

## Volatility for sterling amid Brexit developments

Once again, Brexit was very much front and centre of market attention yesterday. Given the ebb and flow of Brexit newsflow, it was no surprise to see sterling experience some volatility.

News that the EU and UK had agreed on a revised Withdrawal Agreement initially saw sterling firm somewhat. This was reflected in EUR/GBP briefly trading just below the 86p level and GBP/USD above the \$1.29 mark.

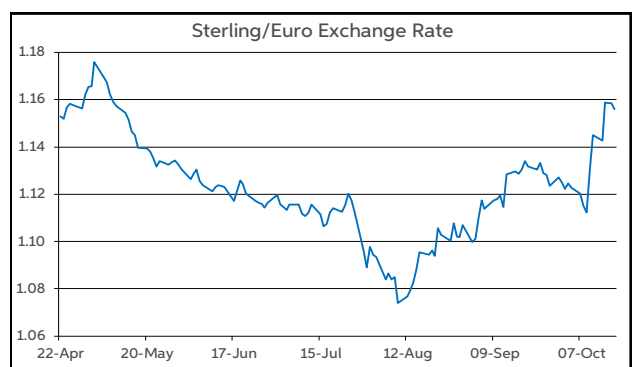
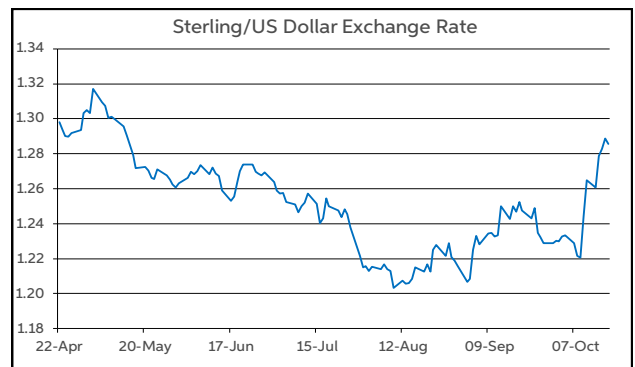
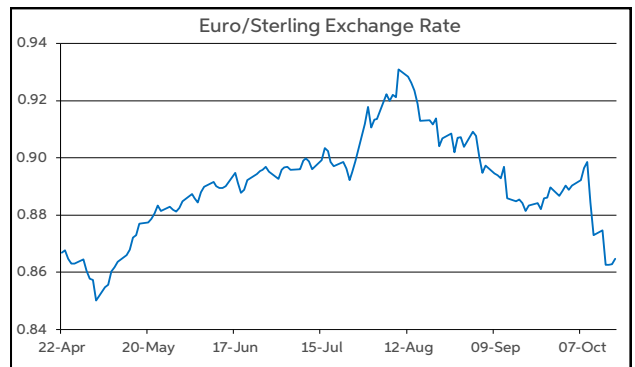
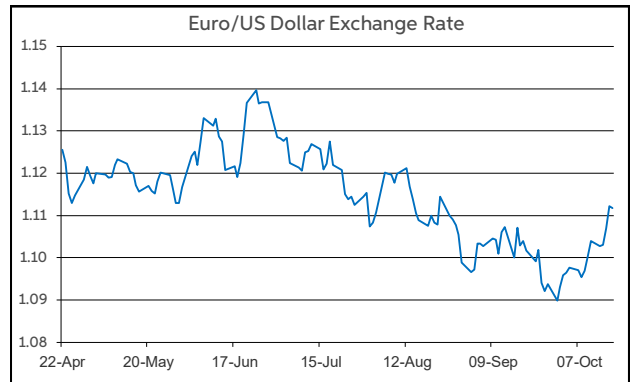
However, with doubts remaining about whether the UK parliament will vote in favour of the revised WA (highlighted by the DUP opposing the new deal), sterling gave up some of its earlier gains. In level terms, EUR/GBP moved back up towards the midpoint of 86-87p, while GBP/USD edged back below \$1.29.

Elsewhere on the currency front, the euro continued, for a second day running, to firm against the dollar. It appears the more positive Brexit backdrop has been a support for the euro. From a dollar viewpoint, weaker than expected macro data (incl. industrial production, Philly Fed, housing starts), at the margin was unhelpful. The firmer euro tone is evident in EUR/USD regaining the \$1.11 threshold.

Turning to the day ahead, Brexit is likely to continue to be in focus with tomorrow's UK House of Commons vote on the WA looming on the horizon. Markets will be looking for any early indications on whether the vote will succeed. As a result, sterling may continue to exhibit volatility today.

Meanwhile, there is barren calendar in both the Eurozone and the US. As a result, we could see the EUR/USD pair trade in a relatively narrow range near to its current level heading into the weekend.

**John Fahey, Senior Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2018
EUR/USD	1.1119	0.41	-3.05
EUR/GBP	0.8648	0.09	-3.74
GBP/USD	1.2855	0.29	0.77
GBP/EUR	1.156	-0.09	3.89
USD/JPY	108.55	-0.16	-0.92
EUR/JPY	120.7	0.22	-3.99

\* 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	1.85	1.97	1.99	1.61	1.55
EUR	0.00	-0.46	-0.41	-0.30	-0.37	-0.28
GBP	0.75	0.71	0.79	0.98	0.79	0.79

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

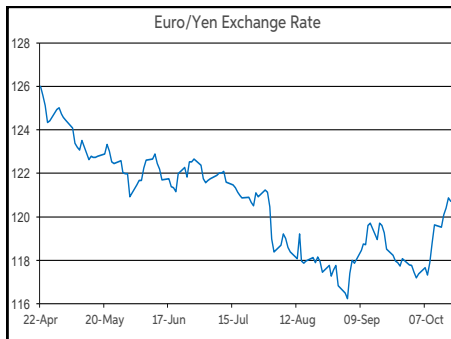
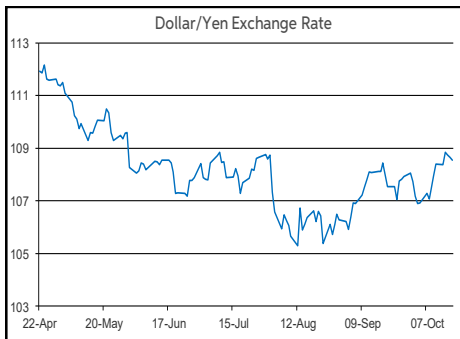
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIB 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

# Opening Levels

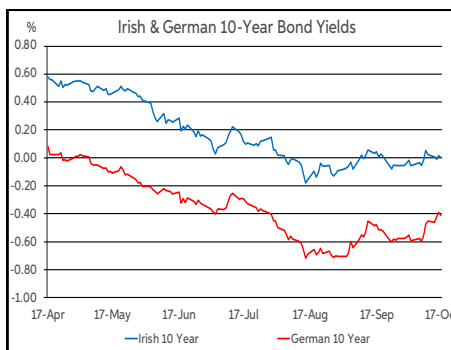
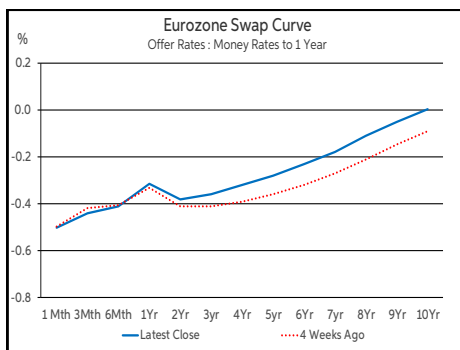
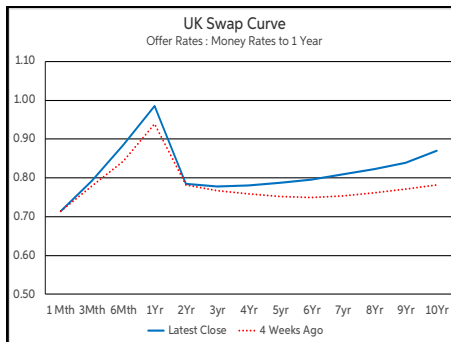
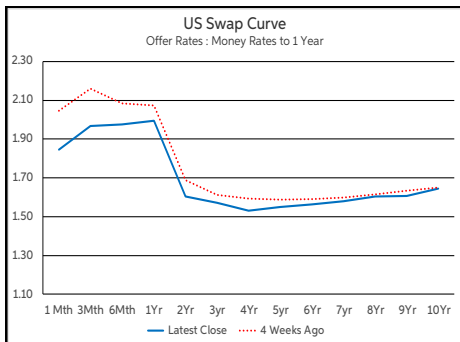
Friday 18 October 2019  
07:24 am



Euro		Sterling		Dollar	
EUR/GBP	0.8647	GBP/EUR	1.1561	USD/JPY	108.56
EUR/USD	1.1117	GBP/USD	1.2856	USD/CAD	1.3138
EUR/JPY	120.72	GBP/CAD	1.6892	USD/CHF	0.9873
EUR/SEK	10.7896	GBP/NZD	2.018	USD/CNY	7.0837
EUR/DKK	7.4702	GBP/JPY	139.56	USD/BRL	4.1625
EUR/NOK	10.2155	GBP/SEK	12.4727	USD/RUB	63.96
EUR/CHF	1.0978	GBP/DKK	8.6376	USD/INR	71.19
EUR/AUD	1.6274	GBP/NOK	11.814	AUD/USD	0.683
EUR/HKD	8.7188	GBP/CHF	1.2693	NZD/USD	0.6368
EUR/CAD	1.4607	GBP/AUD	1.8816		



Debt Markets				
	Close	Day	4 Weeks	End 18
<b>10 Year Yield %</b>				
US	1.75	+1	-4	-93
Germany	-0.41	-2	+10	-65
UK	0.67	-4	+4	-59
Ireland	0.01	-1	-2	N/A
Belgium	-0.12	-2	+5	-88
France	-0.15	-1	+6	-86
Italy	0.98	-3	+9	-174
Spain	0.22	-2	-1	-119
Portugal	0.17	-2	-9	-153
Greece	1.36	-1	+1	-294
<b>5 Year Swap %</b>				
US	1.55	+1	-4	-101
Eurozone	-0.28	+0	+8	-51
UK	0.79	-3	+4	-53
<b>2 Year Swap %</b>				
US	1.60	-2	-8	-104
Eurozone	-0.38	-1	+3	-24
UK	0.78	-1	+0	-38
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	42	+1	-12	N/A
Belgium	29	+0	-5	-23
France	26	+1	-4	-21
Italy	139	-1	-1	-109
Spain	63	-0	-11	-54
Portugal	58	+0	-19	-88
Greece	178	+1	-9	-229



Commodities				
	Close	Day	4 Weeks	End 18
Brent Oil	59.91	+0.82	-6.97	+11.36
West Texas Oil	53.89	+0.88	-7.39	+19.36
Gold \$	1492.1	+0.13	-0.48	+16.31

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