

## Sterling and the euro struggle

A quiet macro calendar yesterday meant there was little in the way of data to provide direction to currency markets. However, similar to last week, both sterling and the euro continued to show sensitivity to political concerns.

For sterling, Brexit related uncertainty had a dampening impact on the currency. This included concerns over the ability of Prime Minister, Theresa May, to be able to get the yet to be finalised Withdrawal Agreement through the UK parliament.

Meanwhile, for the euro, the on-going tensions between the Italian government and the European Commission over the country's budget proposals continued to generate negative headlines. This in turn provided an unhelpful backdrop for the currency.

As trading gets underway this morning, the weaker tone to both the euro and sterling over the past 24 hours is reflected in the respective currencies performance against the dollar. EUR/USD opens below the \$1.15 mark, near to the midpoint of \$1.14-1.15. Meanwhile, GBP/USD is under the \$1.30 threshold. Elsewhere, the greater downward pressure on sterling means that despite a softer tone to the euro, the EUR/GBP pair has managed to edge further above the 88p mark.

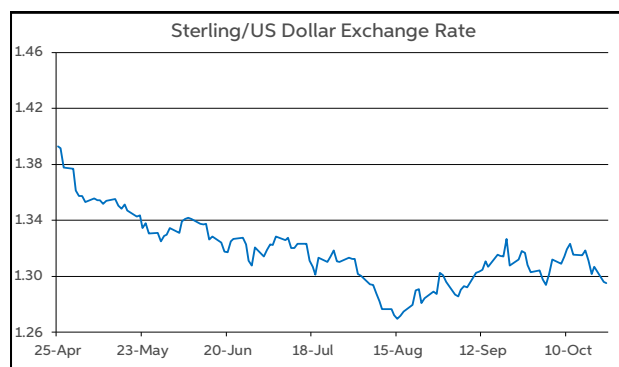
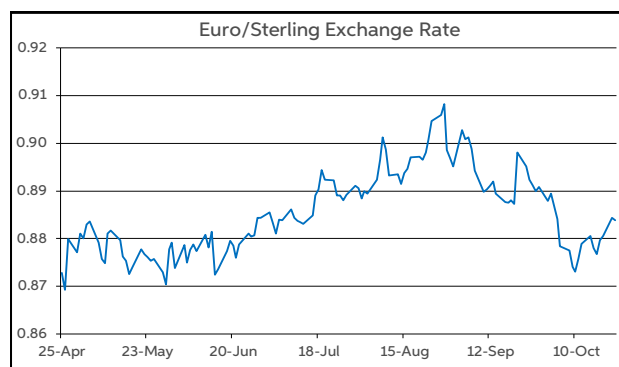
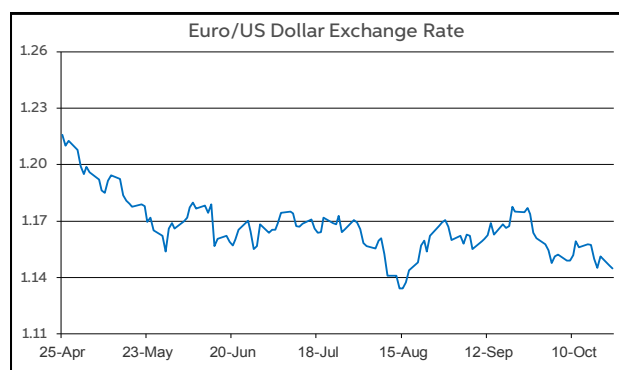
Ahead today, the macro agenda is once again on the quiet side. The only highlights being the UK CBI industrial orders survey and the flash reading of the EC measure of Eurozone consumer confidence (both October). Neither release would be expected to attract much attention and/or directional impact from a currency viewpoint. However, as we saw last week and again yesterday, both the euro and sterling remain sensitive to political developments.

**John Fahey, Senior Economist, AIB**

Today's Opening Rates			
		% Change	
		Day *	End 2017
EUR/USD	1.1449	-0.54	-4.56
EUR/GBP	0.884	0.37	-0.48
GBP/USD	1.2952	-0.86	-4.14
GBP/EUR	1.1309	-0.37	0.49
USD/JPY	112.42	-0.16	-0.22
EUR/JPY	128.73	-0.68	-4.77

\* v Previous Day's European Open

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Opening Interest Rates						
	Base Rate	Short Term			Long Term	
		1-Mth	3-Mth	12-Mth	2-Yr	5-Yr
USD	2.125	2.29	2.49	3.03	3.08	3.16
EUR	0.00	-0.37	-0.32	-0.15	-0.10	0.39
GBP	0.75	0.72	0.80	1.07	1.13	1.40

Equity Indices				
	Latest Close	% Changes		
		on Day	End 2017 to Date	
Dow Jones	25317.41	-0.50	+2.42	
S&P 500	2755.88	-0.43	+3.08	
FTSE 100	7042.8	-0.10	-8.39	
DJ Stoxx 50	3190.09	-0.65	-8.96	
ISEQ	6024.38	+0.45	-14.41	
Nikkei	22010.78	-2.67	-3.31	

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

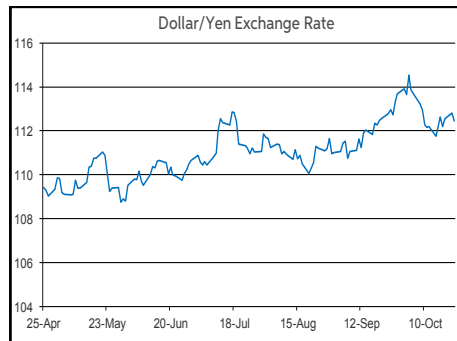
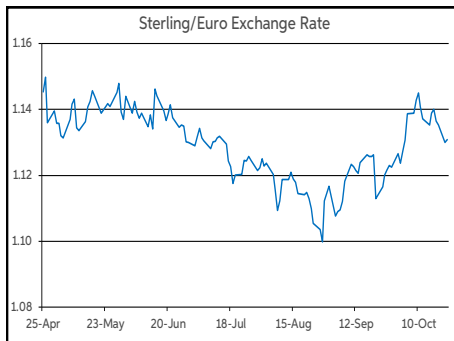
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite Lenny Hogan	Reuters Phone	AlBI 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

# Opening Levels

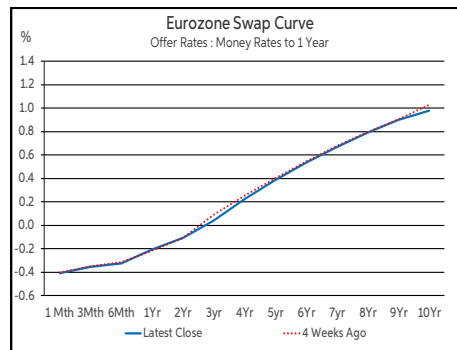
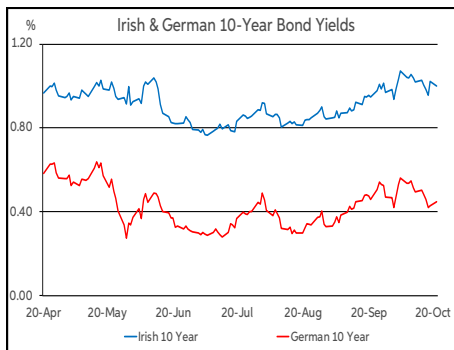
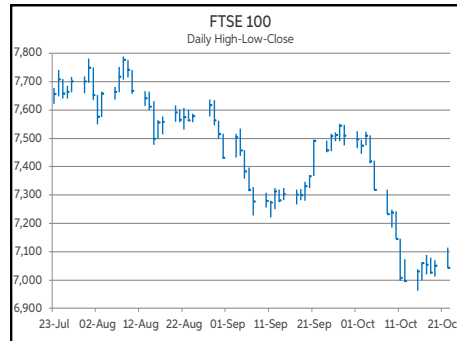
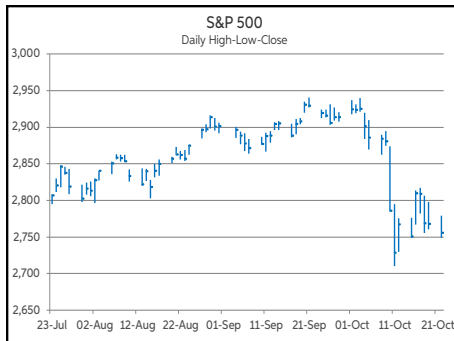
Tuesday 23 October 2018  
07:27 am



Euro		Sterling		Dollar	
EUR/GBP	0.8839	GBP/EUR	1.1308	USD/JPY	112.43
EUR/USD	1.1448	GBP/USD	1.2951	USD/CAD	1.3107
EUR/JPY	128.73	GBP/CAD	1.6976	USD/CHF	0.9965
EUR/SEK	10.339	GBP/NZD	1.9789	USD/CNY	6.9409
EUR/DKK	7.4601	GBP/JPY	145.61	USD/BRL	3.6846
EUR/NOK	9.4818	GBP/SEK	11.6962	USD/RUB	65.3054
EUR/CHF	1.141	GBP/DKK	8.4373	USD/INR	73.78
EUR/AUD	1.6217	GBP/NOK	10.7263	AUD/USD	0.7059
EUR/HKD	8.9736	GBP/CHF	1.2907	NZD/USD	0.6541
EUR/CAD	1.5007	GBP/AUD	1.8343		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 17
<b>10 Year Yield %</b>				
US	3.20	+0	+11	+79
Germany	0.45	+2	-6	+3
UK	1.53	-3	-8	+35
Ireland	1.00	-2	+2	N/A
Belgium	0.87	-1	+3	+26
France	0.82	-0	+0	+5
Italy	3.45	-6	+52	+146
Spain	1.68	-5	+17	+13
Portugal	1.99	-3	+11	+10
Greece	4.27	-7	+21	+22
<b>5 Year Swap %</b>				
US	3.15	-4	+8	+91
Eurozone	0.39	-1	-2	+7
UK	1.40	-5	-6	+37
<b>2 Year Swap %</b>				
US	3.07	-4	+10	+98
Eurozone	-0.11	-1	-0	+3
UK	1.12	-5	-4	+32
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	55	-4	+8	N/A
Belgium	42	-3	+9	+23
France	37	-2	+6	+2
Italy	300	-8	+58	+143
Spain	123	-7	+23	+10
Portugal	154	-5	+16	+7
Greece	382	-9	+26	+19



Commodities				
	Close	% Change		
		Day	4 Weeks	End 17
Brent Oil	79.83	+0.06	-1.69	+19.38
West Texas Oil	69.25	+0.13	-5.43	+14.54
CRB - All Commodity	197.25	+0.04	+1.27	+1.75
CRB - Food	334.5	-0.49	-0.49	-0.46
Gold \$	1222.8	-0.32	+1.97	-6.13

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