

# Morning Comment

AIB Treasury Economic Research Unit



Thursday 19 October 2017  
07:28 am

## Yen Weakens; EU Summit in Focus

There was a mildly positive tone to financial market sentiment yesterday. On the equity front, the Euro Stoxx 50 rose by 0.3% on the day, as European corporate earnings season got underway. Meantime, the S&P 500 was broadly flat, while remaining at an all-time high, at the close on Wall Street. In overnight trading, the Nikkei rose 0.4%, hitting a fresh 21-year high.

In terms of currency markets, the yen continued to move lower against a basket of other majors yesterday. This weekend's Japanese election, abating political concerns in East Asia (i.e. North Korea), and dovish comments from the BoJ were all cited as factors on newswires. The USD/JPY pair moved back up to ¥113, while EUR/JPY rose above ¥133.

The other main FX pairs spent the day confined to narrow ranges. The key data releases (UK labour market figures for August) were broadly in line with expectations, while there were no major updates on Brexit as EU leaders gathered for their three day conference. As a result, sterling has retained its softer tone.

In level terms, EUR/GBP has been confined to a 89.1-89.4p range over the past 24 hours. Cable (GBP/USD) has largely traded in the upper half of the \$1.31-1.32 band. Meanwhile, the EUR/USD pair edged up to around the \$1.18 mark.

In the day ahead, sterling will remain in focus as the aforementioned EU Summit begins in earnest. Comments from politicians on Brexit will pose headline risk for the currency. Data-wise, UK retail sales look set to decline modestly in September, following on from August's strong rise. Although, given the recent volatility in the sales data, a surprise today cannot be ruled out.

### Dara Turnbull, Economist, AIB

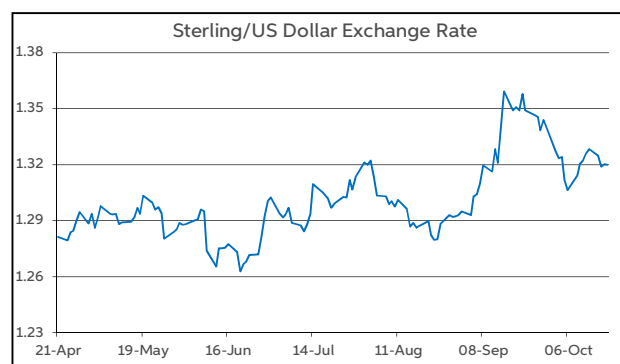
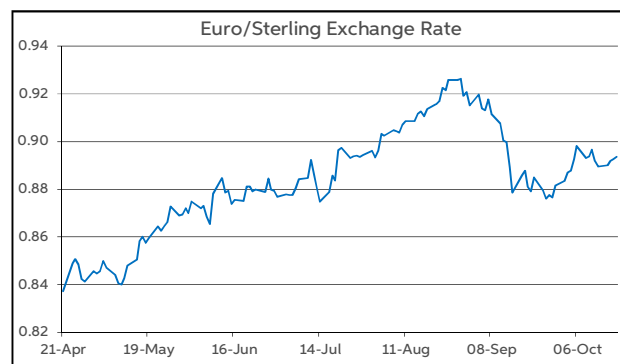
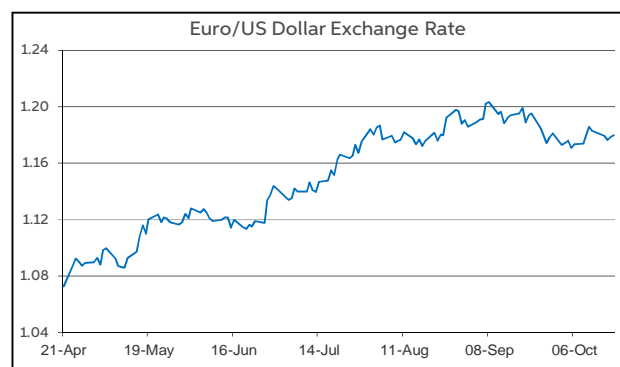
Opening Interest Rates						
Base Rate	Short Term			Long Term		
	1-Mth	3-Mth	12-Mth	2-Yr	5-Yr	
USD	1.125	1.24	1.36	1.83	2.07	
EUR	0.00	-0.37	-0.33	-0.17	0.22	
GBP	0.25	0.31	0.38	0.75	1.08	

Equity Indices				
	Latest Close	% Changes		
		on Day	End 2016 to Date	
Dow Jones	23157.6	+0.70	+17.18	
S&P 500	2561.26	+0.07	+14.40	
FTSE 100	7542.87	+0.36	+5.60	
DJ Stoxx 50	3619.65	+0.33	+10.00	
ISEQ	6773.58	-0.17	+3.93	
Nikkei	21448.52	+0.40	+12.21	

Today's Opening Rates			
		% Change	
		Day *	End 2016
EUR/USD	1.1799	0.31	12.23
EUR/GBP	0.8938	0.21	4.93
GBP/USD	1.32	0.11	7.00
GBP/EUR	1.1186	-0.21	-4.70
USD/JPY	113.08	0.75	-3.24
EUR/JPY	133.43	1.05	8.36

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

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## Euro

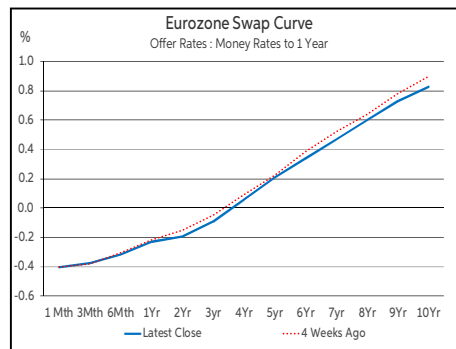
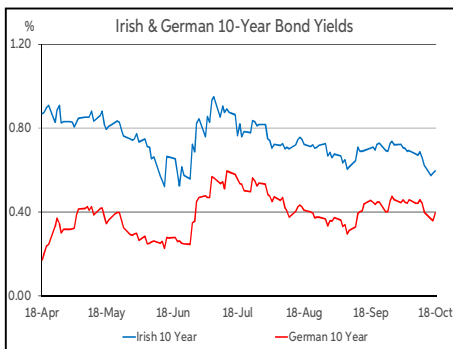
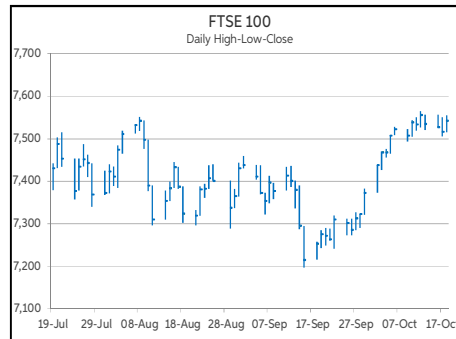
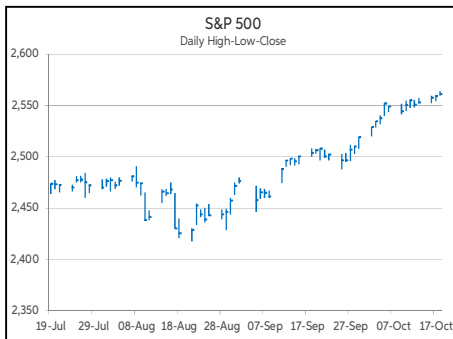
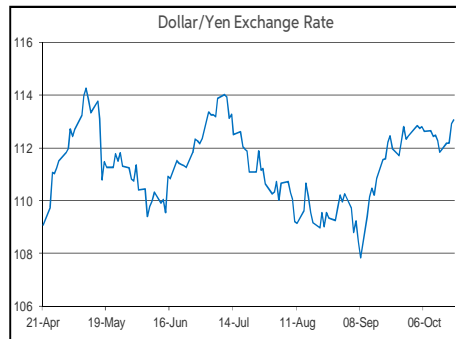
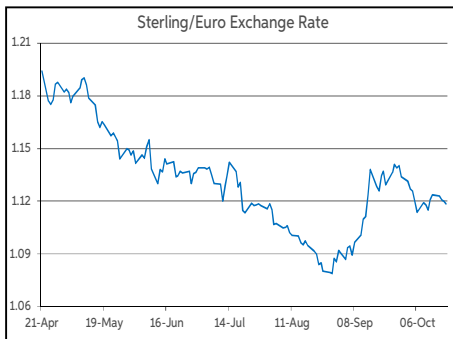
EUR/GBP	0.8936
EUR/USD	1.1799
EUR/JPY	133.43
EUR/SEK	9.6049
EUR/DKK	7.444
EUR/NOK	9.3833
EUR/CHF	1.1569
EUR/AUD	1.5016
EUR/HKD	9.2046
EUR/CAD	1.4714

## Sterling

GBP/EUR	1.1186
GBP/USD	1.32
GBP/CAD	1.6463
GBP/NZD	1.8698
GBP/JPY	149.27
GBP/SEK	10.7421
GBP/DKK	8.3275
GBP/NOK	10.4995
GBP/CHF	1.2944
GBP/AUD	1.68

## Dollar

USD/JPY	113.08
USD/CAD	1.2473
USD/CHF	0.9805
USD/CNY	6.6274
USD/BRL	3.1714
USD/RUB	57.3809
USD/INR	65.04
AUD/USD	0.7856
NZD/USD	0.7056



	Close	Change bps		
		Day	4 Weeks	End 16
<b>10 Year Yield %</b>				
US	2.34	+4	+7	-10
Germany	0.39	+3	-4	+20
UK	1.31	+4	-2	+8
Ireland	0.60	+1	-10	-15
Belgium	0.65	+3	-6	+14
France	0.80	+4	+8	+12
Italy	2.03	+5	-9	+23
Spain	1.61	+8	+6	+24
Portugal	2.31	+4	-3	-141
Greece	5.45	+7	+9	-142
<b>5 Year Swap %</b>				
US	2.05	+2	+12	+10
Eurozone	0.21	+1	-2	+13
UK	1.07	+3	-1	+19
<b>2 Year Swap %</b>				
US	1.79	-0	+12	+35
Eurozone	-0.19	-1	-4	-3
UK	0.82	+0	+2	+22
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	20	-2	-6	-35
Belgium	26	-1	-2	-6
France	40	+0	+12	-7
Italy	164	+1	-5	+3
Spain	122	+4	+10	+5
Portugal	192	+0	+1	-161
Greece	506	+4	+13	-162

	Close	% Change		
		Day	4 Weeks	End 16
Brent Oil	58.15	+0.47	+3.30	+2.34
West Texas Oil	52.05	+0.35	+3.50	-3.16
CRB - All Commodity	183.99	-0.13	-0.35	-4.43
CRB - Food	343.9	+0.32	+3.52	+1.52
Gold \$	1281.6	-0.31	-1.52	+11.23

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