodities				
	Close	% Change		
		Day	4 Weeks	End 17
Brent Oil	80.05	-1.67	+0.82	+19.71
West Texas Oil	69.63	-3.20	-2.04	+15.17
CRB - All Commodity	198.90	-0.41	+3.72	+2.60
CRB - Food	338.09	-1.53	+2.32	+0.61
Gold \$	1223.1	-0.14	+1.55	-6.11

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