

Sterling moves lower

Financial markets retained their subdued tone yesterday. This was despite a busier day of macro data releases, which may reflect some 'wait-and-see' sentiment ahead of tomorrow's key ECB meeting. The lacklustre tone was evident on equity markets, with both the Euro Stoxx 50 and S&P 500 flat on the day.

With regard to the aforementioned macro releases, the Eurozone composite PMI surprised to the downside in October (55.9 vs f'cast 56.6). Although, this still points to a continued strong pace of growth. Thus, there was no lasting negative impact on the euro. The US PMIs (manufacturing and services) surprised to the upside in October, though dollar reaction was limited.

Sterling did move lower on the exchanges yesterday, though, as markets digested a flurry of Brexit related headlines. This included news that economists had increased their assessment of the chances of a so-called 'no deal' scenario to 30%. Comments from both EU and UK politicians in recent days have done little to boost market confidence about the negotiations.

In level terms, sterling weakness has seen GBP/USD fall back below \$1.32, opening this morning close to \$1.313. EUR/GBP has moved up to the mid-point of the 89-90p band. Elsewhere, the EUR/USD pair has been confined to a narrow \$1.174-1.178 range.

Today, UK Q3 GDP is the main release. It is expected to show another 0.3% quarterly increase. This would be in line with the BoE's forecasts and, thus, would be unlikely to alter expectations regarding a rate hike at next week's MPC meeting. In addition, the GDP data are output based and so don't provide much insight into the key issues of consumer spending or investment. Thus, barring any major surprises, the data's impact on sterling may be limited.

Dara Turnbull, Economist, AIB

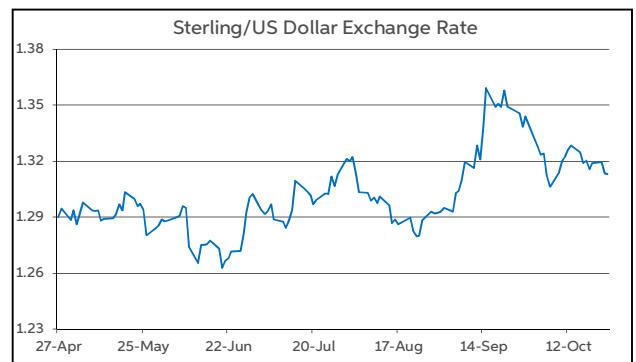
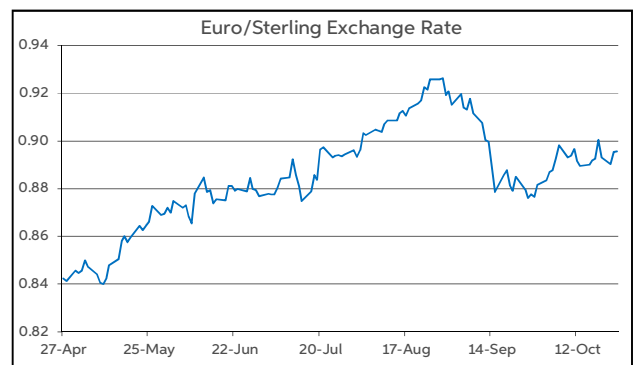
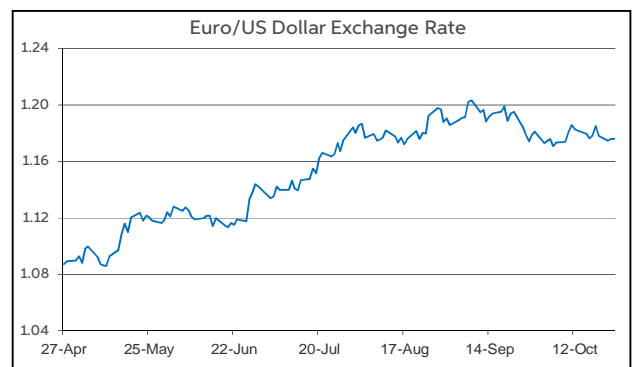
Opening Interest Rates						
Base Rate	Short Term			Long Term		
	1-Mth	3-Mth	12-Mth	2-Yr	5-Yr	
USD	1.125	1.24	1.37	1.83	1.81	2.11
EUR	0.00	-0.37	-0.33	-0.18	-0.17	0.26
GBP	0.25	0.33	0.40	0.75	0.83	1.10

Equity Indices				
	Latest Close	% Changes		
		on Day	End 2016 to Date	
Dow Jones	23441.76	+0.72	+18.62	
S&P 500	2569.13	+0.16	+14.75	
FTSE 100	7526.54	+0.03	+5.37	
DJ Stoxx 50	3610.69	+0.05	+9.73	
ISEQ	6779.5	-0.66	+4.02	
Nikkei	21707.62	-0.45	+13.57	

Today's Opening Rates			
		% Change	
		Day *	End 2016
EUR/USD	1.1762	0.02	11.88
EUR/GBP	0.8956	0.69	5.14
GBP/USD	1.3131	-0.68	6.44
GBP/EUR	1.1163	-0.68	-4.89
USD/JPY	113.84	0.42	-2.59
EUR/JPY	133.9	0.41	8.74

* 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

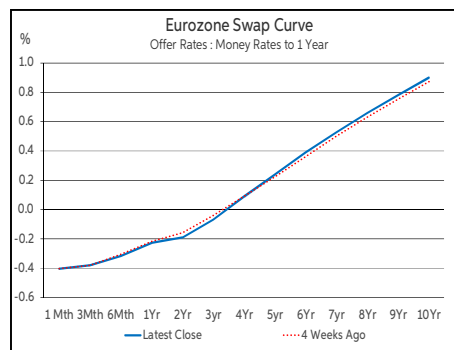
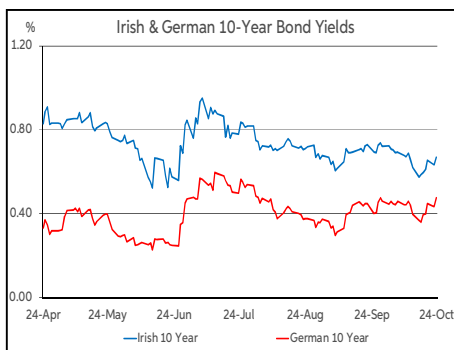
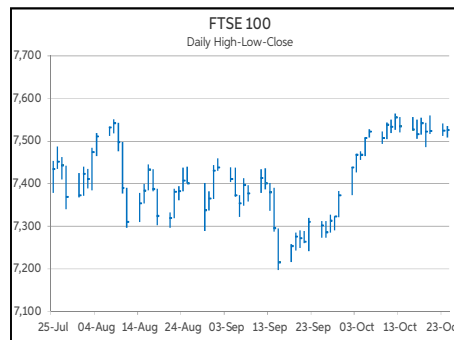
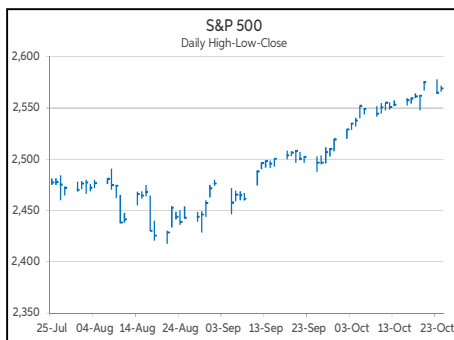
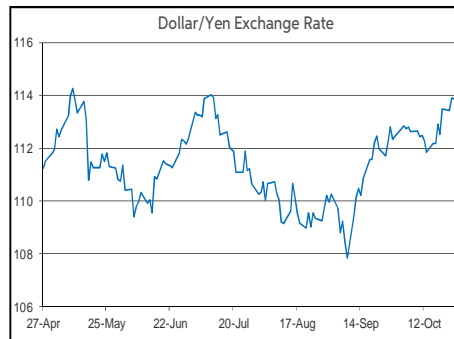
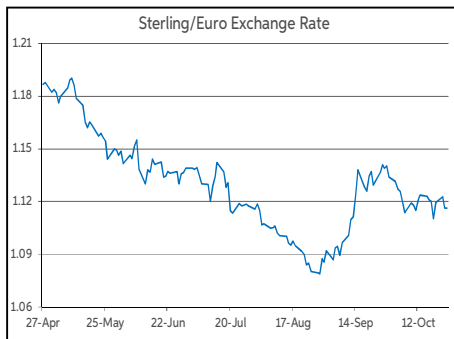
FX Spot	Karl Cooke Shane Gargan Adrian Flanagan Enda Homan	FX Options	Mark Tuite Lenny Hogan	Reuters Phone	AIB 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Opening Levels

Wednesday 25 October 2017
07:29 am



Euro		Sterling		Dollar	
EUR/GBP	0.8956	GBP/EUR	1.1163	USD/JPY	113.84
EUR/USD	1.1762	GBP/USD	1.3131	USD/CAD	1.2677
EUR/JPY	133.9	GBP/CAD	1.6645	USD/CHF	0.9905
EUR/SEK	9.6715	GBP/NZD	1.902	USD/CNY	6.6412
EUR/DKK	7.4435	GBP/JPY	149.48	USD/BRL	3.2439
EUR/NOK	9.4109	GBP/SEK	10.7936	USD/RUB	57.5473
EUR/CHF	1.1651	GBP/DKK	8.3085	USD/INR	65.14
EUR/AUD	1.5228	GBP/NOK	10.5066	AUD/USD	0.7724
EUR/HKD	9.1795	GBP/CHF	1.3003	NZD/USD	0.6903
EUR/CAD	1.491	GBP/AUD	1.6999		



	Close	Change bps		
		Day	4 Weeks	End 16
10 Year Yield %				
US	2.42	+5	+19	-3
Germany	0.47	+4	+7	+28
UK	1.35	+5	+2	+12
5 Year Swap %				
US	2.08	+3	+16	+13
Eurozone	0.24	-0	+1	+16
UK	1.09	+3	+1	+21
2 Year Swap %				
US	1.79	-0	+8	+35
Eurozone	-0.19	-2	-3	-3
UK	0.82	+0	+1	+22
10 Year Government Bond Spreads to Benchmark bps				
Ireland	20	-0	-9	-35
Belgium	24	-1	-5	-7
France	40	-0	+10	-8
Italy	158	+2	-19	-3
Spain	117	-1	-1	+0
Portugal	180	-2	-17	-173
Greece	498	-8	-18	-170

	Close	% Change		
		Day	4 Weeks	End 16
Brent Oil	58.33	+1.67	-0.19	+2.66
West Texas Oil	52.32	+0.79	+1.42	-2.66
CRB - All Commodity	185.82	+0.60	+1.32	-3.47
CRB - Food	346.74	-0.43	+5.11	+2.36
Gold \$	1277.1	-0.42	-1.33	+10.84

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