

US data disappoint again

The dollar lost ground yesterday as the September reading of the US non-manufacturing ISM dropped to a 3-year low of 52.6, from 56.4. This followed a sharp decline in the manufacturing ISM on Tuesday. Taken together, the surveys suggest the US economy lost momentum at the end of Q3. The data have seen markets this week move to price in a 25bps rate cut in October by the Fed.

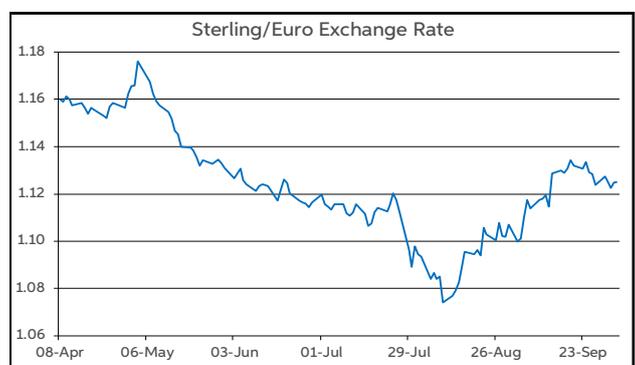
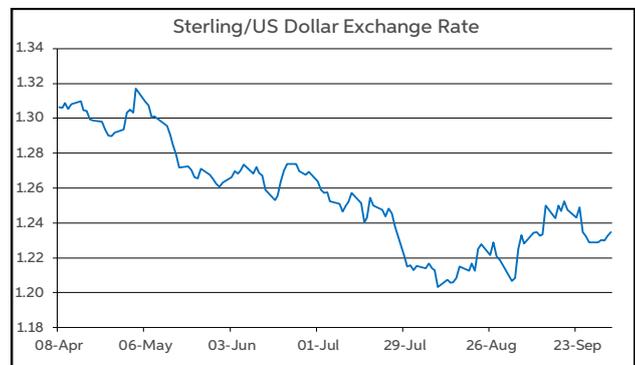
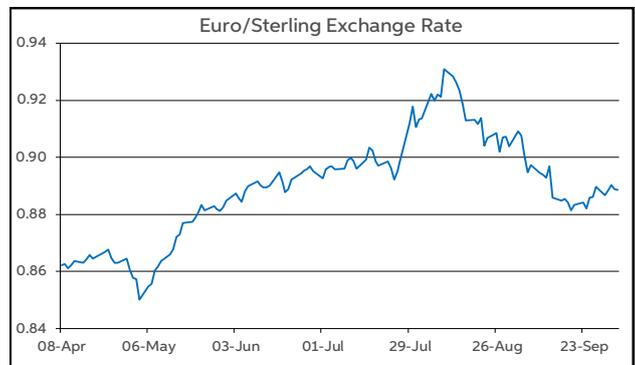
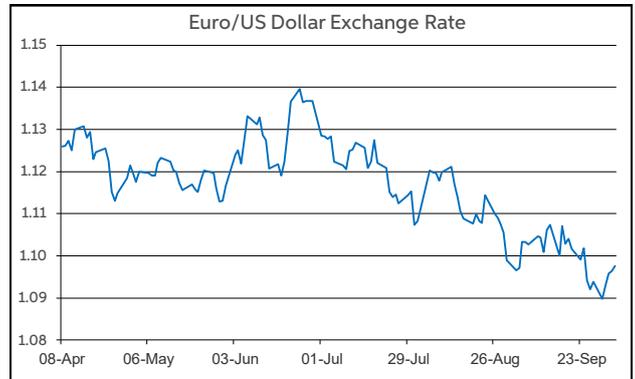
The UK services PMI for September also disappointed, falling below the key 50 level. However, there was no impact on sterling. Indeed, the currency was modestly firmer yesterday. Markets may be reacting to evidence of some domestic political support for the UK government's new Brexit proposals. This was despite the fact that the reaction in Europe was generally negative.

In level terms, the dollar softness is reflected in EUR/USD opening this morning in the upper half of the \$1.09-1.10 band. Meantime, GBP/USD is at the midpoint of the \$1.23-1.24 range, while EUR/GBP has fallen below the 89p threshold.

Elsewhere on financial markets, the prospect of further policy easing by the Fed helped US equities move higher. At the close on Wall Street, the S&P 500 was up 0.8%.

Today, the highlight is the US employment report for September. The forecast is for a modest rise in payrolls of 145k, up from August's 130k figure, but well below 2018's monthly average gain of 223k. However, it should be enough to keep the jobless rate at 3.7% and help wage inflation tick up to 3.3%. In terms of FX impact, the dollar is vulnerable to a downside surprise. Away from the data, a speech by Fed Chair Powell will also attract attention from dollar-watchers. Meantime, sterling will likely remain reactive to Brexit-related headlines.

Conor Beakey, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2018
EUR/USD	1.0974	0.16	-4.32
EUR/GBP	0.8888	-0.19	-1.07
GBP/USD	1.2346	0.35	-3.22
GBP/EUR	1.1246	0.19	1.08
USD/JPY	106.79	-0.34	-2.53
EUR/JPY	117.21	-0.18	-6.76

* 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	1.99	2.04	1.91	1.43	1.33
EUR	0.00	-0.47	-0.43	-0.32	-0.47	-0.41
GBP	0.75	0.72	0.76	0.89	0.64	0.59

All rates quoted are indicative market rates

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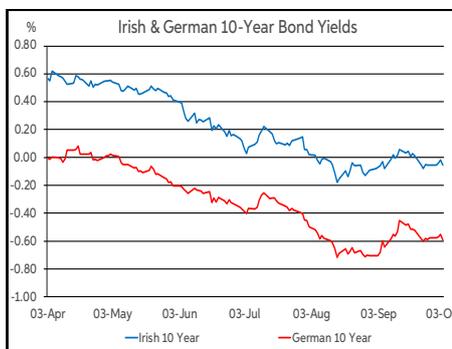
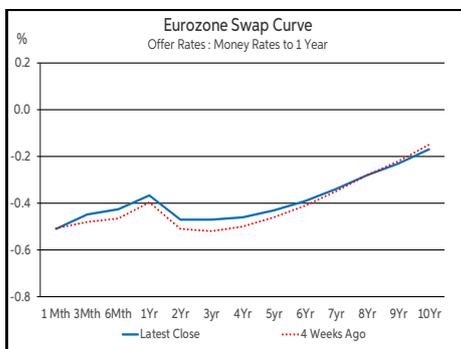
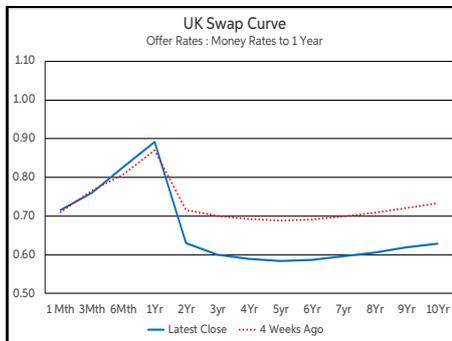
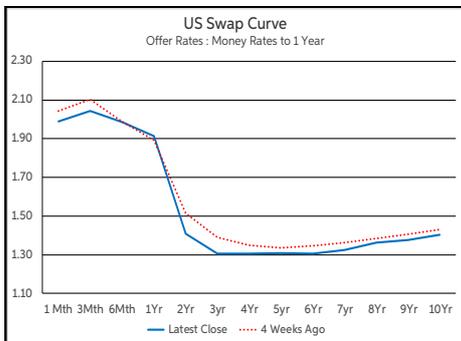
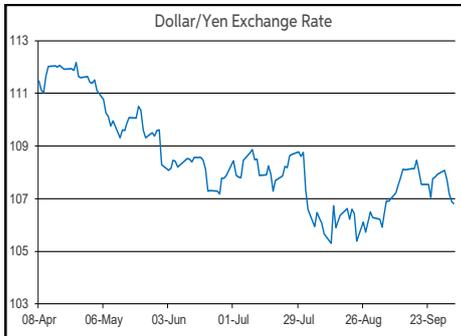
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIB 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Opening Levels

Friday 04 October 2019
07:21 am



Euro		Sterling		Dollar	
EUR/GBP	0.8888	GBP/EUR	1.1246	USD/JPY	106.79
EUR/USD	1.0974	GBP/USD	1.2346	USD/CAD	1.3329
EUR/JPY	117.21	GBP/CAD	1.6458	USD/CHF	0.9986
EUR/SEK	10.8198	GBP/NZD	1.9529	USD/CNY	7.1477
EUR/DKK	7.466	GBP/JPY	131.84	USD/BRL	4.0844
EUR/NOK	10.0021	GBP/SEK	12.1732	USD/RUB	65.0217
EUR/CHF	1.096	GBP/DKK	8.3986	USD/INR	70.88
EUR/AUD	1.6251	GBP/NOK	11.2502	AUD/USD	0.6753
EUR/HKD	8.6084	GBP/CHF	1.2332	NZD/USD	0.632
EUR/CAD	1.4629	GBP/AUD	1.8281		



Debt Markets				
	Close	Day	4 Weeks	End 18
10 Year Yield %				
US	1.53	-7	-3	-115
Germany	-0.59	-4	+1	-83
UK	0.47	-3	-13	-80
Ireland	-0.06	-4	-3	N/A
Belgium	-0.26	-3	-2	-102
France	-0.29	-3	-0	-99
Italy	0.82	-7	-10	-189
Spain	0.12	-3	-9	-130
Portugal	0.14	-4	-10	-157
Greece	1.31	-4	-24	-299
5 Year Swap %				
US	1.31	-9	-3	-125
Eurozone	-0.43	-4	+3	-66
UK	0.58	-2	-10	-73
2 Year Swap %				
US	1.41	-10	-11	-123
Eurozone	-0.47	-2	+4	-33
UK	0.63	-2	-9	-53
10 Year Government Bond Spreads to Benchmark bps				
Ireland	54	+0	-3	N/A
Belgium	34	+1	-2	-19
France	30	+1	-1	-16
Italy	142	-3	-10	-106
Spain	71	+1	-10	-47
Portugal	73	+0	-10	-74
Greece	190	+0	-24	-216

Commodities				
	Close	Day	4 Weeks	End 18
Brent Oil	57.71	+0.03	-5.32	+7.27
West Texas Oil	52.41	-0.49	-6.96	+16.08
Gold \$	1505.3	+0.37	-0.94	+17.33

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