

Risk aversion but FX markets stable

There was a risk averse tone to investor sentiment yesterday. A combination of some disappointing news on the corporate earnings front, combined with geopolitical concerns as well as the on-going worries over global trade, weighed on risk appetite. In Europe, the Euro Stoxx 50 finished the day down 1.5%. Meanwhile, at the closing bell on Wall Street last night, the S&P 500 was down around 0.5% on the day. The 'risk off' tone was also evident on bond markets, with yields falling (move inversely to prices) amid some safe haven demand.

On the currency front, the action was much more muted. Sterling continued to exhibit sensitivity to Brexit newsflow. Elsewhere, the European Commission formally rejected Italy's budget. However, given this was very much expected, it had no noticeable impact on the euro, although Italian sovereign bonds did come under some pressure. Meantime, the data calendar was quiet, meaning there was little in terms of macro news to influence the main currency pairs.

Overall then, as trading gets underway this morning the majors are broadly unchanged compared to 24 hours earlier. In level terms, EUR/USD remains below \$1.15. Similarly, GBP/USD remains under the \$1.30 threshold. Meanwhile, EUR/GBP continues to change hands within a narrow 88-88.5p range.

Today, the macro agenda has a busier flow of releases. The data highlight being flash PMIs from both the Eurozone and US. The Fed's beige book for October is also due (after close in Europe). While the macro diary has some important updates, unless its spring a major surprise, the action in the main currency pairs may remain subdued. However, sterling and the euro remain sensitive to political newsflow.

John Fahey, Senior Economist, AIB

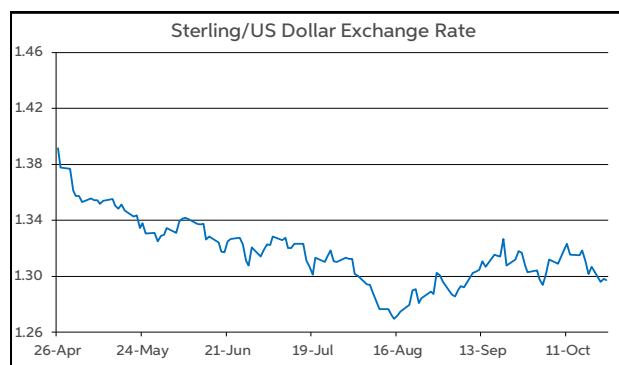
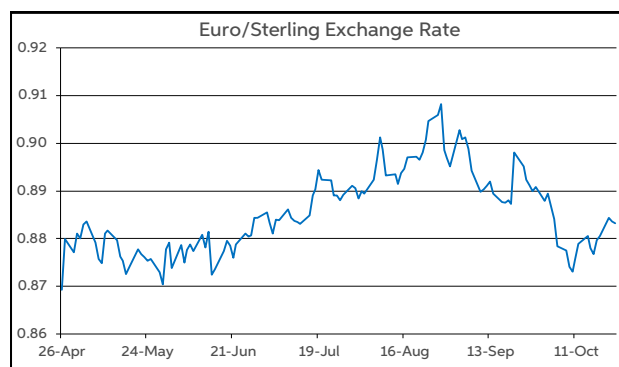
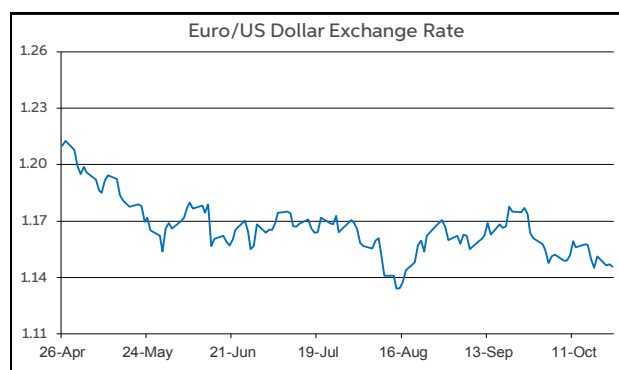
Opening Interest Rates						
	Base Rate	Short Term			Long Term	
		1-Mth	3-Mth	12-Mth	2-Yr	5-Yr
USD	2.125	2.28	2.49	3.03	3.07	3.13
EUR	0.00	-0.37	-0.32	-0.15	-0.10	0.38
GBP	0.75	0.72	0.80	1.06	1.10	1.38

Equity Indices				
	Latest Close	% Changes		
		on Day	End 2017 to Date	
Dow Jones	25191.43	-0.50	+1.91	
S&P 500	2740.69	-0.55	+2.51	
FTSE 100	6955.21	-1.24	-9.53	
DJ Stoxx 50	3140.94	-1.54	-10.36	
ISEQ	5930.36	-1.56	-15.74	
Nikkei	22091.18	+0.37	-2.96	

Today's Opening Rates			
		% Change	
		Day *	End 2017
EUR/USD	1.146	0.05	-4.47
EUR/GBP	0.8831	-0.09	-0.59
GBP/USD	1.2971	0.10	-4.00
GBP/EUR	1.1317	0.09	0.59
USD/JPY	112.53	0.00	-0.12
EUR/JPY	128.95	0.03	-4.61

* 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	AIB 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Opening Levels

Wednesday 24 October 2018
07:29 am



Euro

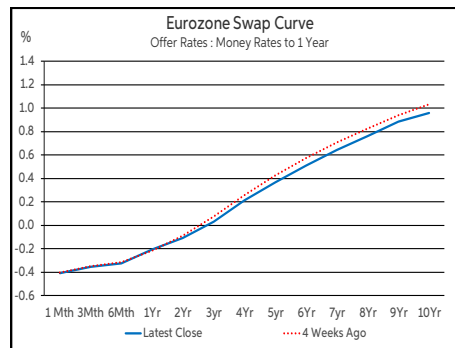
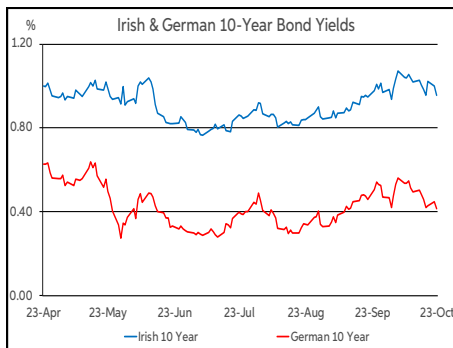
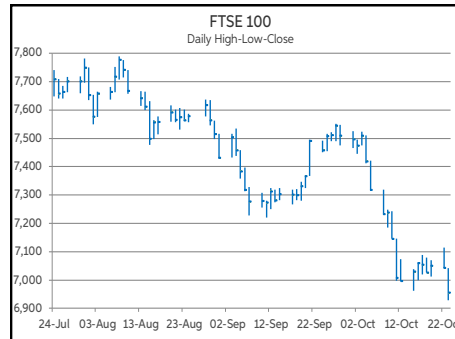
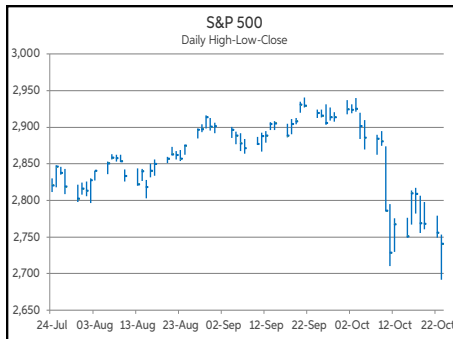
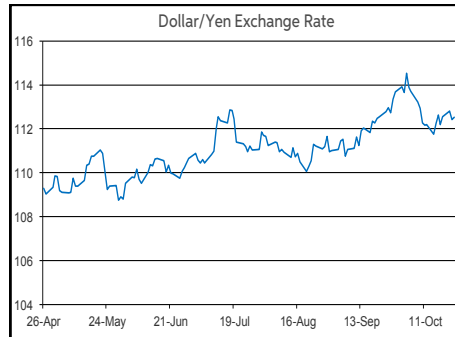
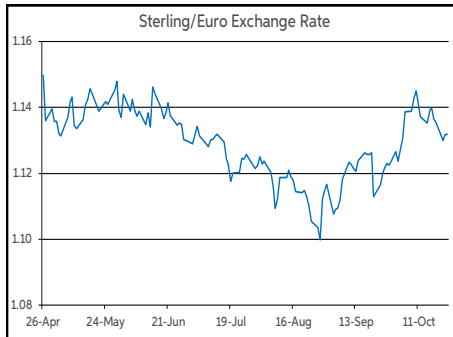
EUR/GBP	0.8831
EUR/USD	1.146
EUR/JPY	128.95
EUR/SEK	10.345
EUR/DKK	7.4598
EUR/NOK	9.4918
EUR/CHF	1.1404
EUR/AUD	1.6142
EUR/HKD	8.982
EUR/CAD	1.499

Sterling

GBP/EUR	1.1317
GBP/USD	1.2971
GBP/CAD	1.6971
GBP/NZD	1.9785
GBP/JPY	145.96
GBP/SEK	11.7087
GBP/DKK	8.4453
GBP/NOK	10.7472
GBP/CHF	1.2909
GBP/AUD	1.8275

Dollar

USD/JPY	112.53
USD/CAD	1.3081
USD/CHF	0.9951
USD/CNY	6.9376
USD/BRL	3.6944
USD/RUB	65.5425
USD/INR	73.3
AUD/USD	0.7097
NZD/USD	0.6555



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 17
10 Year Yield %				
US	3.17	-3	+7	+77
Germany	0.41	-4	-13	-1
UK	1.48	-5	-15	+30
Ireland	0.96	-5	-5	N/A
Belgium	0.84	-4	-3	+22
France	0.77	-5	-8	-0
Italy	3.57	+12	+72	+158
Spain	1.64	-4	+13	+10
Portugal	1.99	-0	+11	+10
Greece	4.25	-1	+25	+21
5 Year Swap %				
US	3.11	-8	-1	+87
Eurozone	0.37	-3	-6	+5
UK	1.38	-4	-9	+34
2 Year Swap %				
US	3.05	-5	+6	+97
Eurozone	-0.11	-1	-2	+3
UK	1.10	-2	-6	+30
10 Year Government Bond Spreads to Benchmark bps				
Ireland	54	-1	+8	N/A
Belgium	42	-0	+10	+23
France	36	-1	+4	+0
Italy	316	+16	+85	+158
Spain	122	-0	+26	+10
Portugal	158	+3	+24	+10
Greece	384	+2	+38	+22

Commodities				
	Close	% Change		
		Day	4 Weeks	End 17
Brent Oil	76.44	-4.25	-6.63	+14.31
West Texas Oil	66.49	-3.99	-9.41	+9.97
CRB - All Commodity	194.97	-1.16	-0.08	+0.57
CRB - Food	333.61	-0.89	-0.97	-0.72
Gold \$	1230.8	+0.65	+2.42	-5.51

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