

Sterling boosted by GDP figures

The first reading of UK Q3 GDP surprised slightly to the upside of expectations yesterday. It showed quarterly growth of 0.4% versus the market, and crucially BoE forecasts, of 0.3%. The better than expected result helped to ease some market uncertainty as to whether the BoE would announce an interest rate hike at next week's meeting. This came after dovish comments from some MPC members in recent days. As a result, UK gilt yields rose yesterday, with the 10-year yield rising by 5bps to reach its highest level since the start of the year.

In terms of the sterling reaction, cable (GBP/USD) gained over 1 cent on the day, moving up to the mid-point of the \$1.32-1.33 band. The EUR/GBP pair moved down to near the 89p mark. Meantime, further strong Eurozone survey data for October (i.e. German Ifo) aided EUR/USD in moving up above the \$1.18 mark, ahead of today's much anticipated ECB meeting.

This meeting will be the main focus for markets today, with no major data releases due in either Europe or the US. While no changes to interest rates are anticipated, the Governing Council is expected to announce a reduction in the size of its monthly asset purchases (QE) at the start of 2018, while also extending out the end date for the programme.

The general consensus is that the ECB will scale back purchases from €60bn to €30-40bn and extend the programme to next June or September. However, a greater or lesser reduction in policy accommodation cannot be ruled out. Thus, the decision on QE could well impact the euro today. Markets will also be analysing the tone of the statement and President Draghi's press conference for guidance on the longer term future of QE, as well as for updated views on the Eurozone economy.

Dara Turnbull, Economist, AIB

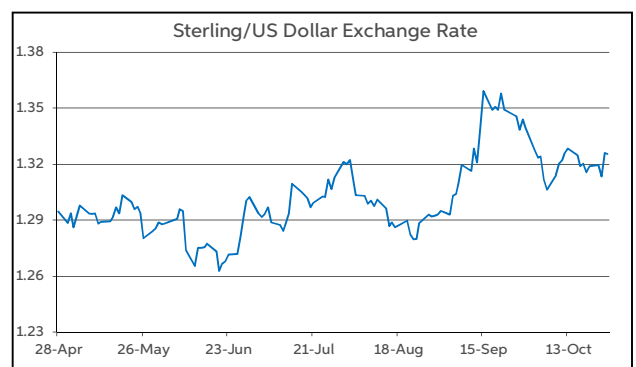
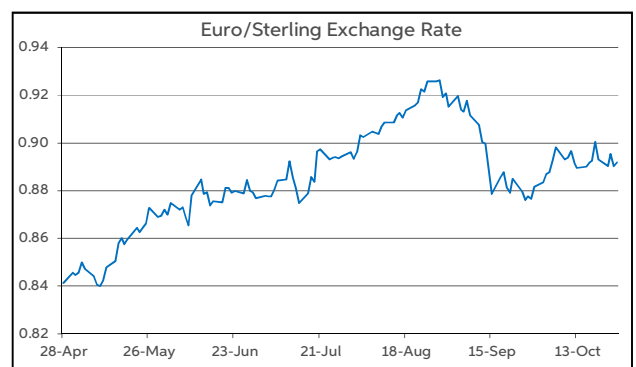
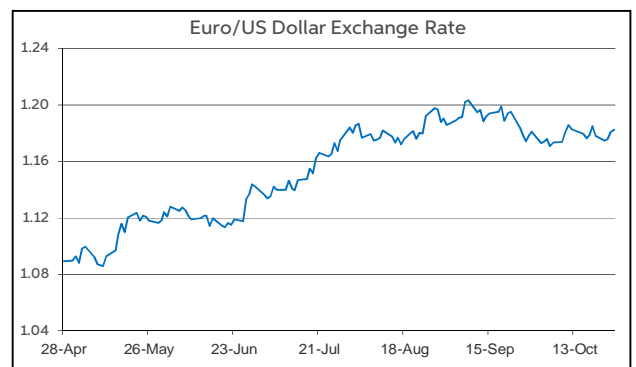
Opening Interest Rates						
	Base Rate	Short Term			Long Term	
		1-Mth	3-Mth	12-Mth	2-Yr	5-Yr
USD	1.125	1.24	1.37	1.84	1.81	2.12
EUR	0.00	-0.37	-0.33	-0.18	-0.16	0.27
GBP	0.25	0.35	0.42	0.77	0.85	1.13

Equity Indices				
	Latest Close	% Changes		
		on Day	End 2016 to Date	
Dow Jones	23329.46	-0.48	+18.05	
S&P 500	2557.15	-0.47	+14.22	
FTSE 100	7447.21	-1.05	+4.26	
DJ Stoxx 50	3591.46	-0.53	+9.15	
ISEQ	6721.37	-0.86	+3.13	
Nikkei	21739.78	+0.15	+13.74	

Today's Opening Rates			
		% Change	
		Day *	End 2016
EUR/USD	1.1824	0.58	12.47
EUR/GBP	0.892	-0.36	4.72
GBP/USD	1.3256	0.96	7.46
GBP/EUR	1.1206	0.36	-4.51
USD/JPY	113.59	-0.27	-2.81
EUR/JPY	134.32	0.31	9.08

* 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

Thursday 26 October 2017
07:27 am



Euro

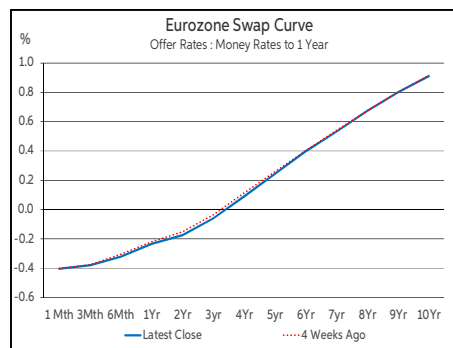
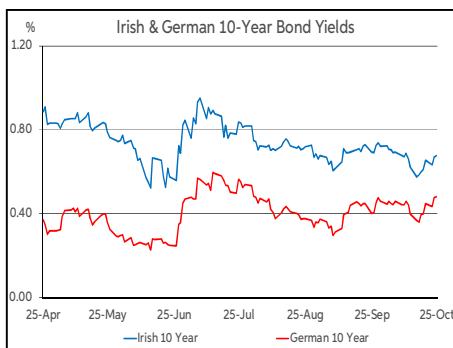
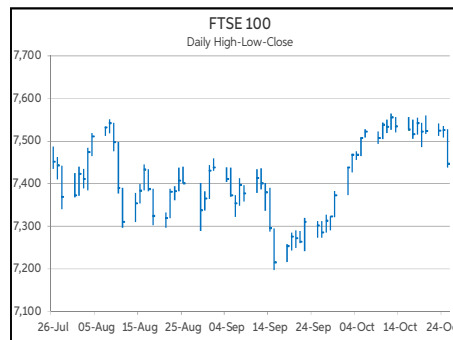
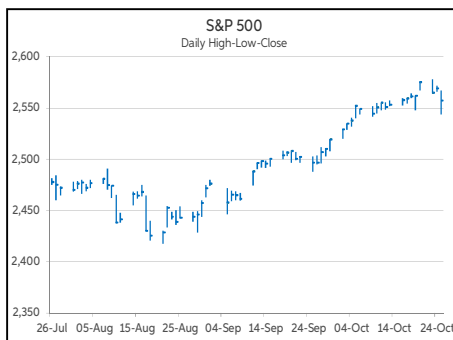
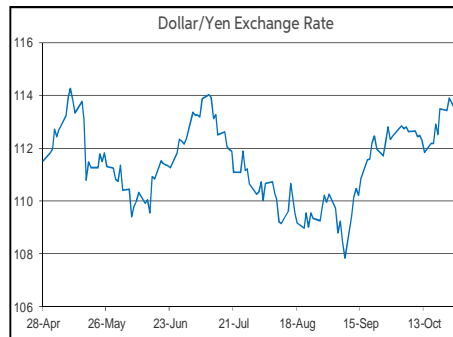
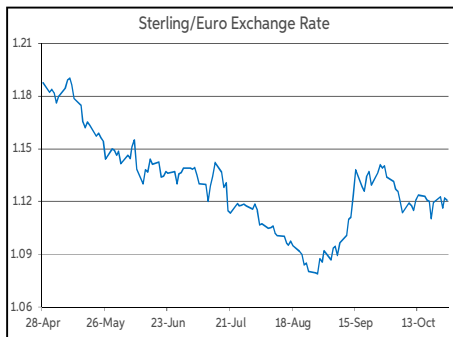
EUR/GBP	0.8919
EUR/USD	1.1825
EUR/JPY	134.32
EUR/SEK	9.6967
EUR/DKK	7.4432
EUR/NOK	9.4666
EUR/CHF	1.1689
EUR/AUD	1.5342
EUR/HKD	9.2253
EUR/CAD	1.513

Sterling

GBP/EUR	1.1209
GBP/USD	1.3256
GBP/CAD	1.6957
GBP/NZD	1.9256
GBP/JPY	150.57
GBP/SEK	10.8672
GBP/DKK	8.3437
GBP/NOK	10.6135
GBP/CHF	1.3104
GBP/AUD	1.72

Dollar

USD/JPY	113.59
USD/CAD	1.2794
USD/CHF	0.9882
USD/CNY	6.6331
USD/BRL	3.2329
USD/RUB	57.6822
USD/INR	64.7725
AUD/USD	0.7707
NZD/USD	0.6882



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 16
10 Year Yield %				
US	2.43	+1	+13	-1
Germany	0.48	+1	+3	+28
UK	1.40	+5	+2	+17
5 Year Swap %				
US	2.10	-2	+11	+14
Eurozone	0.25	-2	-2	+17
UK	1.13	+3	+2	+25
2 Year Swap %				
US	1.79	-4	+7	+35
Eurozone	-0.17	-1	-2	-1
UK	0.84	+1	+2	+24
10 Year Government Bond Spreads to Benchmark bps				
Ireland	20	+0	-7	-35
Belgium	24	-0	-5	-8
France	40	-0	+10	-8
Italy	155	-3	-20	-6
Spain	115	-2	-2	-2
Portugal	178	-2	-20	-175
Greece	502	+3	-21	-166

Commodities				
	Close	% Change		
		Day	4 Weeks	End 16
Brent Oil	58.44	+0.19	+0.93	+2.85
West Texas Oil	51.97	-0.67	-0.33	-3.31
CRB - All Commodity	185.40	-0.23	+0.84	-3.69
CRB - Food	347	+0.26	+4.23	+2.44
Gold \$	1277.8	+0.05	-0.29	+10.90

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