

Sterling holds gains as UK seeks extension to Article 50

Brexit dominated the market discourse last week. This carried over into the weekend with the UK's House of Commons sitting on Saturday to vote on the amended Withdrawal Agreement (WA). However, this did not go ahead as Parliament instead voted to defer approval of the WA until after implementation legislation is passed. Following this, required by the Benn Act, the PM submitted a request to the EU to extend Article 50.

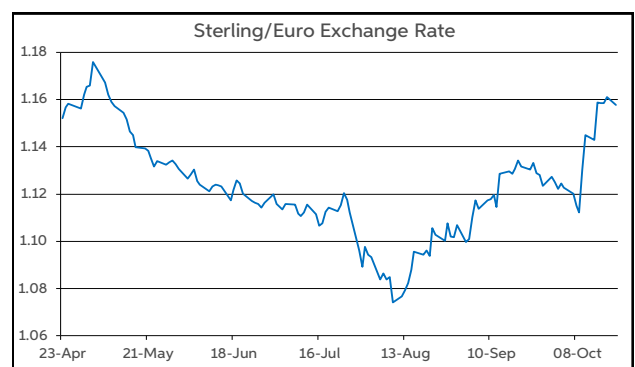
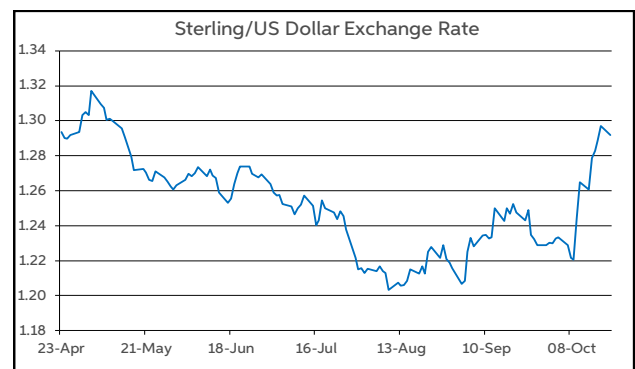
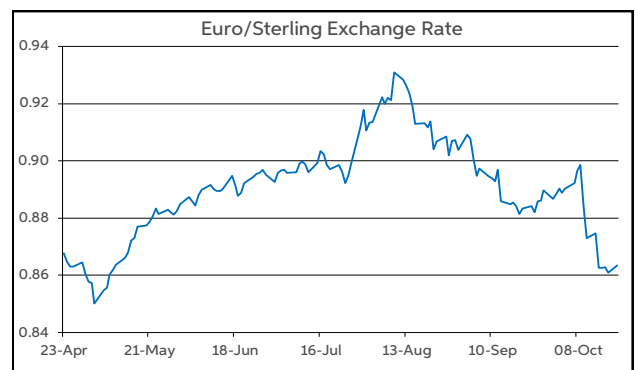
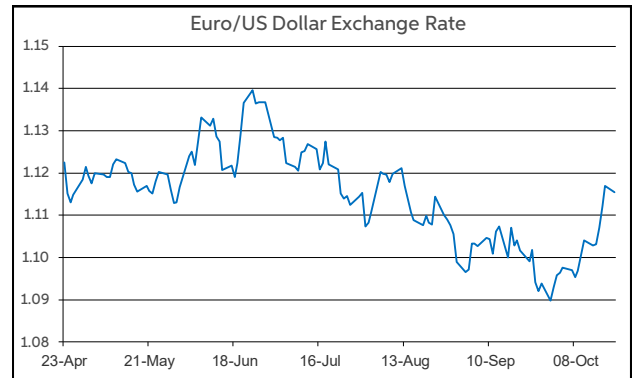
Despite the on-going Brexit uncertainty, the market has taken the view that overall, the recent developments have reduced the risk of a no-deal exit. This is reflected in sterling opening this morning largely unchanged from Friday. Elsewhere, we saw the euro regain some lost ground last week versus the dollar. It has been aided by the more positive Brexit backdrop. At the same time, some mixed macro data and the improvement in risk appetite have weighed somewhat on the dollar.

In level terms, all of the above is reflected in EUR/GBP opening this morning near 86.3p and EUR/USD continuing to edge higher within the \$1.11-1.12 band. Meanwhile, cable (GBP/USD) starts the week changing hands above the \$1.29 mark.

This week, Brexit related events are likely to remain a key source of direction for sterling. Government sources believe it could get a majority for the deal, either through a meaningful vote today, if allowed, or when the Bill is put to a second reading, probably on Tuesday. Against this backdrop, sterling may continue to experience some volatility.

Meantime, for the euro, Thursday's ECB meeting is the main highlight. Although, it is expected to be largely uneventful. Data-wise, Eurozone and US flash PMIs feature this week.

John Fahey, Senior Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2018
EUR/USD	1.1156	0.31	-2.73
EUR/GBP	0.8634	-0.28	-3.90
GBP/USD	1.2919	0.58	1.27
GBP/EUR	1.1576	0.28	4.05
USD/JPY	108.5	-0.06	-0.97
EUR/JPY	121.07	0.27	-3.69

* 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	1.95	1.99	1.63	1.58
EUR	0.00	-0.44	-0.41	-0.30	-0.37	-0.24
GBP	0.75	0.71	0.79	0.99	0.83	0.84

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

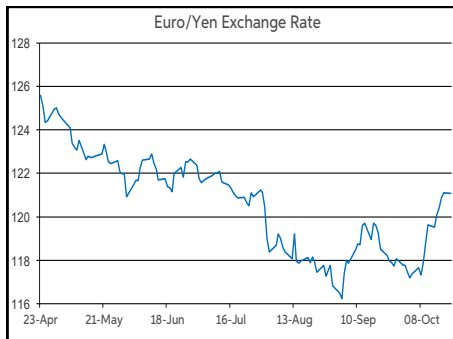
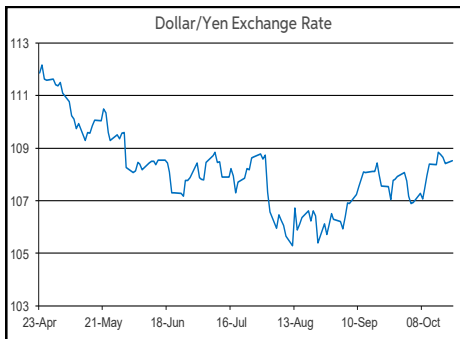
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIB 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Opening Levels

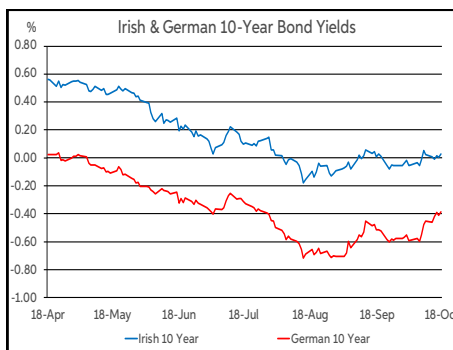
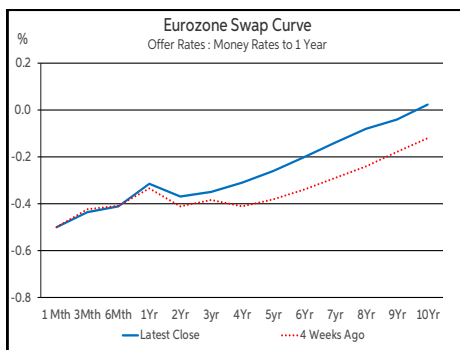
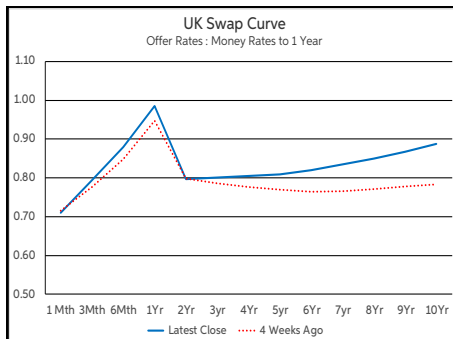
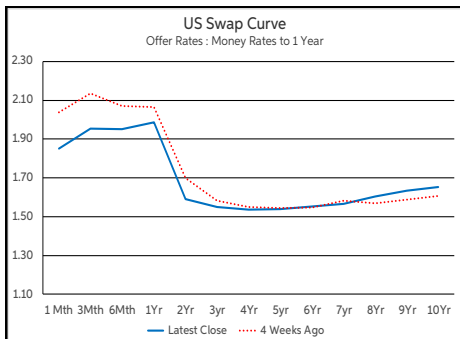
Monday 21 October 2019
07:27 am



Euro		Sterling		Dollar	
EUR/GBP	0.8634	GBP/EUR	1.1576	USD/JPY	108.5
EUR/USD	1.1156	GBP/USD	1.2919	USD/CAD	1.3132
EUR/JPY	121.07	GBP/CAD	1.6965	USD/CHF	0.9856
EUR/SEK	10.7713	GBP/NZD	2.0194	USD/CNY	7.0745
EUR/DKK	7.4704	GBP/JPY	140.17	USD/BRL	4.1106
EUR/NOK	10.2104	GBP/SEK	12.471	USD/RUB	63.8205
EUR/CHF	1.0998	GBP/DKK	8.6494	USD/INR	71.05
EUR/AUD	1.6249	GBP/NOK	11.8193	AUD/USD	0.6864
EUR/HKD	8.7482	GBP/CHF	1.2734	NZD/USD	0.6396
EUR/CAD	1.465	GBP/AUD	1.8814		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 18
10 Year Yield %				
US	1.75	+0	+3	-93
Germany	-0.39	+3	+14	-62
UK	0.70	+3	+8	-56
5 Year Swap %				
US	1.54	-1	-0	-102
Eurozone	-0.26	+1	+12	-49
UK	0.81	+2	+4	-51
2 Year Swap %				
US	1.59	-4	-11	-105
Eurozone	-0.37	+0	+4	-23
UK	0.80	+0	-0	-37
10 Year Government Bond Spreads to Benchmark bps				
Ireland	42	-0	-12	N/A
Belgium	29	+1	-5	-23
France	30	+5	+0	-16
Italy	140	+1	-5	-108
Spain	61	-2	-13	-57
Portugal	56	-2	-20	-90
Greece	167	-11	-16	-239



Commodities				
	% Change			
	Close	Day	4 Weeks	End 18
Brent Oil	59.42	-0.82	-7.56	+10.45
West Texas Oil	53.75	-0.26	-7.20	+19.05
Gold \$	1490.5	-0.11	-1.78	+16.18

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