

Equities fall sharply

Yesterday, the UK government officially released its alternative proposals for the Irish 'backstop'. Sterling reaction, however, was muted as large parts of the plan had been leaked in the previous few days. Given that the proposals involve the creation of a border on the island of Ireland, they are unlikely to be accepted by the EU.

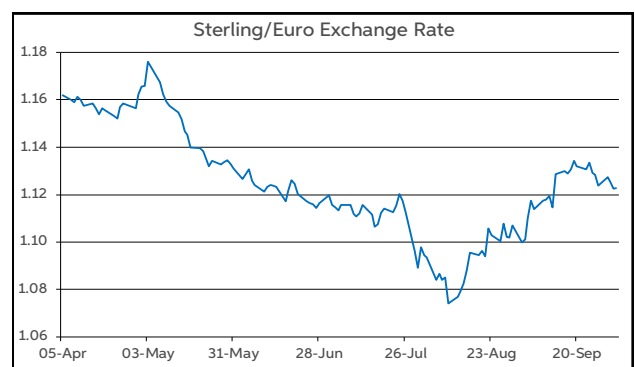
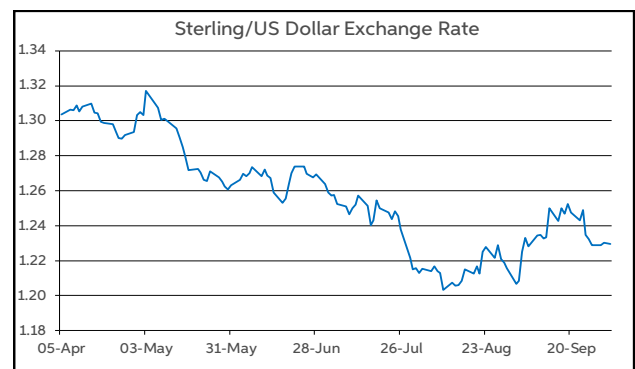
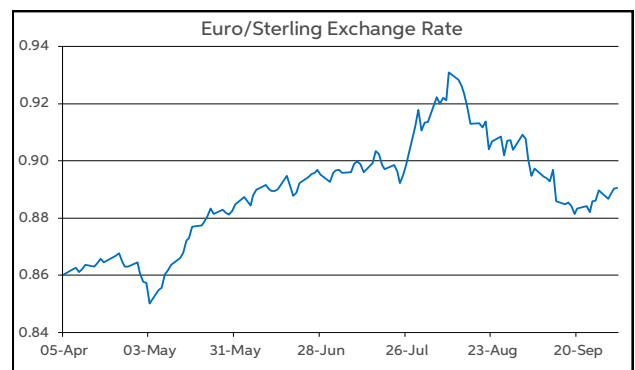
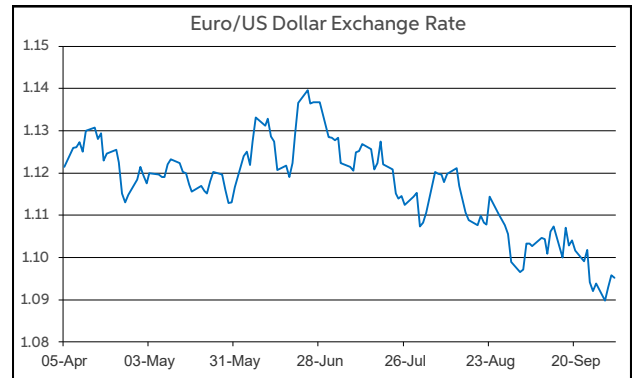
Meanwhile, risk aversion continued to dominate on markets yesterday in the face of numerous headwinds to global growth. The S&P 500 shed another 1.8%, while the FTSE 100 and the Euro Stoxx 50 dropped by 3.2% and 3.0%, respectively. In overnight trading, the Nikkei was down 2.0%. There was only a limited spillover into FX markets, with the yen adopting a firmer tone.

In level terms, the limited action in the main pairs sees them open broadly unchanged from 24 hours previous. EUR/USD has, though, edged up slightly to trade at the midpoint of the \$1.09-1.10 band. EUR/GBP remains just above the 89p threshold, while cable (GBP/USD) is still operating below the \$1.23 level.

Turning to the day ahead, retail sales for August are the only data of note due in the Eurozone. The forecast is for a solid 0.3% rise, but euro impact will likely be limited. In the UK, the September services PMI is due, with the index expected to have fallen to 50.3, a level barely consistent with growth. However, Brexit newsflow will likely remain the main driver of sterling.

Across the Atlantic, the non-manufacturing ISM for September will feature. It is anticipated that the index dropped from 56.4 to 55.0. However, such a reading would still be consistent with a moderate level of growth. Overall, both the dollar and risk sentiment could prove vulnerable to a downside surprise, given the reaction following the release of weak US manufacturing data on Tuesday.

Conor Beakey, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2018
EUR/USD	1.0952	0.17	-4.51
EUR/GBP	0.8906	0.07	-0.87
GBP/USD	1.2293	0.08	-3.64
GBP/EUR	1.1223	-0.07	0.88
USD/JPY	107.11	-0.66	-2.24
EUR/JPY	117.33	-0.48	-6.67

* 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	2.00	2.06	1.96	1.49	1.37
EUR	0.00	-0.47	-0.43	-0.33	-0.46	-0.42
GBP	0.75	0.71	0.77	0.91	0.67	0.61

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

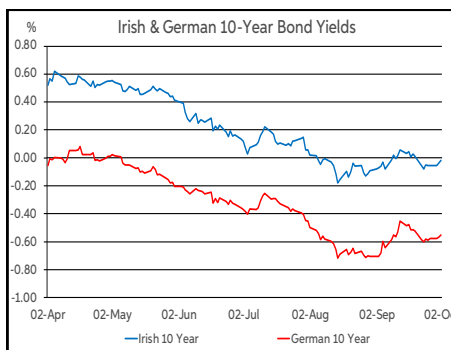
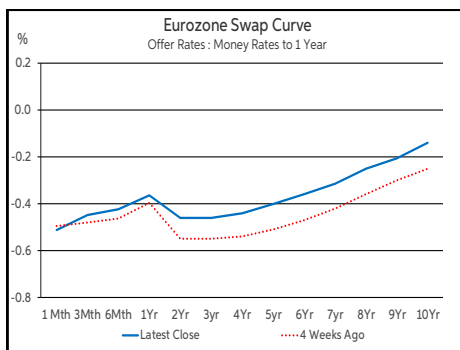
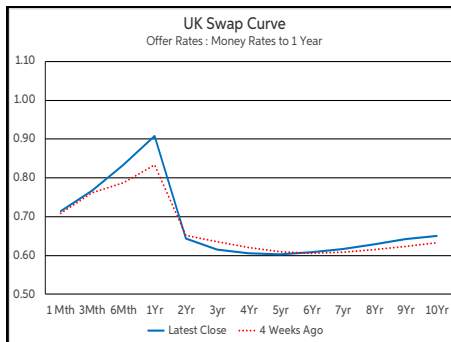
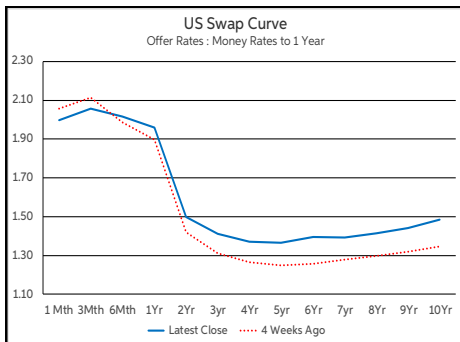
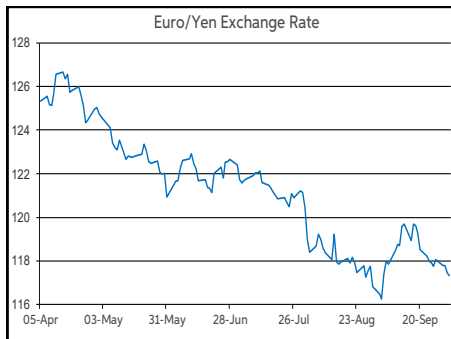
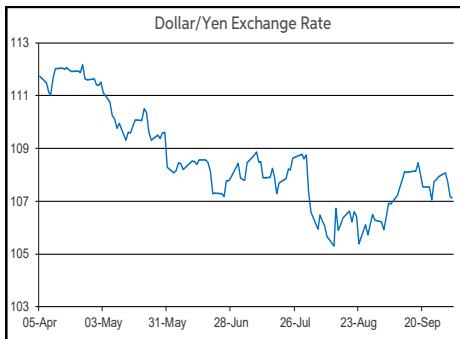
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIB 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Opening Levels

Thursday 03 October 2019
07:24 am



Euro		Sterling		Dollar	
EUR/GBP	0.8906	GBP/EUR	1.1223	USD/JPY	107.11
EUR/USD	1.0952	GBP/USD	1.2293	USD/CAD	1.332
EUR/JPY	117.33	GBP/CAD	1.6371	USD/CHF	0.9999
EUR/SEK	10.814	GBP/NZD	1.9623	USD/CNY	7.1477
EUR/DKK	7.4656	GBP/JPY	131.67	USD/BRL	4.1284
EUR/NOK	10	GBP/SEK	12.1358	USD/RUB	65.2022
EUR/CHF	1.0953	GBP/DKK	8.3801	USD/INR	71.1225
EUR/AUD	1.6318	GBP/NOK	11.2273	AUD/USD	0.6711
EUR/HKD	8.5888	GBP/CHF	1.2294	NZD/USD	0.6261
EUR/CAD	1.4588	GBP/AUD	1.8316		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 18
10 Year Yield %				
US	1.60	-3	+13	-108
Germany	-0.55	+2	+13	-79
UK	0.49	+3	+1	-77
Ireland	-0.02	+2	+4	N/A
Belgium	-0.22	+3	+11	-98
France	-0.26	+1	+12	-96
Italy	0.89	+4	+8	-183
Spain	0.14	+2	+2	-127
Portugal	0.17	+1	+3	-153
Greece	1.34	+1	-19	-295
5 Year Swap %				
US	1.36	-10	+12	-120
Eurozone	-0.40	-1	+11	-63
UK	0.60	-0	-1	-71
2 Year Swap %				
US	1.50	-9	+8	-114
Eurozone	-0.46	-2	+9	-32
UK	0.64	-4	-1	-52
10 Year Government Bond Spreads to Benchmark bps				
Ireland	54	+0	-8	N/A
Belgium	33	+1	-1	-19
France	30	-0	-1	-17
Italy	144	+2	-5	-104
Spain	70	-0	-11	-48
Portugal	73	-1	-10	-74
Greece	190	-1	-31	-216

Commodities				
	% Change			
	Close	Day	4 Weeks	End 18
Brent Oil	57.69	-2.04	-4.96	+7.23
West Texas Oil	52.67	-1.74	-6.31	+16.66
Gold \$	1499.8	+1.38	-3.42	+16.90

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