

Some Brexit blues for sterling

The action on currency markets yesterday saw sterling remaining under pressure against a backdrop of on-going uncertainty in relation to Brexit. At the same time, the dollar continued to firm.

Data-wise, there was a busy schedule of Eurozone releases yesterday. Once again, the data missed to the downside of expectations. The first reading of Q3 GDP for the currency bloc showed quarterly growth at just 0.2% (f'cast was for 0.4%). Meanwhile, similar to last week, another batch of Eurozone survey data (EC sentiment indices) for October disappointed versus expectations and provided further signs of a softer start to Q4 for the economy. The negative macro news was somewhat unhelpful to the euro although not to the same extent as last week's data.

Elsewhere, on the data-front, there was further good news out of the US economy, which in turn created favourable newsflow for the dollar. The Conference Board measure of consumer sentiment for October exceeded expectations and in the process rose to an 18 year high. The underlying data showed that sentiment is being boosted by the strong labour market and augurs well for the all-important consumer side of the US economy.

As trading gets underway this morning, the weaker tone to sterling is reflected in EUR/GBP regaining the 89p level and GBP/USD pinned down at \$1.27. Meanwhile, EUR/USD has edged down into the lower half of the \$1.13-1.14 band

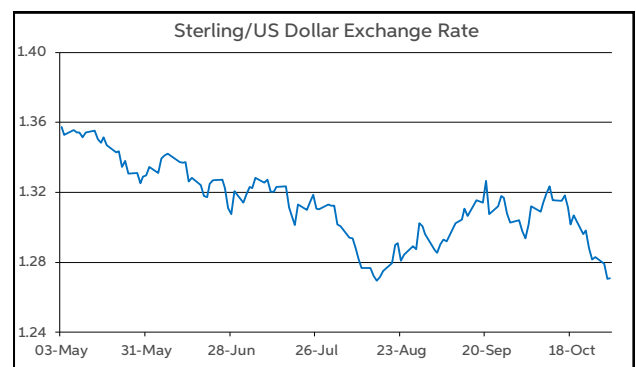
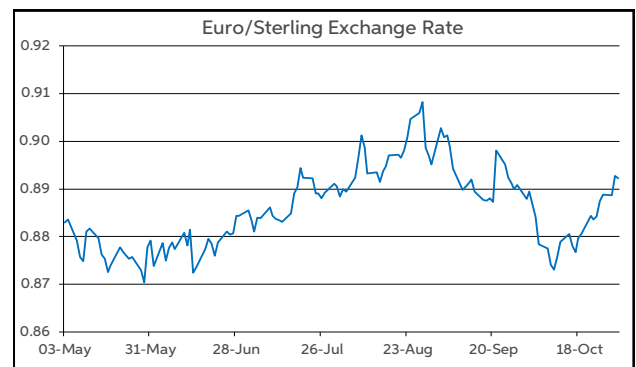
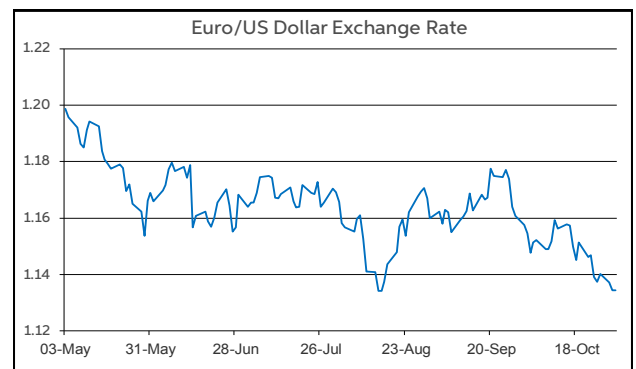
Today, the data highlights are Eurozone unemployment (Sept) and inflation (Oct), while in the US, the Fed's preferred measure of wage growth (Employment Cost Index for Q3) is due. Overall though, unless the calendar springs significant surprises, the main pairs may remain near current levels heading into month end.

John Fahey, Senior Economist, AIB

Today's Opening Rates			
		% Change	
		Day *	End 2017
EUR/USD	1.1344	-0.30	-5.44
EUR/GBP	0.8924	0.39	0.46
GBP/USD	1.271	-0.70	-5.94
GBP/EUR	1.1199	-0.39	-0.46
USD/JPY	113.2	0.48	0.47
EUR/JPY	128.42	0.17	-5.00

* 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	2.125	2.30	2.54	3.07	3.07	3.13
EUR	0.00	-0.37	-0.32	-0.15	-0.11	0.36
GBP	0.75	0.73	0.81	1.05	1.10	1.33

Equity Indices				
	Latest Close	% Changes		
		on Day	End 2017 to Date	
Dow Jones	24874.64	+1.77	+0.63	
S&P 500	2682.63	+1.57	+0.34	
FTSE 100	7035.85	+0.14	-8.48	
DJ Stoxx 50	3147.13	-0.25	-10.18	
ISEQ	6103.03	+0.88	-13.29	
Nikkei	21920.46	+2.16	-3.71	

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

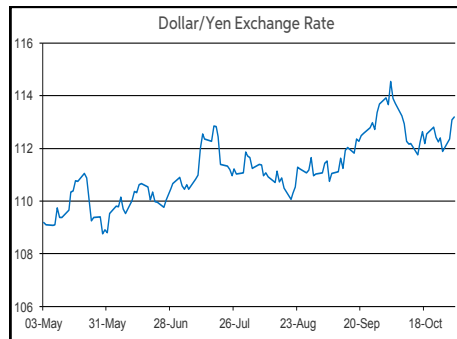
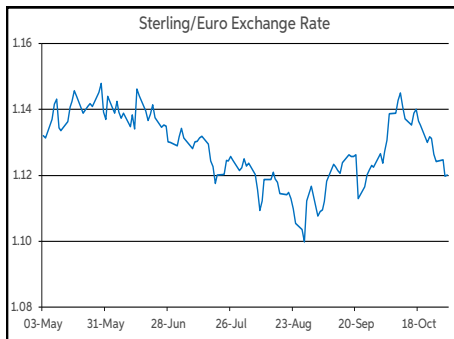
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite Lenny Hogan	Reuters Phone	AIB 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Opening Levels

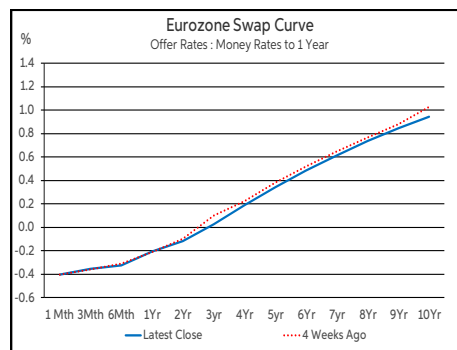
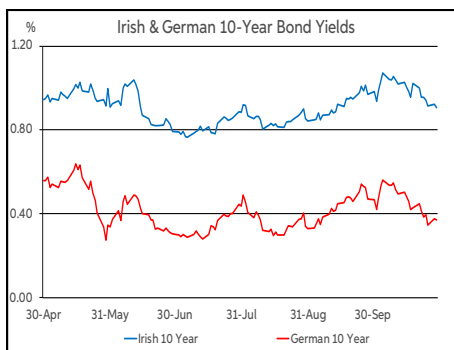
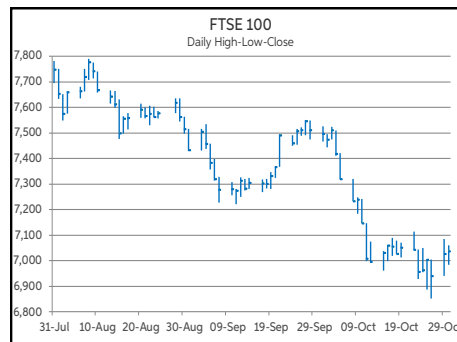
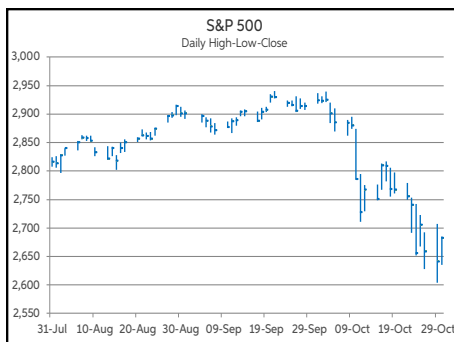
Wednesday 31 October 2018
07:27 am



Euro		Sterling		Dollar	
EUR/GBP	0.8924	GBP/EUR	1.1199	USD/JPY	113.2
EUR/USD	1.1344	GBP/USD	1.271	USD/CAD	1.3122
EUR/JPY	128.42	GBP/CAD	1.6678	USD/CHF	1.005
EUR/SEK	10.403	GBP/NZD	1.9402	USD/CNY	6.9681
EUR/DKK	7.4617	GBP/JPY	143.88	USD/BRL	3.6962
EUR/NOK	9.5347	GBP/SEK	11.6561	USD/RUB	65.585
EUR/CHF	1.1401	GBP/DKK	8.3594	USD/INR	73.9425
EUR/AUD	1.5999	GBP/NOK	10.683	AUD/USD	0.7088
EUR/HKD	8.8991	GBP/CHF	1.2775	NZD/USD	0.6548
EUR/CAD	1.4885	GBP/AUD	1.7925		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 17
10 Year Yield %				
US	3.12	+3	+6	+71
Germany	0.37	-1	-5	-5
UK	1.40	+1	-12	+22
Ireland	0.91	-2	-3	N/A
Belgium	0.76	+0	-4	+15
France	0.74	-0	-4	-4
Italy	3.46	+15	+5	+147
Spain	1.55	+3	+3	+0
Portugal	1.86	+1	-1	-3
Greece	4.21	+6	-3	+17
5 Year Swap %				
US	3.08	+3	+3	+84
Eurozone	0.34	-1	-4	+2
UK	1.32	-1	-10	+28
2 Year Swap %				
US	3.00	-3	+2	+92
Eurozone	-0.12	-1	-2	+2
UK	1.09	+0	-6	+29
10 Year Government Bond Spreads to Benchmark bps				
Ireland	54	-1	+2	N/A
Belgium	39	+1	+2	+20
France	37	+0	+1	+1
Italy	309	+15	+10	+152
Spain	118	+3	+9	+5
Portugal	149	+1	+5	+2
Greece	384	+7	+2	+22



Commodities				
	Close	% Change		
		Day	4 Weeks	End 17
Brent Oil	75.91	-1.85	-10.48	+13.52
West Texas Oil	66.18	-1.22	-11.95	+9.46
CRB - All Commodity	191.76	-0.86	-4.11	-1.09
CRB - Food	334.7	+0.12	-1.13	-0.40
Gold \$	1224.3	-0.47	+1.73	-6.01

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