

Brexit newsflow continues to dominate

The focus of financial markets yesterday remained centred on Brexit developments. Last night, a sufficient number of MPs failed to back PM Johnson's motion calling for a general election on December 12. Meanwhile, the EU granted the PM's request for an Article 50 extension until January 31st. The UK can leave earlier if the Withdrawal Agreement is ratified by Parliament.

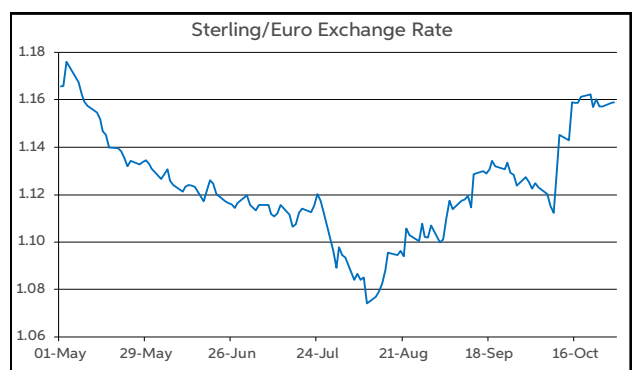
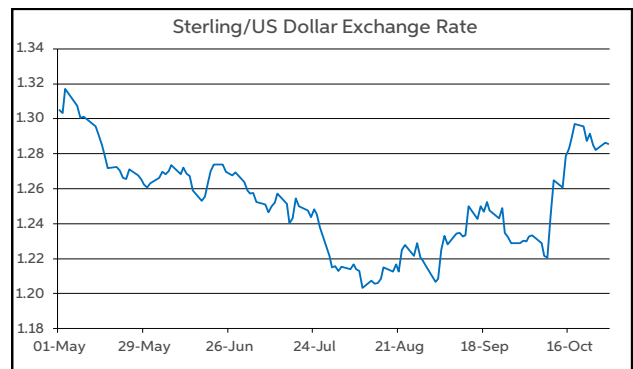
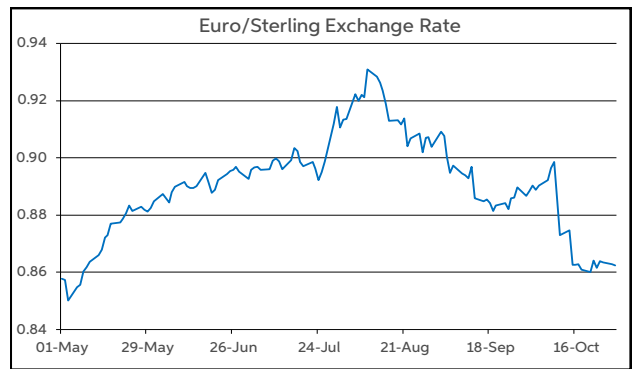
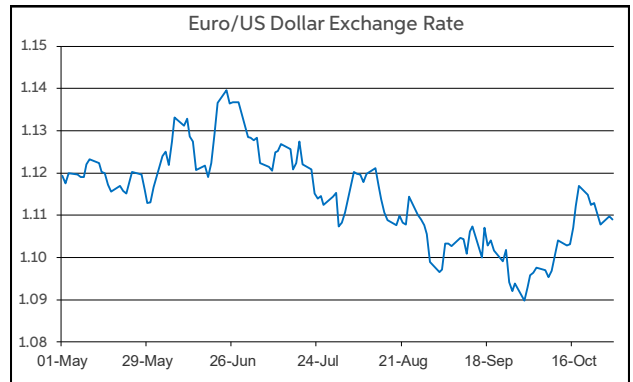
Sterling reaction was limited. Its main pairs have stayed near to their recent levels. EUR/GBP is operating in the lower half of the 86-87p band, while cable (GBP/USD) is trading near to the midpoint of the \$1.28-1.29 range.

Elsewhere, the action was generally muted. A relatively sparse macro schedule, with goods trade data in the US the only release of note, meant there was little to provide direction. As a result, EUR/USD has spent the last 24 hours trading in a tight range close to the \$1.11 level.

Turning to the day ahead, sterling watchers will continue to keep a close eye on Westminster. The UK government has again moved to call an election for December 12. However, the fresh approach only requires a simple majority of MPs to support it. There is a growing expectation that the bill may pass with the support of the SNP and/or the Lib Dems, though there is some disagreement about the election date. Sterling could prove sensitive to developments, but it will likely remain within its relatively limited recent trading range.

Meanwhile, the data schedule is once again uninspiring and is unlikely to be a source of direction for FX markets. We do get the Conference Board measure of US consumer confidence for October, but the release is unlikely to have any dollar impact.

Conor Beakey, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2018
EUR/USD	1.109	0.03	-3.30
EUR/GBP	0.8626	-0.24	-3.98
GBP/USD	1.2857	0.30	0.78
GBP/EUR	1.159	0.24	4.15
USD/JPY	108.95	0.21	-0.56
EUR/JPY	120.84	0.25	-3.87

* v Previous Day's European Open

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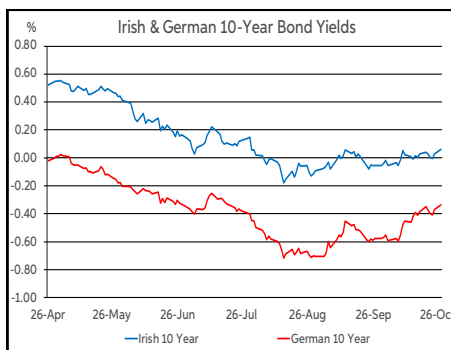
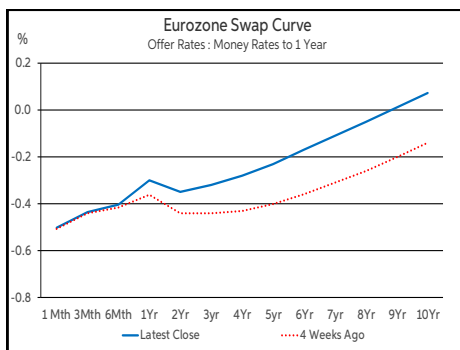
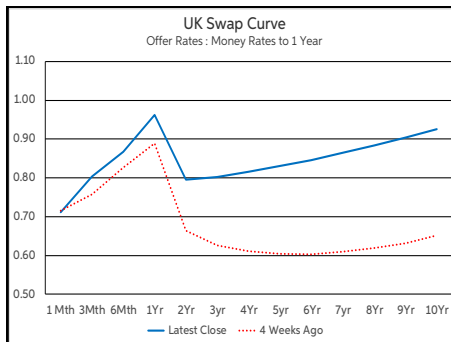
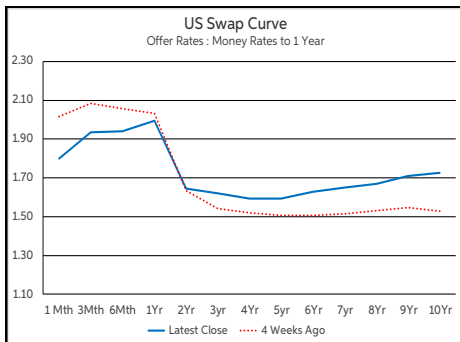
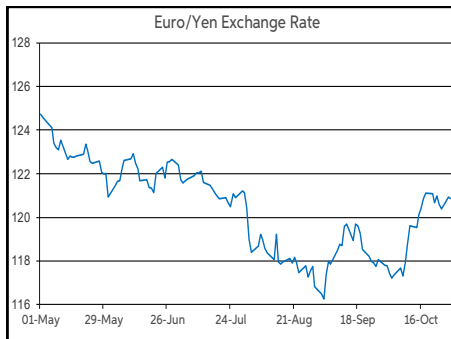
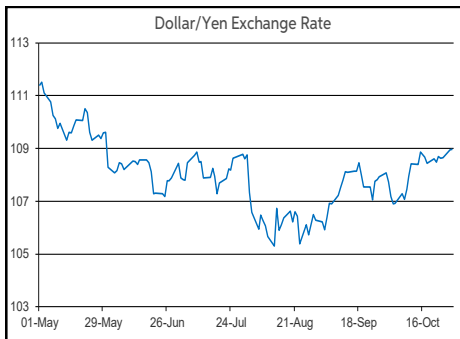
Opening Interest Rates						
Base Rate	Short Term			Long Term		
	1-Mth	3-Mth	12-Mth	2-Yr	5-Yr	
USD	1.875	1.80	1.94	2.00	1.66	1.64
EUR	0.00	-0.46	Stale	-0.29	-0.35	-0.22
GBP	0.75	0.71	0.80	0.96	0.80	0.84

All rates quoted are indicative market rates

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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				

Euro		Sterling		Dollar	
EUR/GBP	0.8626	GBP/EUR	1.159	USD/JPY	108.95
EUR/USD	1.109	GBP/USD	1.2857	USD/CAD	1.3052
EUR/JPY	120.84	GBP/CAD	1.6784	USD/CHF	0.9949
EUR/SEK	10.784	GBP/NZD	2.02	USD/CNY	7.0574
EUR/DKK	7.4707	GBP/JPY	140.08	USD/BRL	3.9902
EUR/NOK	10.2328	GBP/SEK	12.496	USD/RUB	63.79
EUR/CHF	1.1035	GBP/DKK	8.6591	USD/INR	70.773
EUR/AUD	1.6181	GBP/NOK	11.8627	AUD/USD	0.6853
EUR/HKD	8.6945	GBP/CHF	1.2789	NZD/USD	0.6362
EUR/CAD	1.4479	GBP/AUD	1.8752		



	Close	Change bps		
		Day	4 Weeks	End 18
10 Year Yield %				
US	1.84	+5	+18	-84
Germany	-0.34	+3	+24	-58
UK	0.72	+4	+24	-55
Ireland	0.06	+3	+11	N/A
Belgium	-0.04	+5	+22	-80
France	-0.03	+4	+25	-73
Italy	1.09	+6	+28	-163
Spain	0.29	+4	+16	-112
Portugal	0.24	+4	+9	-146
Greece	1.19	-2	-12	-311
5 Year Swap %				
US	1.59	-0	+9	-97
Eurozone	-0.23	+0	+17	-46
UK	0.83	+2	+23	-48
2 Year Swap %				
US	1.65	-0	+1	-99
Eurozone	-0.35	-1	+9	-21
UK	0.79	+1	+13	-37
10 Year Government Bond Spreads to Benchmark bps				
Ireland	40	+0	-13	N/A
Belgium	30	+2	-2	-22
France	31	+1	+1	-16
Italy	143	+3	+4	-105
Spain	63	+1	-8	-55
Portugal	58	+1	-15	-89
Greece	153	-5	-36	-253

	% Change			
	Close	Day	4 Weeks	End 18
Brent Oil	61.57	-0.73	+1.30	+14.44
West Texas Oil	55.6	-1.63	+2.79	+23.15
Gold \$	1492.9	-0.81	+1.39	+16.37

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