

Weak PMI data unhelpful to the euro

The sharp sell off on Wall Street yesterday, with the S&P 500 down 3% on the day, (now in negative territory year to date) has continued in overnight Asia trading. The Nikkei closed 3.7% lower. Meantime, bond markets have experienced some safe haven demand, with yields falling. Disappointing corporate earnings newsflow has added pressure to already fragile market sentiment dealing with worries over geopolitics, global trade and rising interest rates. On currency markets, the 'risk off' tone has coincided with some gains for the yen.

Elsewhere on the currency front, the euro was holding a weaker tone for much of the day. Disappointing Eurozone PMIs for October created an unhelpful backdrop for the currency. This included the headline composite survey surprising to the downside of expectations, falling to its lowest level since September 2016. Overall, the PMI data suggest that the Eurozone economy may have lost some momentum at the start of Q4. In contrast, the US PMIs for October surprised to the upside of forecasts.

In level terms, the weaker euro tone is reflected in EUR/USD opening down near the \$1.14 level this morning, having tested below this mark yesterday. Elsewhere, the moves in EUR/GBP have been more modest, in part due to the fact that sterling faces its own challenges (i.e. Brexit). The pair continues to change hands within a tight 88-88.5p range.

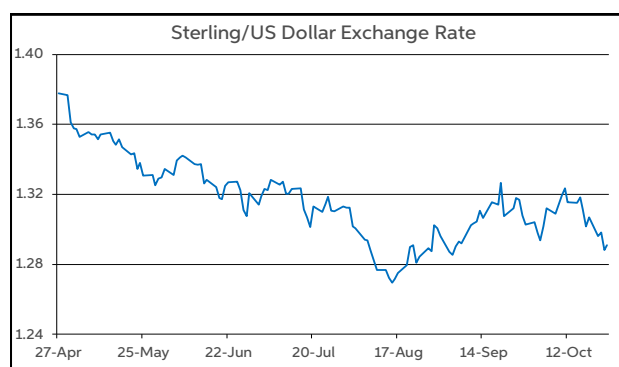
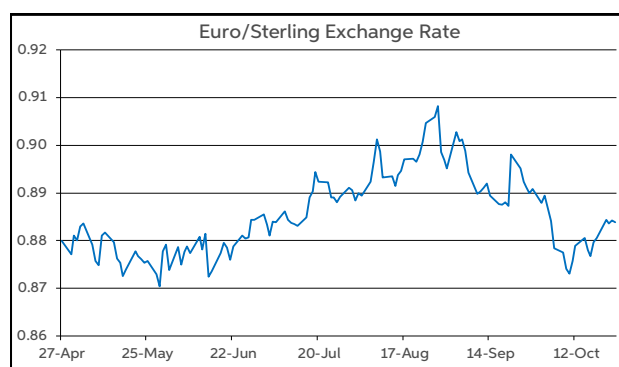
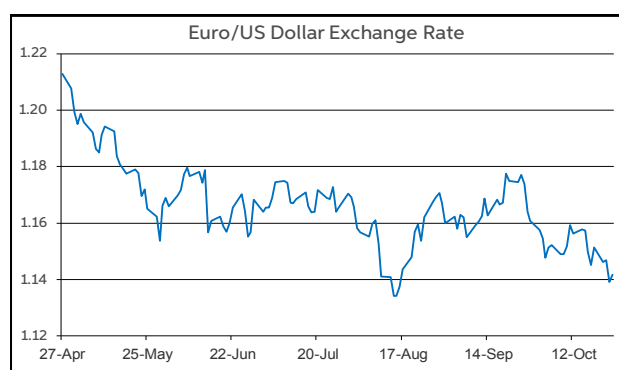
Ahead today, the tone of investor sentiment could have a bearing on currency markets. The main highlight from the macro diary is the ECB meeting. It provides some euro event risk. With no policy changes expected, the market's focus will be on the meeting statement/Dragehi's press conference, as it looks for clarification on his comments about a 'relatively vigorous pick up' in core inflation.

John Fahey, Senior Economist, AIB

Today's Opening Rates			
		% Change	
		Day *	End 2017
EUR/USD	1.1415	-0.46	-4.84
EUR/GBP	0.8841	0.11	-0.47
GBP/USD	1.291	-0.58	-4.46
GBP/EUR	1.1306	-0.11	0.48
USD/JPY	112.05	-0.51	-0.55
EUR/JPY	127.92	-0.96	-5.37

* 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	2.51	3.04	3.02	3.10
EUR	0.00	-0.37	-0.32	-0.15	-0.12	0.36
GBP	0.75	0.72	0.81	1.06	1.11	1.37

Equity Indices				
	Latest Close	% Changes		
		on Day	End 2017 to Date	
Dow Jones	24583.42	-2.41	-0.55	
S&P 500	2656.1	-3.09	-0.65	
FTSE 100	6962.98	+0.11	-9.43	
DJ Stoxx 50	3130.33	-0.34	-10.66	
ISEQ	5917.33	-0.22	-15.93	
Nikkei	21268.73	-3.72	-6.57	

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

Thursday 25 October 2018
07:27 am



Euro

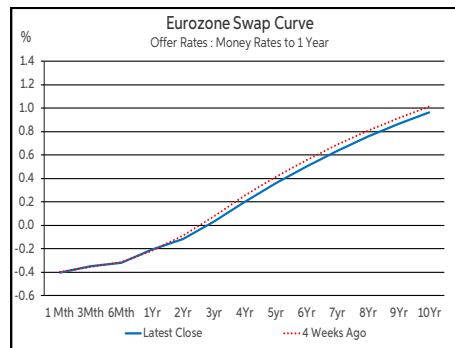
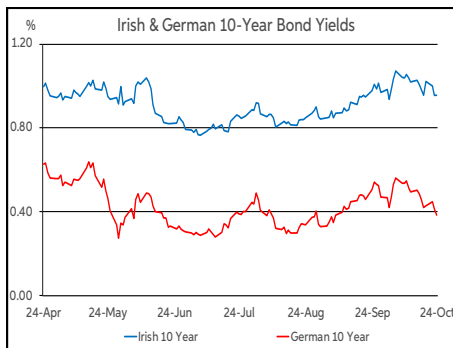
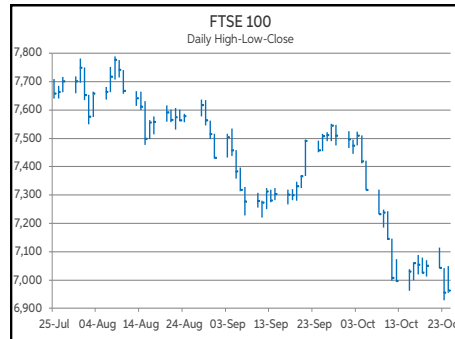
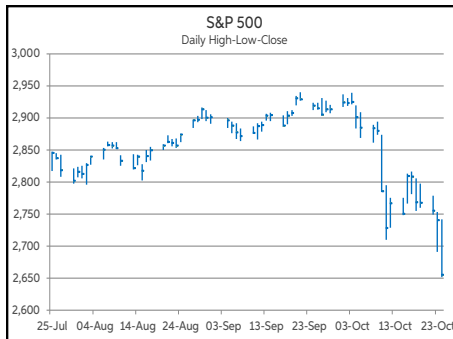
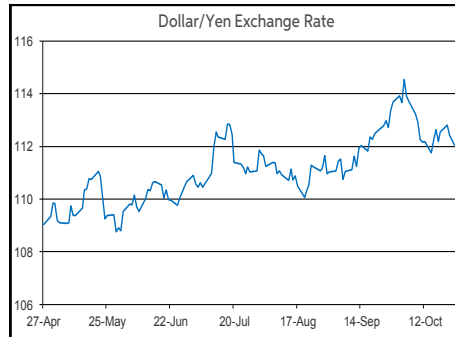
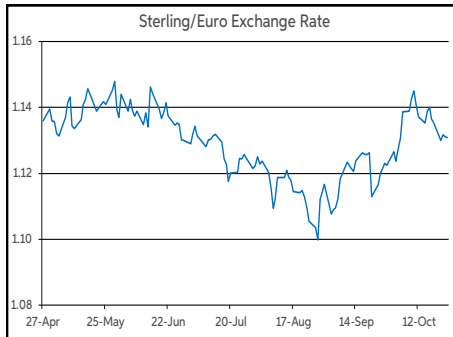
EUR/GBP	0.8841
EUR/USD	1.1415
EUR/JPY	127.92
EUR/SEK	10.3877
EUR/DKK	7.4606
EUR/NOK	9.5103
EUR/CHF	1.1367
EUR/AUD	1.6131
EUR/HKD	8.948
EUR/CAD	1.4864

Sterling

GBP/EUR	1.1306
GBP/USD	1.291
GBP/CAD	1.6811
GBP/NZD	1.9789
GBP/JPY	144.66
GBP/SEK	11.7433
GBP/DKK	8.4371
GBP/NOK	10.756
GBP/CHF	1.2856
GBP/AUD	1.8244

Dollar

USD/JPY	112.05
USD/CAD	1.3021
USD/CHF	0.9957
USD/CNY	6.9432
USD/BRL	3.7323
USD/RUB	65.565
USD/INR	73.28
AUD/USD	0.7076
NZD/USD	0.6522



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 17
10 Year Yield %				
US	3.11	-6	+6	+71
Germany	0.39	-3	-15	-3
UK	1.45	-3	-15	+27
Ireland	0.96	+0	-3	N/A
Belgium	0.81	-2	-5	+20
France	0.76	-1	-8	-2
Italy	3.59	+2	+79	+160
Spain	1.59	-5	+9	+5
Portugal	1.97	-2	+10	+8
Greece	4.24	-2	+24	+19
5 Year Swap %				
US	3.06	-8	+1	+82
Eurozone	0.35	-2	-5	+4
UK	1.35	-3	-9	+32
2 Year Swap %				
US	3.01	-6	+4	+92
Eurozone	-0.12	-2	-3	+2
UK	1.10	-2	-5	+29
10 Year Government Bond Spreads to Benchmark bps				
Ireland	57	+3	+11	N/A
Belgium	43	+1	+10	+24
France	38	+1	+6	+2
Italy	321	+5	+94	+163
Spain	120	-2	+23	+8
Portugal	159	+1	+25	+11
Greece	385	+1	+39	+23

Commodities				
	Close	% Change		
		Day	4 Weeks	End 17
Brent Oil	76.17	-0.35	-6.36	+13.91
West Texas Oil	66.56	+0.11	-7.84	+10.09
CRB - All Commodity	194.47	-0.26	+0.25	+0.31
CRB - Food	332.73	-0.88	-1.13	-0.99
Gold \$	1234.9	+0.33	+3.35	-5.20

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