

Sterling sensitivity continues

Currency market action in the last 24 hours has seen sterling soften slightly. PM Johnson yesterday evening announced that on Monday he will attempt to call an election for December 12. However, such a move requires the support of 2/3 of MPs. Labour have indicated they will wait until the EU reveals the terms of the Article 50 extension before deciding whether to back the motion. The PM stated that if his motion for an election passes, he will give MPs until November 6 to pass the Withdrawal Agreement Bill.

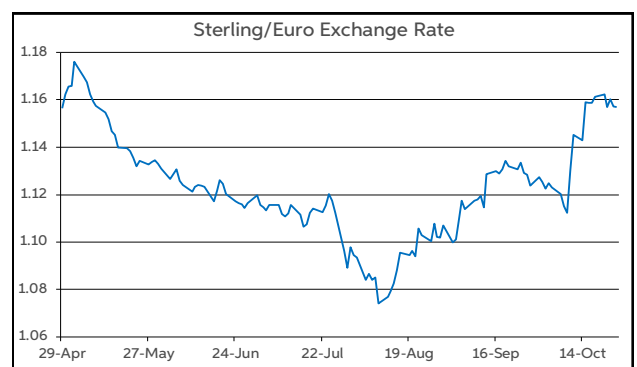
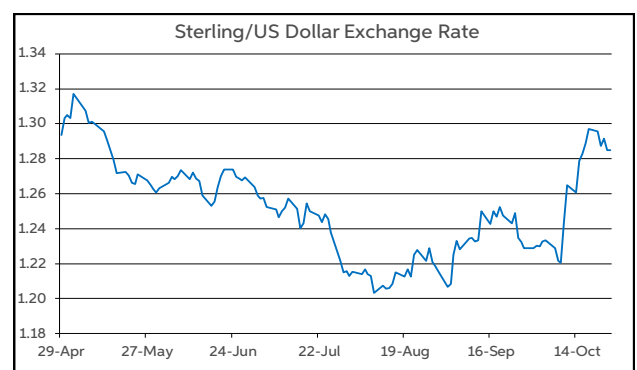
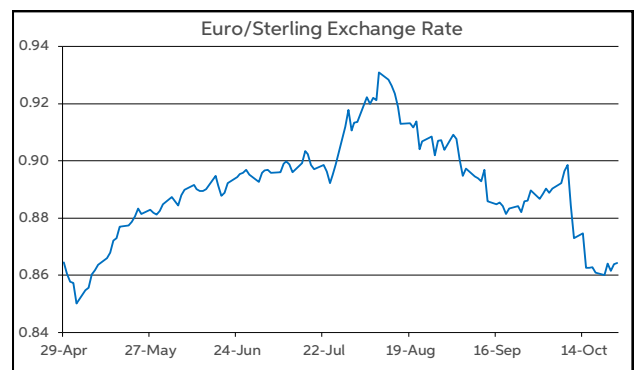
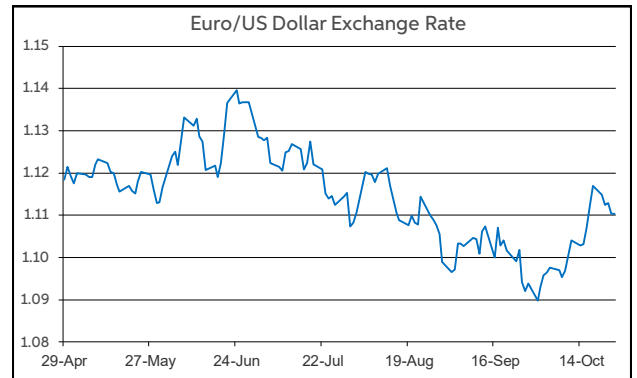
Elsewhere, as expected the ECB's October meeting yesterday was a non-event. No changes to policy were announced. The central bank is seen on hold for the next few months until the effectiveness of September's easing package becomes clearer.

Data-wise, the flash October PMIs in the Eurozone came in broadly in line with expectations. However, at just 50.2, the composite PMI remains at a level consistent with economic stagnation. In the US, an upside surprise in the manufacturing index (51.5 vs f'cast 50.7) helped push the composite PMI up to 51.2, from 51.0.

In level terms, the modestly softer sterling tone is reflected in EUR/GBP opening this morning near 86.5p. Some slight support for the dollar sees GBP/USD back near the midpoint of \$1.28-1.29, while EUR/USD is at the \$1.11 threshold.

Turning to the day ahead, EU officials will discuss the terms of the Article 50 extension. Although, it is not yet clear then that a final decision on this will be made before the weekend. Given the ongoing uncertainty, sterling could experience some sensitivity to Brexit related newsflow today as a result. Meanwhile, the only release of any note is the October print of the German Ifo. However, it is unlikely to have any euro impact.

Conor Beake, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2018
EUR/USD	1.1104	-0.26	-3.18
EUR/GBP	0.8642	0.28	-3.81
GBP/USD	1.2849	-0.52	0.72
GBP/EUR	1.1567	-0.28	3.96
USD/JPY	108.65	0.06	-0.83
EUR/JPY	120.66	-0.20	-4.02

* v Previous Day's European Open

See Next Page for More Rates

Opening Interest Rates						
	Base Rate	Short Term			Long Term	
		1-Mth	3-Mth	12-Mth	2-Yr	5-Yr
USD	1.875	1.80	1.94	1.96	1.61	1.54
EUR	0.00	-0.44	-0.40	-0.29	-0.36	-0.27
GBP	0.75	0.71	0.81	0.97	0.77	0.76

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

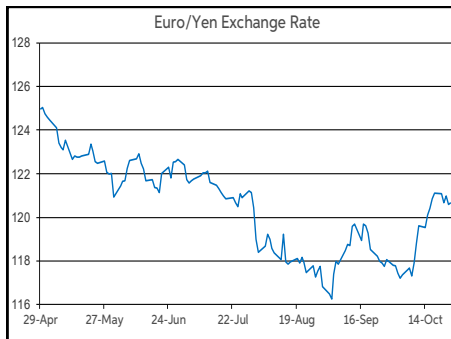
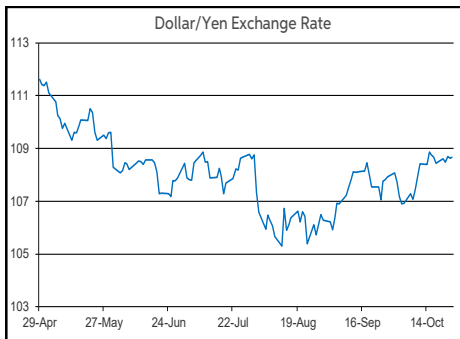
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIB 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Opening Levels

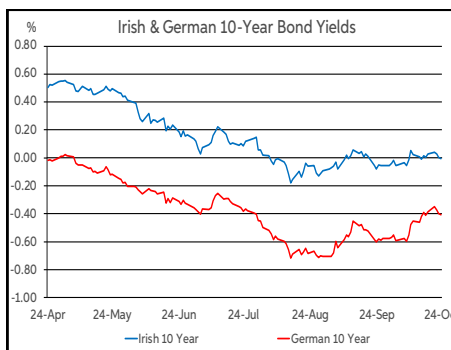
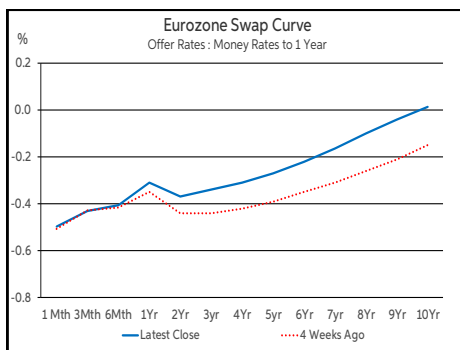
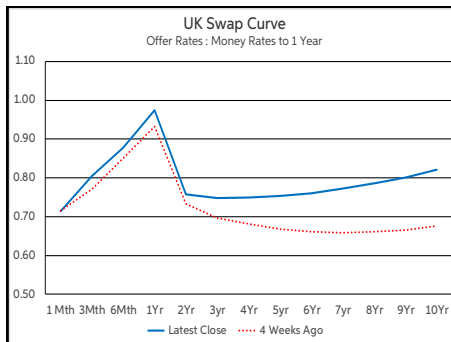
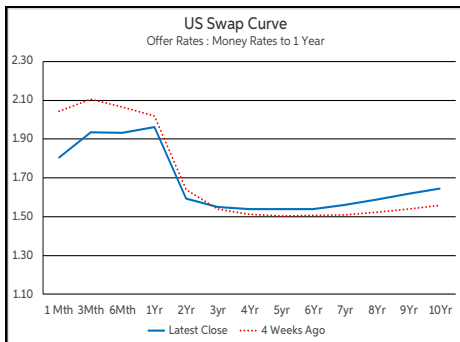
Friday 25 October 2019
07:17 am



Euro		Sterling		Dollar	
EUR/GBP	0.8642	GBP/EUR	1.1567	USD/JPY	108.65
EUR/USD	1.1104	GBP/USD	1.2849	USD/CAD	1.3067
EUR/JPY	120.66	GBP/CAD	1.6791	USD/CHF	0.9923
EUR/SEK	10.7341	GBP/NZD	2.0142	USD/CNY	7.0671
EUR/DKK	7.4703	GBP/JPY	139.6	USD/BRL	4.0403
EUR/NOK	10.151	GBP/SEK	12.4174	USD/RUB	63.8975
EUR/CHF	1.1021	GBP/DKK	8.6417	USD/INR	71.005
EUR/AUD	1.6266	GBP/NOK	11.7449	AUD/USD	0.6826
EUR/HKD	8.7034	GBP/CHF	1.2752	NZD/USD	0.6377
EUR/CAD	1.4511	GBP/AUD	1.8814		



Debt Markets				
	Close	Day	4 Weeks	End 18
10 Year Yield %				
US	1.77	+0	+7	-91
Germany	-0.41	-1	+18	-65
UK	0.62	-6	+10	-65
Ireland	-0.01	-1	+5	N/A
Belgium	-0.13	-2	+15	-89
France	-0.11	-2	+18	-81
Italy	1.00	-3	+18	-172
Spain	0.22	-2	+8	-120
Portugal	0.18	-1	+1	-153
Greece	1.21	-4	-10	-309
5 Year Swap %				
US	1.54	-4	+3	-102
Eurozone	-0.27	-1	+12	-50
UK	0.75	-6	+9	-56
2 Year Swap %				
US	1.59	-3	-5	-105
Eurozone	-0.37	-1	+7	-23
UK	0.76	-4	+2	-41
10 Year Government Bond Spreads to Benchmark bps				
Ireland	40	+0	-13	N/A
Belgium	28	-1	-4	-24
France	30	-0	+0	-17
Italy	141	-2	+0	-107
Spain	62	-1	-10	-55
Portugal	58	+0	-17	-89
Greece	162	-3	-28	-244



Commodities				
	Close	Day	4 Weeks	End 18
Brent Oil	61.67	+0.82	-1.71	+14.63
West Texas Oil	56.11	+0.38	-0.23	+24.27
Gold \$	1504.1	+0.78	-0.13	+17.24

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