

Risk appetite switched back on

A key focus for investors yesterday was the performance of equity markets after the previous day's sharp falls on Wall Street (S&P 500 was down 3% on Wednesday). There was an improvement in risk appetite, aided by positive corporate earnings updates, with the S&P 500 up 1.8% at the closing bell on last night.

Data-wise yesterday, once again there was a downside surprise from some key Eurozone survey data for October. The German Ifo fell by more than anticipated, although the survey still remains consistent with yearly GDP growth of around 2%. Elsewhere from a euro perspective, the ECB meeting proved to be a non-event.

Meanwhile, on the dollar side, there was also some disappointing news on the data front. The goods trade deficit widened last month more than forecast, while the durable goods report (also for September) showed that underling core orders also missed to the downside of expectations. However, the more mixed results from yesterday's US schedule did not hamper the dollar too much.

Indeed, the currency is holding a modestly firmer tone over the last 24 hours. This is reflected in EUR/USD edging further below the \$1.14 mark and GBP/USD trading down towards the \$1.28 level. Elsewhere, some slight sterling weakness has seen the EUR/GBP pair move up closer towards 89p.

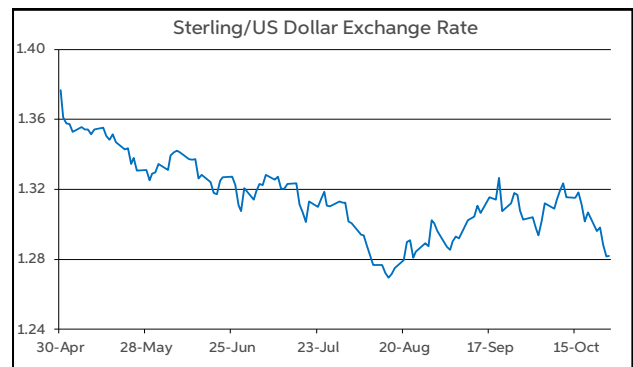
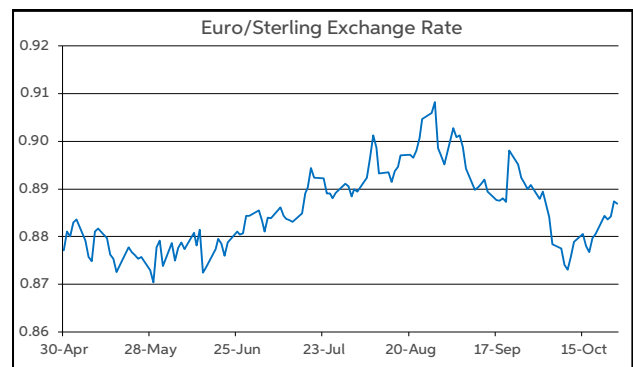
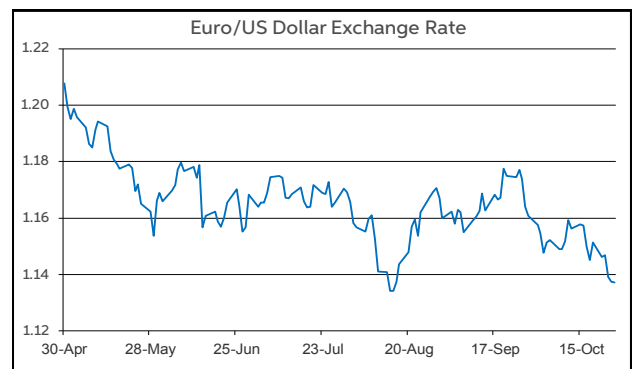
Today, the main data highlight is the first reading of US Q3 GDP (f'cast for a 3.3% annualised pace). Barring any significant divergence versus forecasts, the data would not be expected to generate much reaction from the dollar. Meantime both the Eurozone and UK macro diaries are very sparse. Therefore, direction, if any, on the respective currencies will likely have to come from the realm of politics rather than macro data.

John Fahey, Senior Economist, AIB

		% Change	
		Day *	End 2017
EUR/USD	1.1372	-0.33	-5.20
EUR/GBP	0.887	0.20	-0.15
GBP/USD	1.2819	-0.53	-5.13
GBP/EUR	1.1267	-0.20	0.15
USD/JPY	112.19	0.10	-0.43
EUR/JPY	127.6	-0.25	-5.61

* v Previous Day's European Open

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	Base Rate	Short Term			Long Term	
		1-Mth	3-Mth	12-Mth	2-Yr	5-Yr
USD	2.125	2.29	2.51	3.05	3.02	3.07
EUR	0.00	-0.37	-0.32	-0.15	-0.12	0.36
GBP	0.75	0.72	0.81	1.07	1.10	1.36

	Latest Close	% Changes	
		on Day	End 2017 to Date
Dow Jones	24984.55	+1.63	+1.07
S&P 500	2705.57	+1.86	+1.20
FTSE 100	7004.1	+0.59	-8.89
DJ Stoxx 50	3164.4	+1.09	-9.69
ISEQ	5970.46	+0.90	-15.17
Nikkei	21184.6	-0.40	-6.94

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

Friday 26 October 2018
07:33 am



Euro

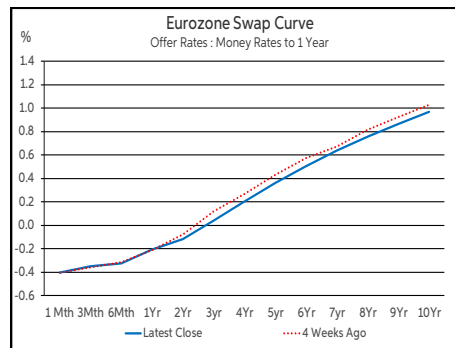
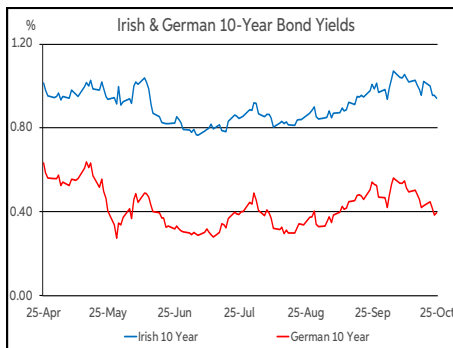
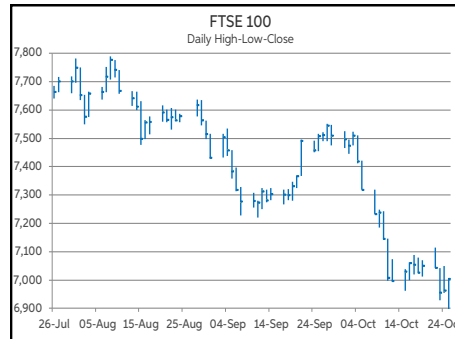
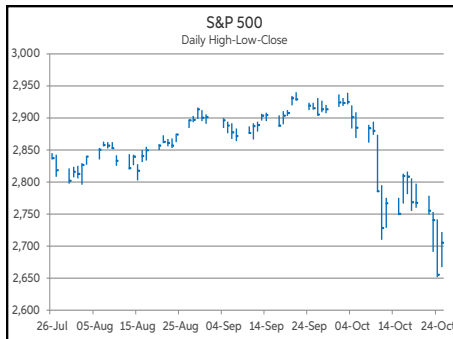
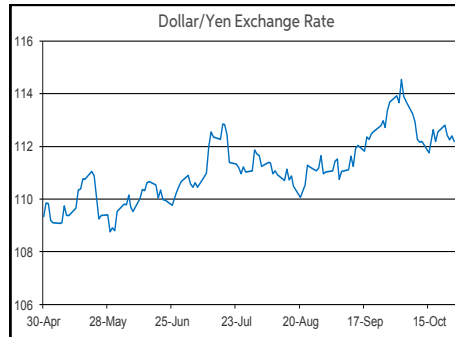
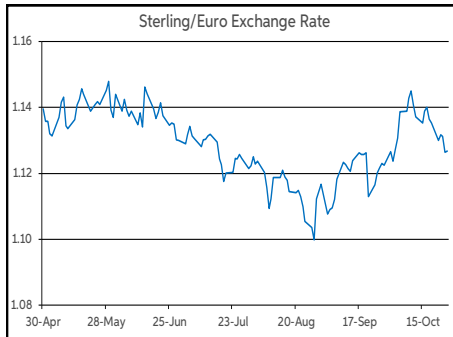
EUR/GBP	0.887
EUR/USD	1.1372
EUR/JPY	127.6
EUR/SEK	10.374
EUR/DKK	7.4603
EUR/NOK	9.4966
EUR/CHF	1.1365
EUR/AUD	1.6155
EUR/HKD	8.9164
EUR/CAD	1.4912

Sterling

GBP/EUR	1.1267
GBP/USD	1.2819
GBP/CAD	1.6807
GBP/NZD	1.9779
GBP/JPY	143.82
GBP/SEK	11.6931
GBP/DKK	8.4068
GBP/NOK	10.7045
GBP/CHF	1.2809
GBP/AUD	1.8205

Dollar

USD/JPY	112.19
USD/CAD	1.3111
USD/CHF	0.9993
USD/CNY	6.9572
USD/BRL	3.7062
USD/RUB	65.6228
USD/INR	73.38
AUD/USD	0.7039
NZD/USD	0.6479



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 17
10 Year Yield %				
US	3.12	+2	+7	+72
Germany	0.39	+1	-13	-3
UK	1.44	-1	-15	+26
Ireland	0.94	-1	-7	N/A
Belgium	0.80	-1	-6	+19
France	0.76	+0	-8	-1
Italy	3.48	-11	+64	+149
Spain	1.57	-2	+7	+2
Portugal	1.94	-3	+8	+5
Greece	4.18	-6	+17	+13
5 Year Swap %				
US	3.07	+0	-0	+83
Eurozone	0.36	-0	-7	+5
UK	1.35	-2	-11	+31
2 Year Swap %				
US	3.02	-2	+2	+93
Eurozone	-0.12	-1	-4	+2
UK	1.10	-1	-7	+29
10 Year Government Bond Spreads to Benchmark bps				
Ireland	55	-2	+6	N/A
Belgium	41	-2	+7	+21
France	37	-1	+6	+1
Italy	309	-12	+77	+151
Spain	117	-3	+20	+5
Portugal	155	-4	+21	+7
Greece	378	-7	+30	+16

Commodities				
	Close	% Change		
		Day	4 Weeks	End 17
Brent Oil	76.89	+0.95	-5.91	+14.98
West Texas Oil	67.25	+1.04	-6.83	+11.23
CRB - All Commodity	194.79	+0.17	+0.32	+0.48
CRB - Food	332.44	-0.29	-1.48	-1.07
Gold \$	1232.9	-0.16	+4.20	-5.36

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