

Cautious tone on markets

There was a somewhat subdued tone on currency markets as the week got underway yesterday. This reflects a quiet data schedule, as well as a partial market holiday in the US.

Of the moves we have seen on FX markets over the past 24 hours, some risk aversion has seen the yen adopt a firmer tone. On-going political uncertainty in the Eurozone and UK acted as a headwind to the euro and sterling. Overall though, the UK currency has largely managed to hold onto its gains from the end of last week.

In level terms, GBP/USD continues to trade just below \$1.31, opening this morning just below it. EUR/GBP is broadly unchanged, trading in the upper half of the 87-88p band. Elsewhere, EUR/USD is changing hands back below \$1.15. The firmer yen sees USD/JPY trading down around ¥113.

The aforementioned risk-off tone to markets yesterday reflected concerns that the current US-China trade war may have a larger impact on global growth than previously thought. Continued Brexit uncertainty and the on-going stand-off between Italy and the European Commission were also unhelpful for sentiment.

As a result, the Euro Stoxx 50 fell by 1.1%, while the Italian MIB index declined by 2.5%. Although, the S&P 500 eventually finished flat on the day. Italian sovereign bond yields, which had seen some respite last week, rose again. The 10-year yield moved up by 13bps to above 3.5%, reaching its highest level since early 2014.

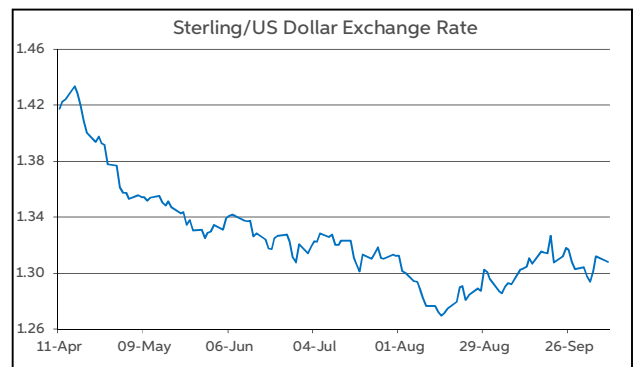
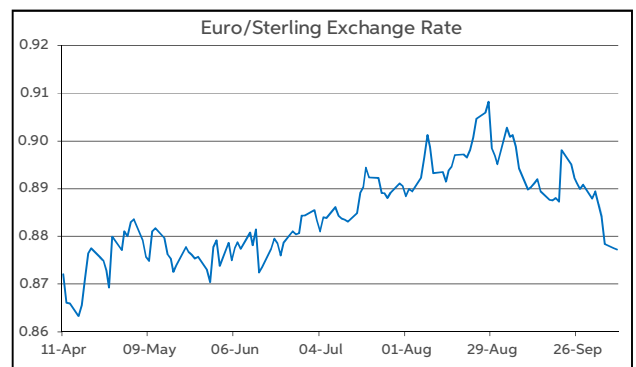
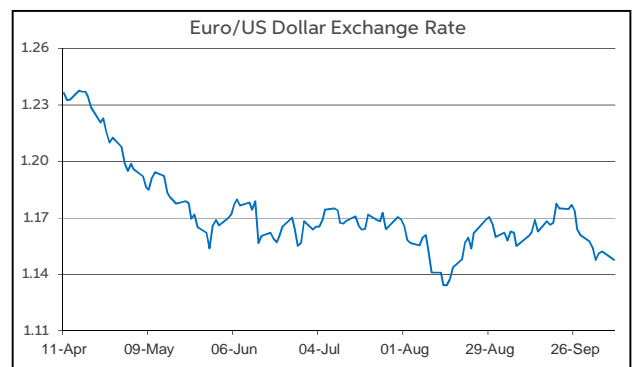
In the day ahead, the data and events calendars remain very light on both sides of the Atlantic. As a result, barring any political developments, we could see the main FX pairs confined to narrow ranges.

Dara Turnbull, Economist, AIB

Today's Opening Rates			
		% Change	
		Day *	End 2017
EUR/USD	1.1475	-0.31	-4.34
EUR/GBP	0.8773	-0.07	-1.24
GBP/USD	1.3079	-0.21	-3.20
GBP/EUR	1.1397	0.07	1.25
USD/JPY	113.16	-0.61	0.43
EUR/JPY	129.84	-0.92	-3.95

* 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	2.28	2.41	2.96	3.07	3.19
EUR	0.00	-0.37	-0.32	-0.16	-0.08	0.46
GBP	0.75	0.72	0.80	1.09	1.20	1.52

Equity Indices				
	Latest Close	% Changes		
		on Day	End 2017 to Date	
Dow Jones	26486.78	+0.15	+7.15	
S&P 500	2884.43	-0.04	+7.89	
FTSE 100	7233.33	-1.16	-5.91	
DJ Stoxx 50	3309.72	-1.07	-5.54	
ISEQ	6388.99	-0.96	-9.23	
Nikkei	23469.39	-1.32	+3.09	

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

Tuesday 09 October 2018
07:29 am



Euro

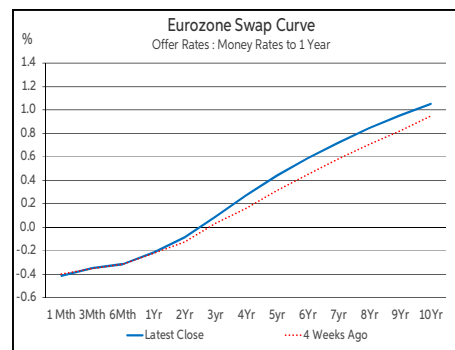
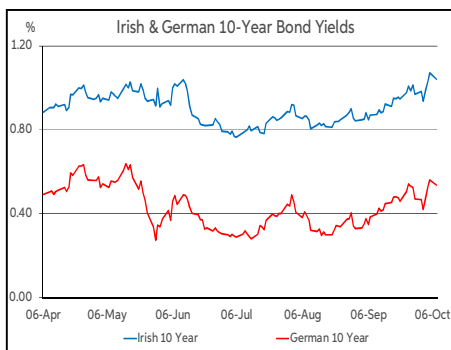
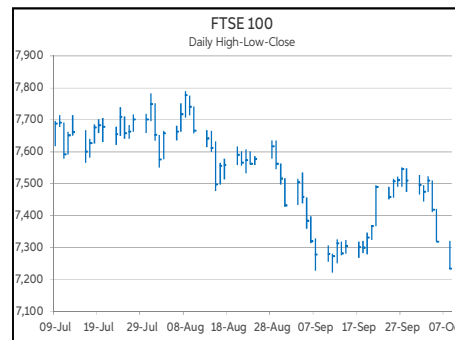
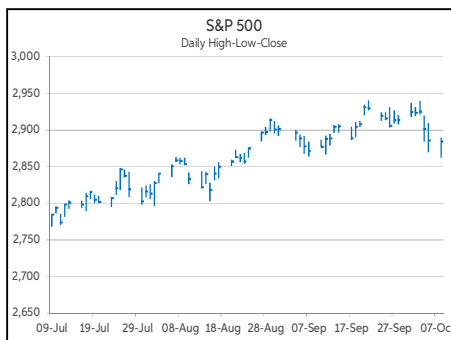
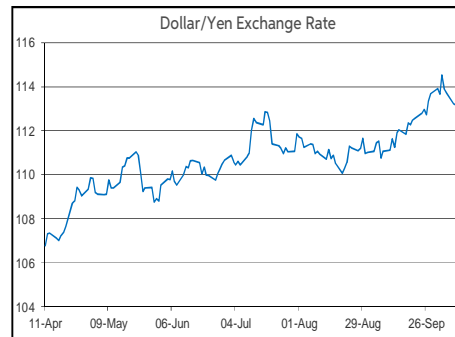
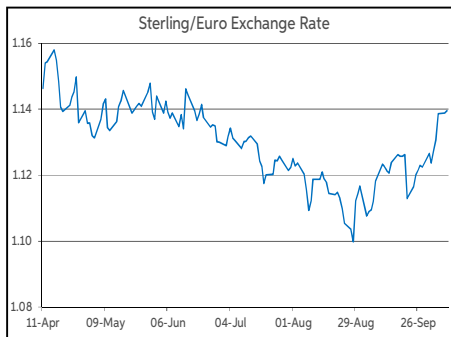
EUR/GBP	0.8772
EUR/USD	1.1475
EUR/JPY	129.86
EUR/SEK	10.4367
EUR/DKK	7.4595
EUR/NOK	9.5053
EUR/CHF	1.1403
EUR/AUD	1.6219
EUR/HKD	8.9856
EUR/CAD	1.4883

Sterling

GBP/EUR	1.1395
GBP/USD	1.3077
GBP/CAD	1.6961
GBP/NZD	2.0304
GBP/JPY	147.99
GBP/SEK	11.892
GBP/DKK	8.5005
GBP/NOK	10.8321
GBP/CHF	1.2999
GBP/AUD	1.8481

Dollar

USD/JPY	113.17
USD/CAD	1.297
USD/CHF	0.9937
USD/CNY	6.9197
USD/BRL	3.7786
USD/RUB	66.6213
USD/INR	74.145
AUD/USD	0.7074
NZD/USD	0.6439



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 17
10 Year Yield %				
US	3.23	+4	+30	+83
Germany	0.54	-2	+14	+12
UK	1.68	-3	+21	+50
Ireland	1.04	-3	+17	N/A
Belgium	0.88	-2	+16	+27
France	0.88	-1	+17	+10
Italy	3.53	+13	+81	+154
Spain	1.58	+1	+16	+4
Portugal	1.96	+4	+8	+6
Greece	4.60	+16	+47	+56
5 Year Swap %				
US	3.15	-2	+21	+91
Eurozone	0.44	-3	+13	+12
UK	1.52	-5	+16	+48
2 Year Swap %				
US	3.03	-3	+15	+94
Eurozone	-0.09	-2	+4	+5
UK	1.19	-3	+8	+39
10 Year Government Bond Spreads to Benchmark bps				
Ireland	51	-1	+3	N/A
Belgium	35	+0	+2	+16
France	34	+1	+4	-1
Italy	300	+15	+68	+142
Spain	104	+4	+2	-8
Portugal	142	+6	-6	-6
Greece	407	+19	+33	+44

Commodities				
	Close	% Change		
		Day	4 Weeks	End 17
Brent Oil	83.91	-0.30	+8.45	+25.48
West Texas Oil	74.27	+0.01	+9.95	+22.84
CRB - All Commodity	199.76	+0.36	+4.58	+3.04
CRB - Food	337.98	-0.18	+3.94	+0.58
Gold \$	1188.4	-1.24	-0.66	-8.77

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