

Probability of October Fed rate cut rises

Concerns have risen about the health of the global economy in the past week following a string of weak macro releases. Survey data in Europe, the UK and the US all surprised to the downside. On Friday, the US employment report for September was also mixed. The jobless rate fell to a 50-year low of 3.5%, but payrolls came in below forecast at 136k and wage inflation slowed to 2.9%.

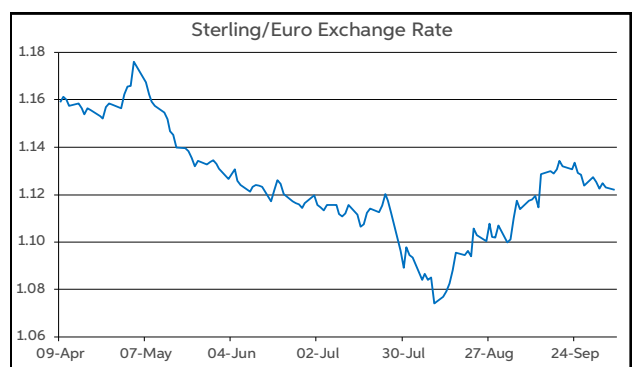
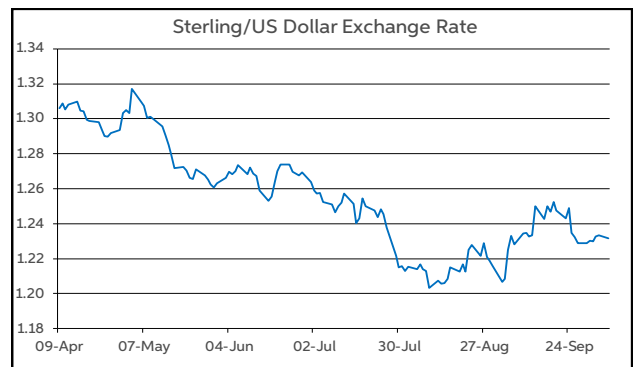
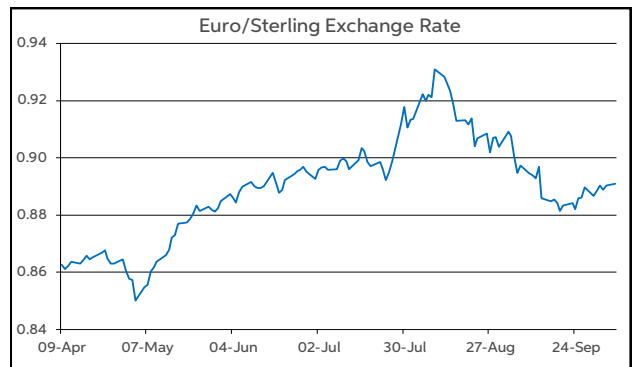
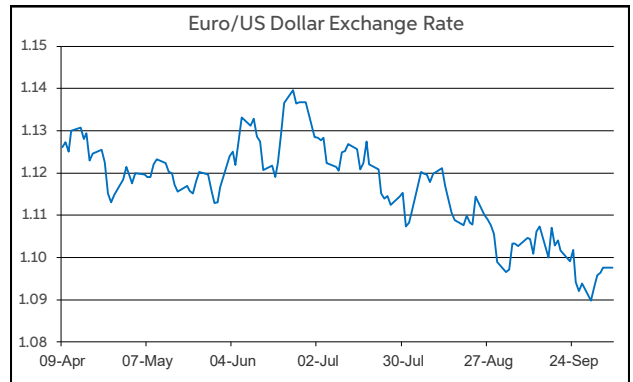
The softer outlook for global growth saw equities under pressure, with the main indices recording sharp falls. Although, the prospect of an easing of monetary policy, particularly in the US, prompted a partial recovery late in the week. In terms of FX impact, the yen saw some safe haven demand. The dollar is also a touch softer following the move by the market to price in an October Fed rate cut. EUR/USD is in the upper half of \$1.09-1.10.

On the Brexit front, the UK government last week released its alternative proposals for the Irish 'backstop'. Despite the negative response to the plans in Europe, the main sterling pairs were little changed. EUR/GBP remains just above 89p, while GBP/USD continues to trade down near the \$1.23 threshold.

This week, the latest release of UK GDP is due. Growth is forecast to have edged up to 0.1% in the 3-months to August. However, the release may have little impact on sterling, given the focus on Brexit. Meantime, the euro could come under some pressure if German industrial output for August disappoints.

Across the Atlantic, lower oil prices are expected to have continued to weigh on headline CPI in September. However, the core rate of inflation is forecast to have remained at 2.4%. The release of the September Fed meeting minutes will also attract attention, while US-China trade talks get underway at the end of the week.

Conor Beakey, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2018
EUR/USD	1.0973	0.04	-4.32
EUR/GBP	0.8911	0.21	-0.81
GBP/USD	1.2314	-0.17	-3.47
GBP/EUR	1.1218	-0.21	0.82
USD/JPY	106.89	0.07	-2.44
EUR/JPY	117.31	0.11	-6.68

* 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	1.98	2.03	1.85	1.43	1.33
EUR	0.00	-0.47	-0.42	-0.34	-0.48	-0.42
GBP	0.75	0.71	0.76	0.89	0.63	0.57

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

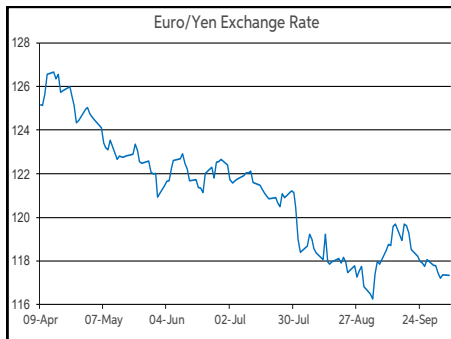
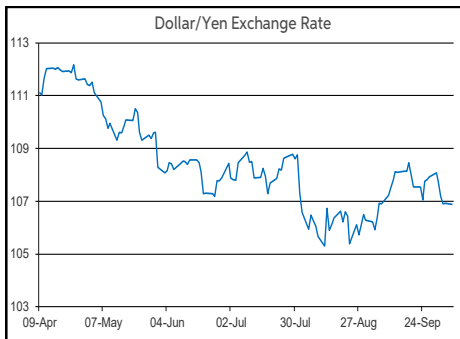
CONTACTS		
AIB Customer Treasury Services business.treasury@aib.ie aib.corporatetreasury@aib.ie fxcentre.aib.ie	Customer Treasury Services GB treasury.gb@aib.ie aibgb.co.uk/fxcentre	Customer Treasury Services NI FTBtreasury@aib.ie firsttrustbank.co.uk/fxcentre

Opening Levels

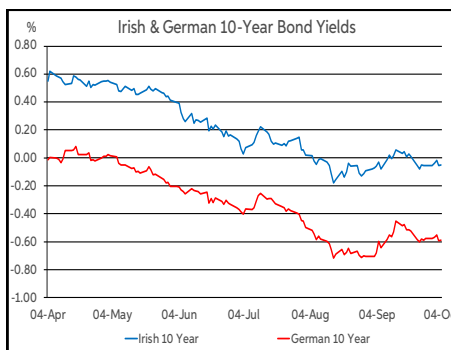
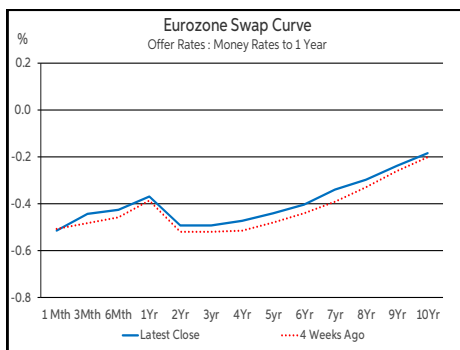
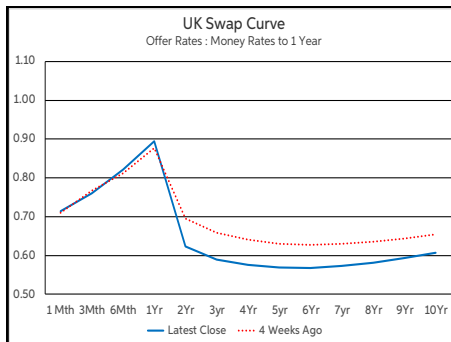
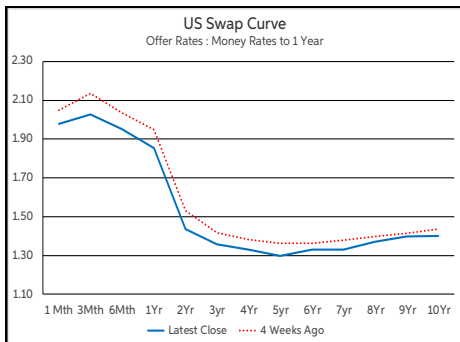
Monday 07 October 2019
07:19 am



Euro		Sterling		Dollar	
EUR/GBP	0.8911	GBP/EUR	1.1218	USD/JPY	106.89
EUR/USD	1.0973	GBP/USD	1.2314	USD/CAD	1.3325
EUR/JPY	117.31	GBP/CAD	1.6412	USD/CHF	0.9957
EUR/SEK	10.8089	GBP/NZD	1.9504	USD/CNY	7.1477
EUR/DKK	7.4671	GBP/JPY	131.62	USD/BRL	4.056
EUR/NOK	9.9905	GBP/SEK	12.1254	USD/RUB	64.6962
EUR/CHF	1.093	GBP/DKK	8.3786	USD/INR	70.97
EUR/AUD	1.6261	GBP/NOK	11.2121	AUD/USD	0.6748
EUR/HKD	8.6071	GBP/CHF	1.2263	NZD/USD	0.6311
EUR/CAD	1.4624	GBP/AUD	1.8247		



Debt Markets				
	Close	Day	4 Weeks	End 18
10 Year Yield %				
US	1.53	-1	-3	-116
Germany	-0.59	+0	+5	-83
UK	0.44	-3	-6	-83
Ireland	-0.05	+1	+3	N/A
Belgium	-0.25	+0	+5	-101
France	-0.28	+0	+6	-99
Italy	0.83	+0	-5	-189
Spain	0.12	+0	-3	-130
Portugal	0.12	-2	-6	-159
Greece	1.31	+1	-24	-298
5 Year Swap %				
US	1.30	-3	-6	-126
Eurozone	-0.44	-2	+4	-67
UK	0.57	-2	-6	-75
2 Year Swap %				
US	1.44	+0	-9	-120
Eurozone	-0.49	-3	+3	-35
UK	0.62	-2	-7	-54
10 Year Government Bond Spreads to Benchmark bps				
Ireland	54	+0	-2	N/A
Belgium	34	+0	-1	-19
France	31	+0	+1	-16
Italy	142	+0	-10	-106
Spain	71	-0	-8	-47
Portugal	71	-2	-12	-76
Greece	191	+1	-29	-216



Commodities				
	Close	Day	4 Weeks	End 18
Brent Oil	58.37	+1.14	-5.15	+8.49
West Texas Oil	52.84	+0.82	-6.40	+17.03
Gold \$	1504.9	-0.03	-0.16	+17.30

This publication is for information purposes and is not an invitation to deal. The information is believed to be reliable but is not guaranteed. Any expressions of opinions are subject to change without notice. This publication is not to be reproduced in whole or in part without prior permission. In the Republic of Ireland it is distributed by Allied Irish Banks, p.l.c. In the UK it is distributed by Allied Irish Banks, p.l.c. and Allied Irish Bank (GB). In Northern Ireland it is distributed by First Trust Bank. In the United States of America it is distributed by Allied Irish Banks, p.l.c. Allied Irish Banks, p.l.c. is regulated by the Central Bank of Ireland. Allied Irish Bank (GB) and First Trust Bank are trade marks used under licence by AIB Group (UK) p.l.c. (a wholly owned subsidiary of Allied Irish Banks, p.l.c.), incorporated in Northern Ireland. Registered Office 92 Ann Street, Belfast BT1 3HH. Registered Number NI018800. Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. In the United States of America, Allied Irish Banks, p.l.c., New York Branch, is a branch licensed by the New York State Department of Financial Services. Deposits and other investment products are not FDIC insured, they are not guaranteed by any bank and they may lose value. Please note that telephone calls may be recorded in line with market practice.