

## Event risk for euro this week

Sterling was in the market crossfires last week. The currency was impacted by Brexit uncertainty, less hawkish BoE comments and mixed macro updates. However, it finished the week with some upward momentum on the back of conciliatory Brexit tones emerging as the EU summit concluded. Overnight, the victory (as expected) for PM Abe in the snap Japanese elections has resulted in some modest weakening for the yen. Meanwhile, the euro opens lower, not helped by on-going political difficulties within Spain.

This week, the ECB meeting will be very much front and centre of market attention. While no changes to interest rates are expected, President Draghi has teed up markets for an announcement on the ECB's QE programme. Market expectations are for the rate of monthly purchases to be reduced from its current €60bn to between €30-40bn (taking effect next year) and the end date pushed out by 6-9 months. While adjustments to QE have been well flagged, nonetheless the market's interpretation of what is actually announced could cause some volatility for the euro. Data-wise, in the Eurozone we get a raft of survey data including the flash PMI's for October. Overall, the surveys are expected to show that the economy continues to perform strongly at start of Q4 and therefore, at the margin, should be supportive of the euro.

For sterling, the key release is Q3 GDP, with the consensus forecast for growth to have remained subdued (at 0.3% q/q). Such an outcome could put some downward pressure on the currency. Similarly, Q3 GDP is also the main release in the US, with a 2.6% annualised growth rate expected. However, with the impact on the economy from the hurricanes hard to predict, a surprise cannot be ruled out. Thus, there could be some two-way risk for the dollar. The dollar could also be sensitive to the potential announcement this week of President Trump's choice to be the next Fed Chair.

**John Fahey, Senior Economist, AIB**

### Today's Opening Rates

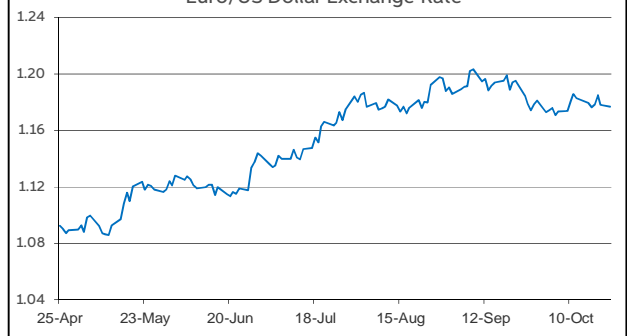
		% Change	
		Day *	End 2016
EUR/USD	1.1766	-0.41	11.92
EUR/GBP	0.8909	-1.16	4.59
GBP/USD	1.3208	0.82	7.07
GBP/EUR	1.1222	1.18	-4.39
USD/JPY	113.69	0.44	-2.72
EUR/JPY	133.79	0.04	8.65

\* v Previous Day's European Open

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Euro/US Dollar Exchange Rate



Euro/Sterling Exchange Rate



Sterling/US Dollar Exchange Rate



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	1.81	2.09
EUR	0.00	-0.37	-0.33	-0.18	-0.18	0.23
GBP	0.25	0.31	0.39	0.74	0.81	1.09

Equity Indices				
	Latest Close	% Changes		
		on Day	End 2016 to Date	
Dow Jones	23328.63	+0.71	+18.04	
S&P 500	2575.21	+0.51	+15.02	
FTSE 100	7523.23	+0.00	+5.33	
DJ Stoxx 50	3605.09	+0.08	+9.56	
ISEQ	6789.78	+0.63	+4.18	
Nikkei	21696.65	+1.11	+13.51	

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

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

# Opening Levels

Monday 23 October 2017  
07:27 am



## Euro

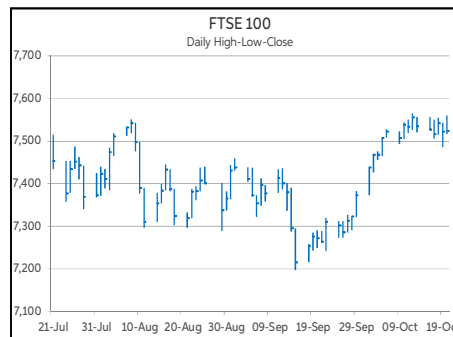
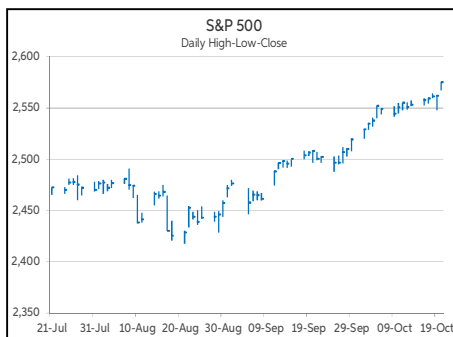
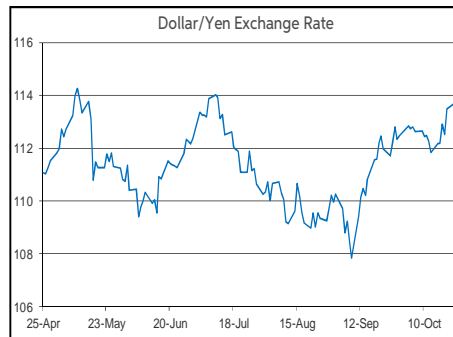
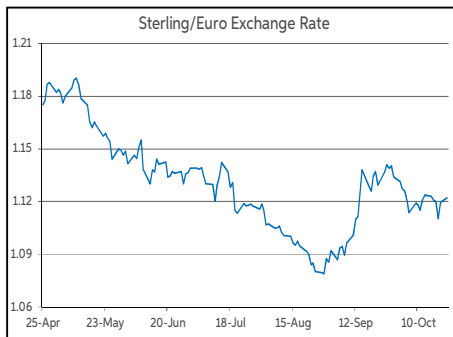
EUR/GBP	0.8907
EUR/USD	1.1766
EUR/JPY	133.8
EUR/SEK	9.6167
EUR/DKK	7.4436
EUR/NOK	9.3892
EUR/CHF	1.1572
EUR/AUD	1.5025
EUR/HKD	9.1808
EUR/CAD	1.4846

## Sterling

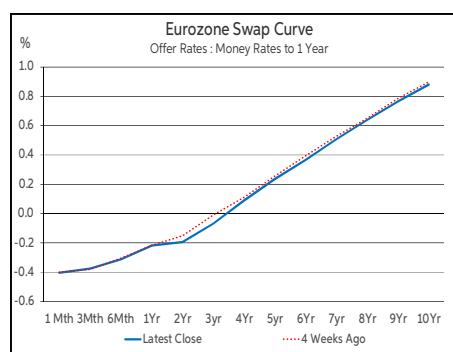
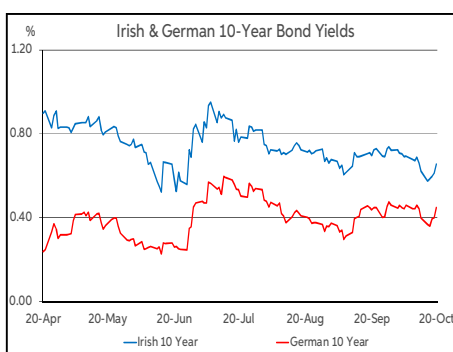
GBP/EUR	1.1223
GBP/USD	1.3209
GBP/CAD	1.6665
GBP/NZD	1.8904
GBP/JPY	150.17
GBP/SEK	10.7938
GBP/DKK	8.3554
GBP/NOK	10.5383
GBP/CHF	1.299
GBP/AUD	1.6866

## Dollar

USD/JPY	113.69
USD/CAD	1.2612
USD/CHF	0.9835
USD/CNY	6.6302
USD/BRL	3.1927
USD/RUB	57.5118
USD/INR	65.005
AUD/USD	0.7831
NZD/USD	0.6984



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 16
<b>10 Year Yield %</b>				
US	2.38	+6	+13	-6
Germany	0.45	+5	+0	+25
UK	1.33	+6	-3	+10
<b>5 Year Swap %</b>				
US	2.08	+6	+12	+12
Eurozone	0.24	+2	-2	+16
UK	1.08	+4	-1	+21
<b>2 Year Swap %</b>				
US	1.81	+2	+10	+37
Eurozone	-0.20	-3	-5	-4
UK	0.81	+1	+0	+21
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	21	-1	-8	-34
Belgium	26	-0	-2	-6
France	41	+2	+13	-7
Italy	158	-3	-12	-2
Spain	120	-3	+4	+3
Portugal	183	-5	-13	-170
Greece	503	-7	+6	-165



Commodities				
	Close	% Change		
		Day	4 Weeks	End 16
Brent Oil	57.75	+0.91	+1.57	+1.64
West Texas Oil	51.63	+0.66	+2.58	-3.94
CRB - All Commodity	184.12	+0.02	+0.30	-4.36
CRB - Food	345.66	+0.81	+3.88	+2.04
Gold \$	1281.1	-0.70	-1.28	+11.19

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