

## Euro falls as dollar strengthens

Yesterday's ECB meeting concluded with no change to interest rates, as expected. The Governing Council announced that it would reduce the size of its monthly asset purchases from €60bn to €30bn from January, holding them at this level until at least September 2018. Again, this was in line with expectations. The ECB, though, retained its overall easing bias, stating that it could increase the size of its monthly purchases, or extend the timeframe beyond September, if deemed necessary. Therefore, the ECB is keep its options regarding future asset purchases very much open.

The market reaction to the news saw the Euro Stoxx 50 index rise by 1.3% on the day, outperforming the US S&P 500, which was broadly flat. Meantime, sovereign bond yields fell in all Eurozone countries, with German 10-year bund yields down 5bps.

In terms of the currency reaction, the euro adopted a weaker tone. This saw EUR/GBP fall below the 89p mark. At the same time, news reports that current Fed Chair Yellen (who is generally thought of a being cautious on policy) will not be nominated for a second term by President Trump provided some support to the dollar. So too did further progress towards Trump's fiscal stimulus, with the House passing a budget 'blueprint' last night. EUR/USD fell from its opening above \$1.18 to down near \$1.16. Cable (GBP/USD) moved from \$1.325 to close to \$1.31.

The focus in the day ahead will be the first reading of US Q3 GDP. The market expects solid annualised growth of 2.5%. However, it is hard to estimate the potential impact of the hurricanes on growth in the quarter. Thus, forecasts have a wider than usual margin for error. The Fed has stated that it is willing to 'look through' weather related distortions when considering its policy. As a result, potential dollar impact from a forecast 'miss' today may be limited.

**Dara Turnbull, Economist, AIB**

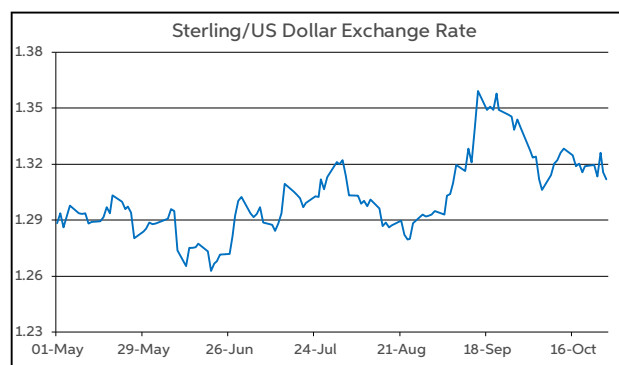
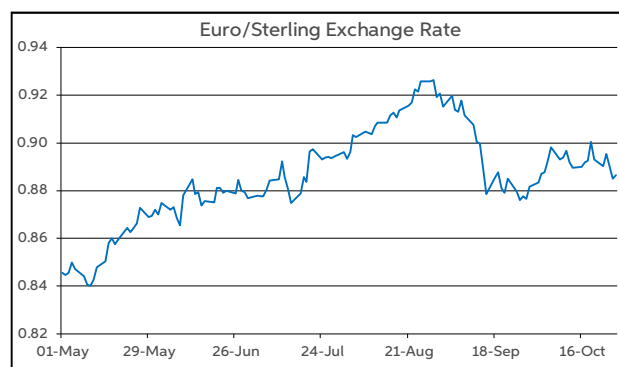
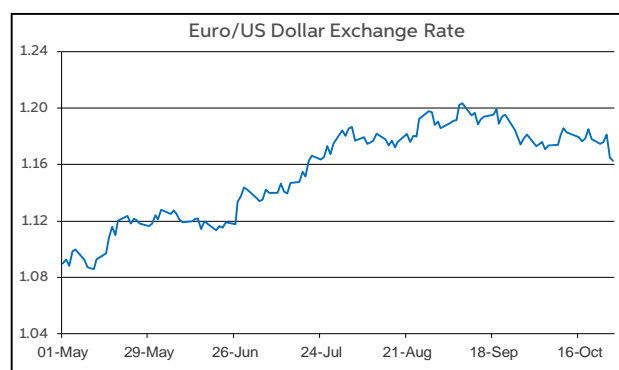
Opening Interest Rates						
	Base Rate	Short Term			Long Term	
		1-Mth	3-Mth	12-Mth	2-Yr	5-Yr
USD	1.125	1.24	1.38	1.84	1.86	2.14
EUR	0.00	-0.37	-0.33	-0.18	-0.18	0.23
GBP	0.25	0.36	0.42	0.77	0.86	1.13

Equity Indices				
	Latest Close	% Changes		
		on Day	End 2016 to Date	
Dow Jones	23400.86	+0.31	+18.41	
S&P 500	2560.4	+0.13	+14.36	
FTSE 100	7486.5	+0.53	+4.81	
DJ Stoxx 50	3637.2	+1.27	+10.54	
ISEQ	6850.92	+1.93	+5.12	
Nikkei	22008.45	+1.24	+15.14	

Today's Opening Rates			
		% Change	
		Day *	End 2016
EUR/USD	1.1625	-1.69	10.58
EUR/GBP	0.8863	-0.56	4.05
GBP/USD	1.3117	-1.11	6.33
GBP/EUR	1.1281	0.56	-3.89
USD/JPY	114.2	0.62	-2.28
EUR/JPY	132.76	-1.08	7.81

\* 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

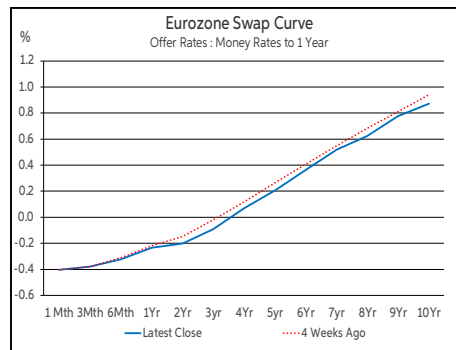
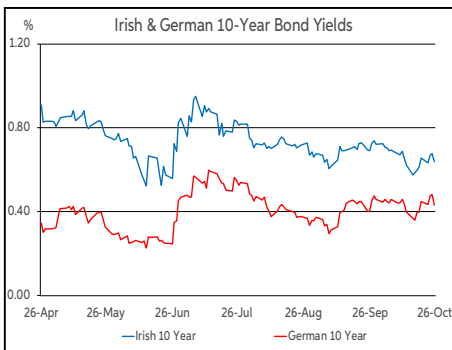
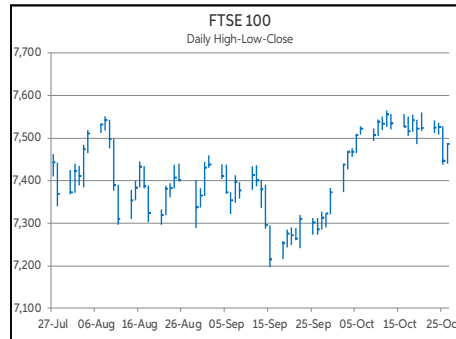
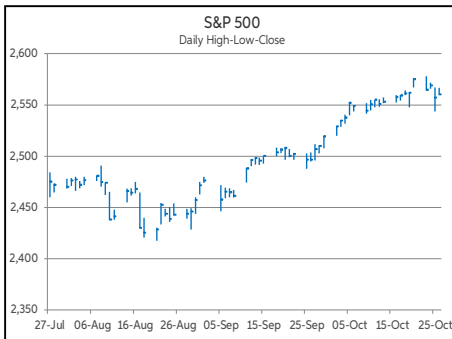
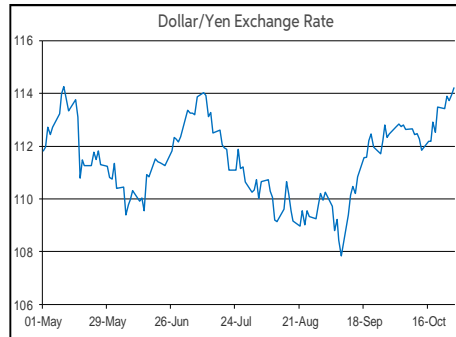
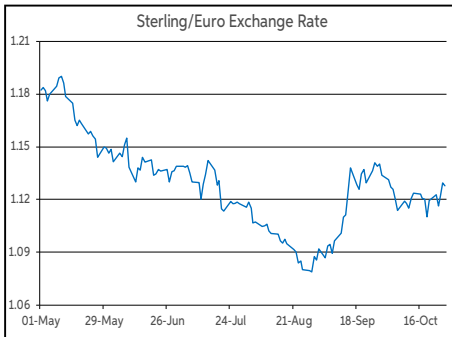
FX Spot	Karl Cooke Shane Gargan Adrian Flanagan Enda Homan	FX Options	Mark Tuite Lenny Hogan	Reuters Phone	AIB 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

# Opening Levels

Friday 27 October 2017  
07:28 am



Euro		Sterling		Dollar	
EUR/GBP	0.8863	GBP/EUR	1.1281	USD/JPY	114.2
EUR/USD	1.1625	GBP/USD	1.3117	USD/CAD	1.2879
EUR/JPY	132.77	GBP/CAD	1.6896	USD/CHF	0.9994
EUR/SEK	9.7276	GBP/NZD	1.9174	USD/CNY	6.6536
EUR/DKK	7.4422	GBP/JPY	149.8	USD/BRL	3.2899
EUR/NOK	9.5164	GBP/SEK	10.9697	USD/RUB	57.862
EUR/CHF	1.162	GBP/DKK	8.395	USD/INR	65.1
EUR/AUD	1.5218	GBP/NOK	10.7369	AUD/USD	0.7638
EUR/HKD	9.0714	GBP/CHF	1.3109	NZD/USD	0.6839
EUR/CAD	1.4973	GBP/AUD	1.7169		



	Close	Change bps		
		Day	4 Weeks	End 16
<b>10 Year Yield %</b>				
US	2.46	+3	+15	+2
Germany	0.43	-5	-4	+23
UK	1.39	-1	+1	+16
Ireland	0.64	-4	-10	-11
Belgium	0.67	-5	-9	+16
France	0.85	-2	+9	+18
Italy	1.95	-8	-22	+14
Spain	1.53	-10	-8	+16
Portugal	2.22	-4	-15	-151
Greece	5.46	-4	-15	-142
<b>5 Year Swap %</b>				
US	2.11	+0	+15	+15
Eurozone	0.21	-6	-6	+13
UK	1.12	-1	+1	+24
<b>2 Year Swap %</b>				
US	1.82	-0	+11	+38
Eurozone	-0.20	-3	-5	-4
UK	0.84	-1	+1	+24
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	21	+1	-6	-34
Belgium	24	-0	-5	-8
France	42	+3	+13	-5
Italy	152	-3	-17	-9
Spain	110	-5	-4	-7
Portugal	179	+1	-11	-174
Greece	503	+1	-10	-165

	Close	% Change		
		Day	4 Weeks	End 16
Brent Oil	59.3	+1.47	+3.29	+4.36
West Texas Oil	52.41	+0.85	+1.53	-2.49
CRB - All Commodity	185.94	+0.29	+1.61	-3.42
CRB - Food	347.55	+0.55	+4.97	+2.60
Gold \$	1267.5	-0.81	-1.57	+10.00

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