

Busy weekly macro diary for the euro

The limited action on currency markets last week saw both sterling and the euro struggle somewhat against the dollar for much of the period. For sterling, a mixed batch of macro data, combined with Brexit concerns provided an unhelpful backdrop. From a euro perspective, the disagreement between Italy and the European Commission over the government's 2019 budget acted as a headwind. Meanwhile, on the dollar's side, the Fed meeting minutes for September showed that the central bank remains determined to implement its interest rate guidance.

However, towards the end of the week both the euro and sterling started to regain some ground against the dollar. This has continued in overnight Asia trading. So as trading gets underway this morning, the main pairs open at levels similar to where they started last week. EUR/USD is back above \$1.15. GBP/USD is changing hands in the upper half of the \$1.30-1.31 band. Meantime, EUR/GBP is trading in a tight range just above 88p.

This week, there is a busy diary in the Eurozone. It includes a raft of PMI's for October. The ECB is also meeting. No policy changes are expected, but President Draghi is likely to be asked in the Q&A to elaborate on his recent comments regarding a "relatively vigorous pick up" in core inflation. So the meeting does provide some event risk for the euro. The impasse between the Italian government and the EC over its budget will also be closely followed.

Elsewhere, the highlights from the US schedule include the first reading of Q3 GDP, October PMI's and the Fed Beige book. However, unless there are major surprises, the US diary may not prompt much reaction from the dollar. Last but not least, for sterling the UK macro agenda is sparse, but as ever, the currency remains sensitive to Brexit newsflow.

John Fahey, Senior Economist, AIB

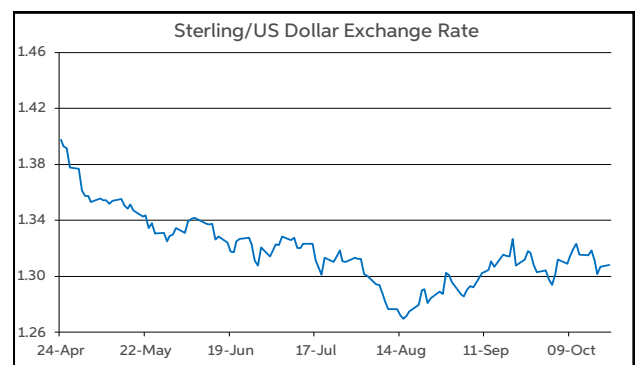
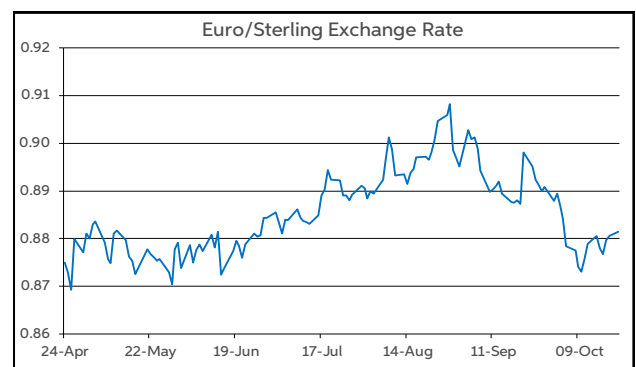
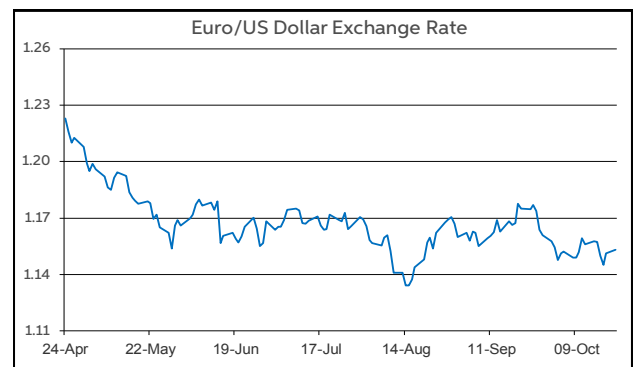
Opening Interest Rates						
	Base Rate	Short Term			Long Term	
		1-Mth	3-Mth	12-Mth	2-Yr	5-Yr
USD	2.125	2.28	2.48	3.02	3.10	3.18
EUR	0.00	-0.37	-0.32	-0.15	-0.11	0.42
GBP	0.75	0.73	0.80	1.07	1.15	1.45

Equity Indices				
	Latest Close	% Changes		
		on Day	End 2017 to Date	
Dow Jones	25444.34	+0.26	+2.93	
S&P 500	2767.78	-0.04	+3.52	
FTSE 100	7049.8	+0.32	-8.30	
DJ Stoxx 50	3210.82	-0.02	-8.37	
ISEQ	5997.46	-1.53	-14.79	
Nikkei	22614.82	+0.37	-0.66	

Today's Opening Rates			
		% Change	
		Day *	End 2017
EUR/USD	1.1533	0.66	-3.86
EUR/GBP	0.8816	0.20	-0.75
GBP/USD	1.308	0.46	-3.20
GBP/EUR	1.1339	-0.20	0.76
USD/JPY	112.71	0.35	0.04
EUR/JPY	129.98	0.97	-3.85

* 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

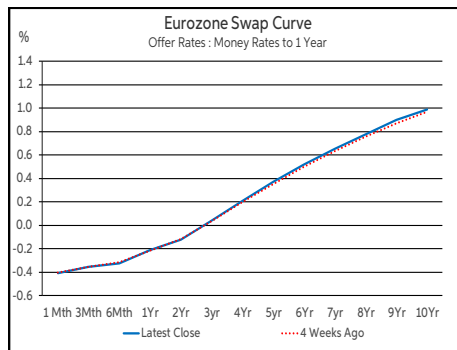
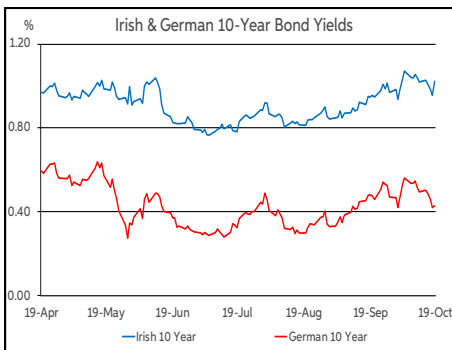
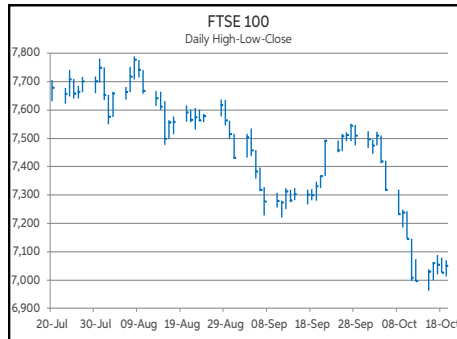
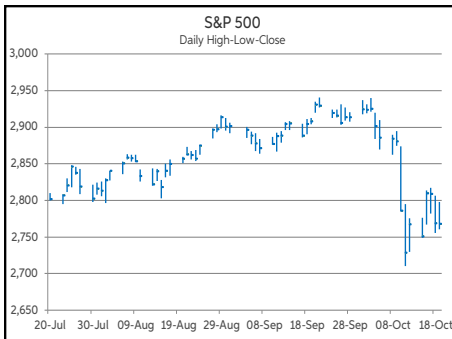
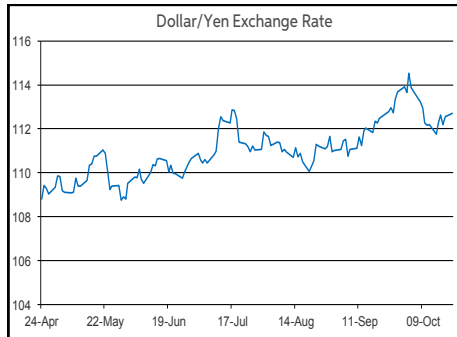
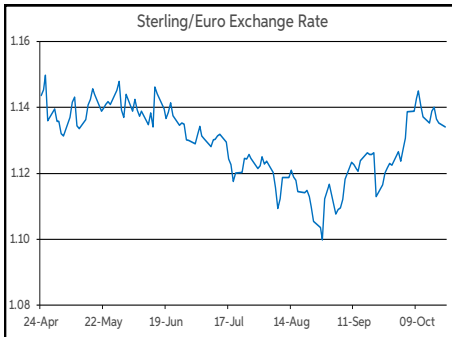
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite Lenny Hogan	Reuters Phone	AlBI 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Opening Levels

Monday 22 October 2018
07:26 am



Euro		Sterling		Dollar	
EUR/GBP	0.8816	GBP/EUR	1.1339	USD/JPY	112.71
EUR/USD	1.1533	GBP/USD	1.308	USD/CAD	1.3085
EUR/JPY	129.98	GBP/CAD	1.7115	USD/CHF	0.9959
EUR/SEK	10.3448	GBP/NZD	1.9825	USD/CNY	6.9311
EUR/DKK	7.46	GBP/JPY	147.42	USD/BRL	3.714
EUR/NOK	9.4632	GBP/SEK	11.7301	USD/RUB	65.5377
EUR/CHF	1.1485	GBP/DKK	8.4611	USD/INR	73.2825
EUR/AUD	1.619	GBP/NOK	10.7347		
EUR/HKD	9.041	GBP/CHF	1.3026	AUD/USD	0.712
EUR/CAD	1.5089	GBP/AUD	1.8362	NZD/USD	0.6596



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 17
10 Year Yield %				
US	3.19	+2	+13	+79
Germany	0.43	+1	-3	+1
UK	1.55	+0	+1	+37
Ireland	1.02	+6	+7	N/A
Belgium	0.88	+4	+10	+27
France	0.82	+1	+5	+5
Italy	3.51	-16	+70	+152
Spain	1.73	+1	+26	+19
Portugal	2.02	+1	+17	+13
Greece	4.33	-7	+31	+29
5 Year Swap %				
US	3.16	-0	+10	+92
Eurozone	0.37	+1	+2	+6
UK	1.45	+1	+3	+41
2 Year Swap %				
US	3.08	-0	+10	+100
Eurozone	-0.12	-0	-0	+2
UK	1.16	+1	+2	+36
10 Year Government Bond Spreads to Benchmark bps				
Ireland	59	+5	+10	N/A
Belgium	45	+3	+12	+26
France	39	-0	+8	+4
Italy	308	-17	+73	+151
Spain	130	+0	+29	+18
Portugal	159	+0	+20	+12
Greece	390	-8	+34	+28

Commodities				
	Close	% Change		
		Day	4 Weeks	End 17
Brent Oil	79.78	+0.62	+1.24	+19.31
West Texas Oil	69.16	+0.77	-2.32	+14.39
CRB - All Commodity	197.18	+0.28	+1.65	+1.71
CRB - Food	334.99	+0.39	+0.61	-0.31
Gold \$	1226.8	+0.02	+2.23	-5.82

This publication is for information purposes and is not an invitation to deal. The information is believed to be reliable but is not guaranteed. Any expressions of opinions are subject to change without notice. This publication is not to be reproduced in whole or in part without prior permission. In the Republic of Ireland it is distributed by Allied Irish Banks, p.l.c. In the UK it is distributed by Allied Irish Banks, p.l.c. and Allied Irish Bank (GB). In Northern Ireland it is distributed by First Trust Bank. In the United States of America it is distributed by Allied Irish Banks, p.l.c. Allied Irish Banks, p.l.c. is regulated by the Central Bank of Ireland. Allied Irish Bank (GB) and First Trust Bank are trade marks used under licence by AIB Group (UK) p.l.c. (a wholly owned subsidiary of Allied Irish Banks, p.l.c.), incorporated in Northern Ireland. Registered Office 92 Ann Street, Belfast BT1 3HH. Registered Number NI018800. Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. In the United States of America, Allied Irish Banks, p.l.c., New York Branch, is a branch licensed by the New York State Department of Financial Services. Deposits and other investment products are not FDIC insured, they are not guaranteed by any bank and they may lose value. Please note that telephone calls may be recorded in line with market practice.