

Dollar softer following Fed meeting

The Fed cut rates by 25bps yesterday evening leaving the target range for the fed funds rate at 1.50-1.75%. As this move had been priced in, the focus was on Chair Powell's press conference. He signalled that the central bank is on hold as the FOMC wants to assess the impact of the recent rate cuts. Despite the less dovish tone, the dollar has come under some pressure since the meeting.

Earlier in the day, the first reading of US GDP for Q3 surprised to the upside. Driven by strong consumer spending, growth came in at 1.9% in annualised terms, broadly in line with Q2's rate and ahead of the 1.6% forecast.

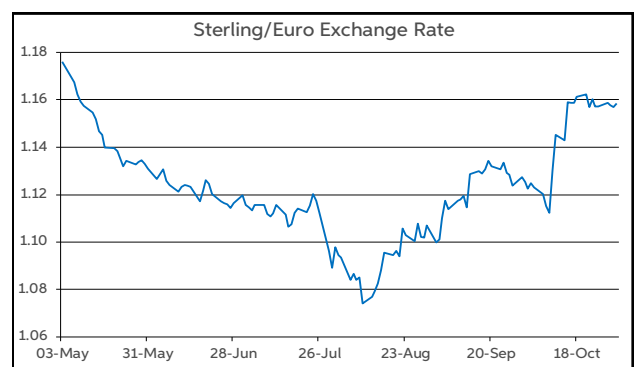
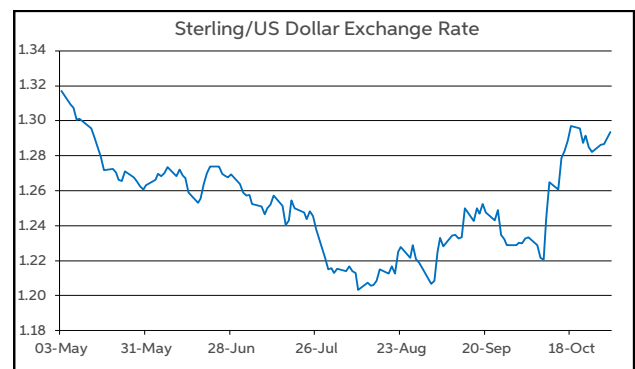
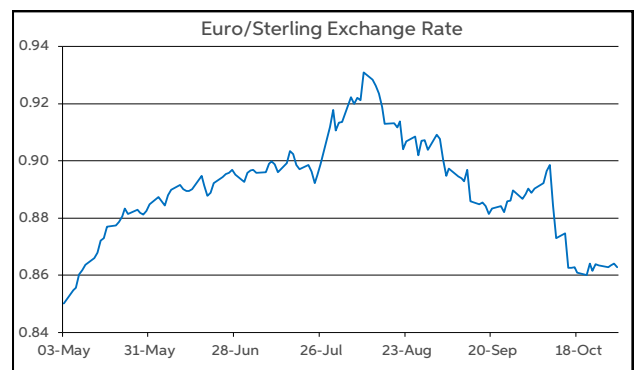
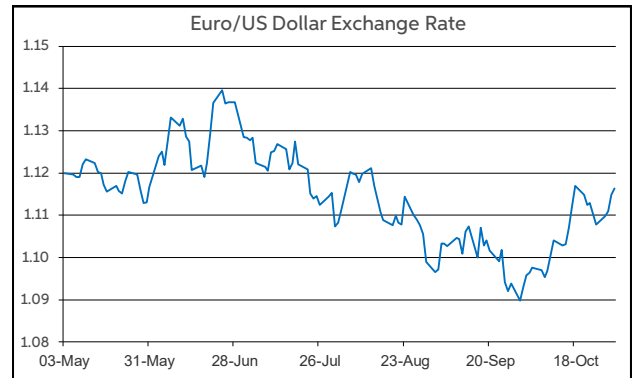
On this side of the Atlantic, the release of the EC sentiment indices for October had little impact on the euro. This was despite the headline index falling to a fresh 4-year low.

In level terms, the softer dollar sees EUR/USD trading this morning in the upper half of the \$1.11-1.12 range. At the same time, GBP/USD is changing hands above the \$1.29 level. Elsewhere, EUR/GBP continues to operate in the lower half of the 86-87p range.

Today, the highlight of a packed Eurozone data schedule is the flash estimate of Q3 GDP. Growth is expected to have edged down to 0.1%, from 0.2%. We also get the flash estimate of October HICP, with headline inflation projected at just 0.7%. Overall though, barring major surprises, the currency impact may be limited.

In the US, markets may continue to digest the outcome of last night's Fed meeting. Data-wise, core-PCE inflation (Sept) is due. However, the data may have been overtaken by the release of the Q3 annualised figure yesterday. As a result, dollar reaction could be muted. Meantime, there is little out to influence sterling.

Conor Beakey, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2018
EUR/USD	1.1166	0.51	-2.64
EUR/GBP	0.8627	-0.07	-3.97
GBP/USD	1.2941	0.56	1.44
GBP/EUR	1.1587	0.07	4.14
USD/JPY	108.64	-0.18	-0.84
EUR/JPY	121.31	0.32	-3.50

* 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	1.78	1.91	1.98	1.65	1.59
EUR	0.00	-0.44	-0.41	-0.28	-0.35	-0.23
GBP	0.75	0.71	0.80	0.98	0.79	0.80

All rates quoted are indicative market rates

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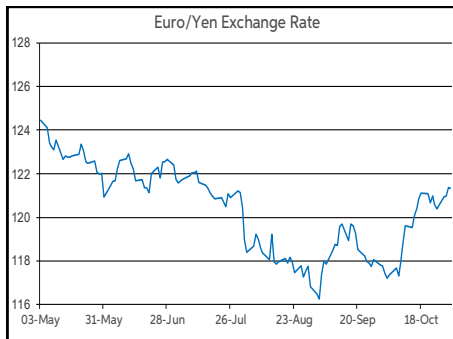
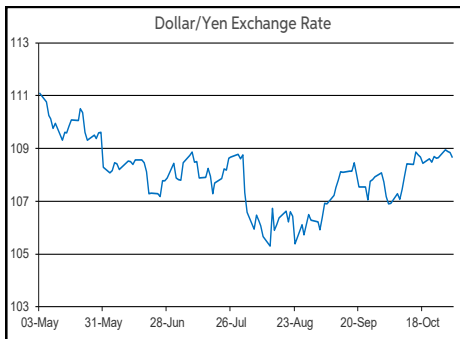
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIB 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Opening Levels

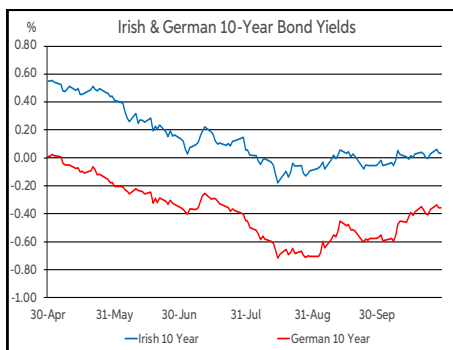
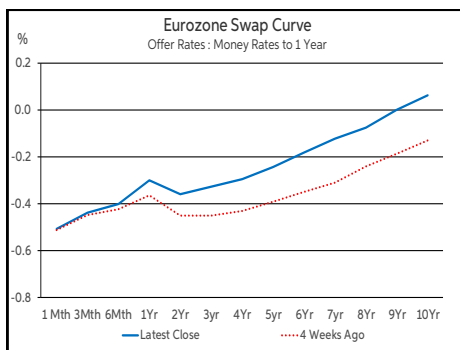
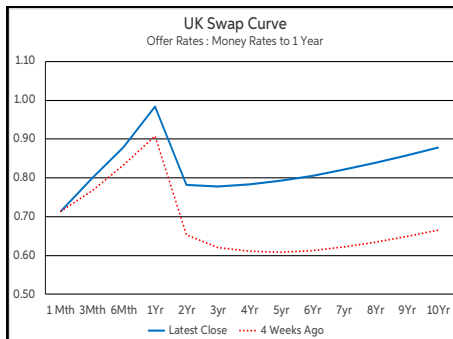
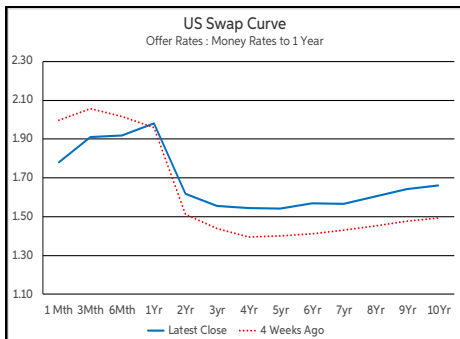
Thursday 31 October 2019
07:25 am



Euro		Sterling		Dollar	
EUR/GBP	0.8627	GBP/EUR	1.1587	USD/JPY	108.64
EUR/USD	1.1166	GBP/USD	1.2941	USD/CAD	1.3153
EUR/JPY	121.31	GBP/CAD	1.7021	USD/CHF	0.9871
EUR/SEK	10.7479	GBP/NZD	2.0143	USD/CNY	7.035
EUR/DKK	7.4706	GBP/JPY	140.59	USD/BRL	3.9877
EUR/NOK	10.2315	GBP/SEK	12.454	USD/RUB	63.77
EUR/CHF	1.1025	GBP/DKK	8.6576	USD/INR	70.785
EUR/AUD	1.6127	GBP/NOK	11.8561	AUD/USD	0.6921
EUR/HKD	8.7505	GBP/CHF	1.2776	NZD/USD	0.6423
EUR/CAD	1.4686	GBP/AUD	1.8688		



	Close	Change bps		
		Day	4 Weeks	End 18
10 Year Yield %				
US	1.77	-6	+17	-91
Germany	-0.36	+0	+20	-60
UK	0.68	-2	+19	-59
5 Year Swap %				
US	1.54	-9	+14	-102
Eurozone	-0.24	-2	+15	-47
UK	0.79	-4	+18	-52
2 Year Swap %				
US	1.62	-5	+11	-102
Eurozone	-0.36	-2	+9	-22
UK	0.78	-3	+13	-38
10 Year Government Bond Spreads to Benchmark bps				
Ireland	39	-0	-15	N/A
Belgium	29	+0	-4	-23
France	30	-0	+0	-17
Italy	143	+1	-1	-104
Spain	62	-1	-8	-56
Portugal	56	-1	-16	-91
Greece	154	-3	-36	-253



	% Change			
	Close	Day	4 Weeks	End 18
Brent Oil	60.61	-1.59	+5.06	+12.66
West Texas Oil	54.85	-0.89	+4.14	+21.48
Gold \$	1495.6	+0.52	-0.28	+16.58

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