

EU-UK Brexit talks appear to break down

The action on currency markets yesterday saw sterling come under pressure. This came against a backdrop of heightened tensions between the EU and the UK. Indeed, Brexit talks appear to have broken down. An unnamed UK government source stated that a deal is “essentially impossible not just now but ever”. These comments followed a phone call between PM Johnson and German Chancellor Merkel.

Meanwhile, in a speech yesterday Chair Powell announced that the Fed would soon begin to buy T-Bills again. The move is aimed at providing more liquidity to money markets. The central bank chief also reiterated that the Fed will “act as appropriate to support continued growth”. However, there was no dollar impact.

In level terms, the softer sterling tone sees EUR/GBP open this morning in the upper half of the 89-90p band, while GBP/USD is down at the \$1.22 threshold. Meantime, EUR/USD continues to change hands in the upper half of the \$1.09-1.10.

Elsewhere, there was a risk-off tone to markets yesterday. Ahead of trade talks later this week, the US government added 28 Chinese firms to a blacklist. Equities came under pressure as a result, with the S&P 500 closing 1.6% lower. In overnight trading, the Nikkei was down 0.6%.

Turning to the day ahead, the data schedule remains barren. After the close in Europe, we get the Fed’s September meeting minutes. Markets will look for any insight into the sensitivity of FOMC members to trends in US macro data. Therefore, moves in the dollar and sterling, if any, will likely be as a result of trade talks or Brexit-related newsflow, respectively.

Conor Beakey, Economist, AIB

Today's Opening FX Rates			
		% Change	
		Day *	End 2018
EUR/USD	1.0957	-0.17	-4.46
EUR/GBP	0.8978	0.58	-0.07
GBP/USD	1.22	-0.77	-4.37
GBP/EUR	1.1131	-0.58	0.07
USD/JPY	107.18	-0.19	-2.17
EUR/JPY	117.44	-0.36	-6.58

* v Previous Day's European Open

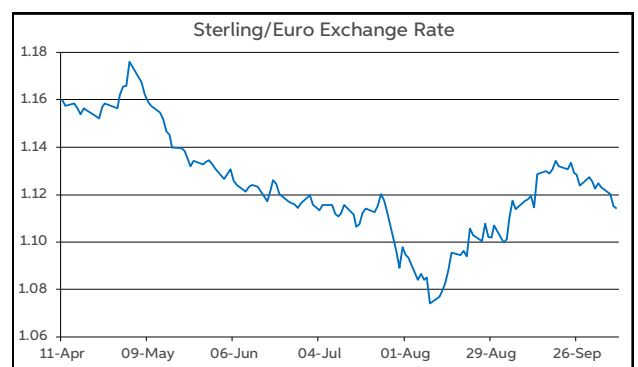
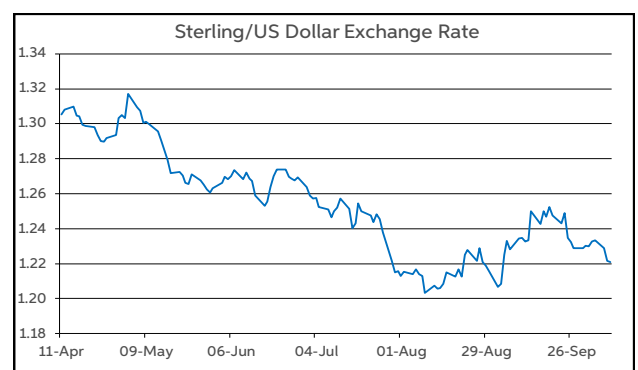
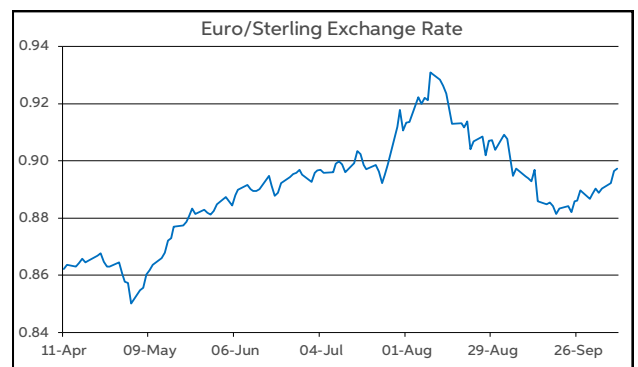
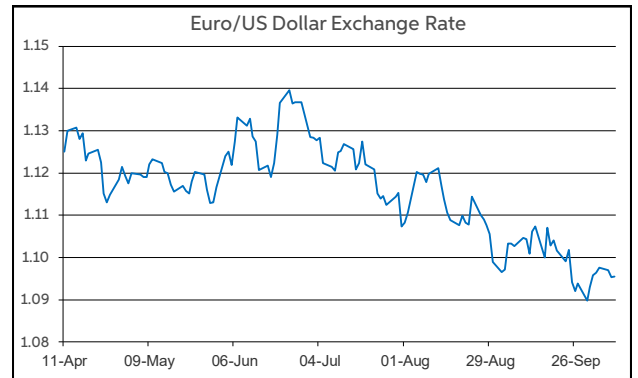
See Next Page for More Rates

Opening Interest Rates						
	Base Rate	Short Term			Long Term	
		1-Mth	3-Mth	12-Mth	2-Yr	5-Yr
USD	1.875	1.94	2.01	1.89	1.44	1.34
EUR	0.00	-0.47	-0.42	-0.34	-0.47	-0.41
GBP	0.75	0.71	0.76	0.87	0.61	0.56

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	Reuters Phone	AIB 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

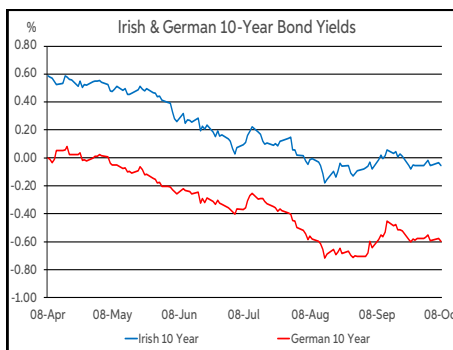
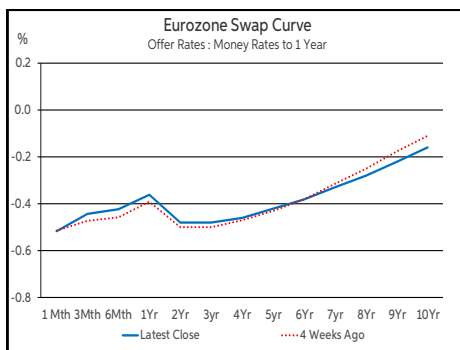
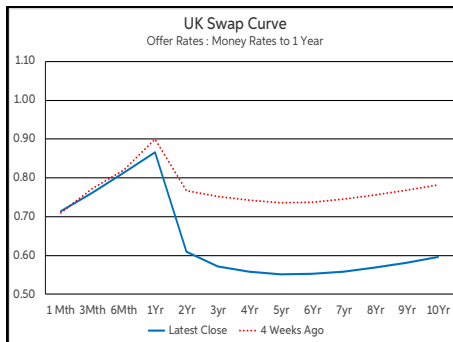
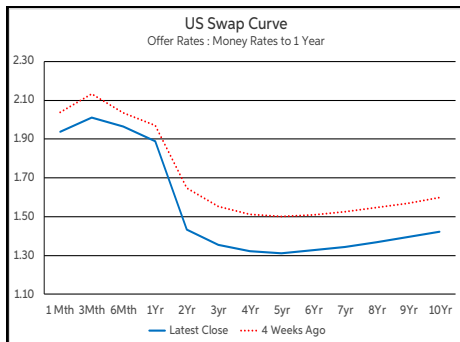
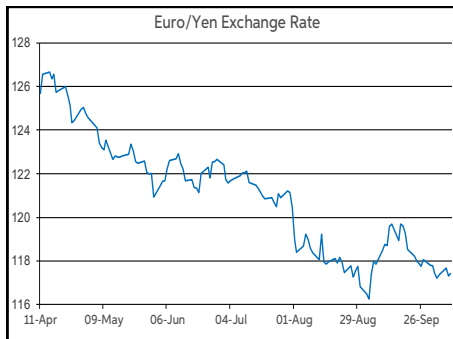
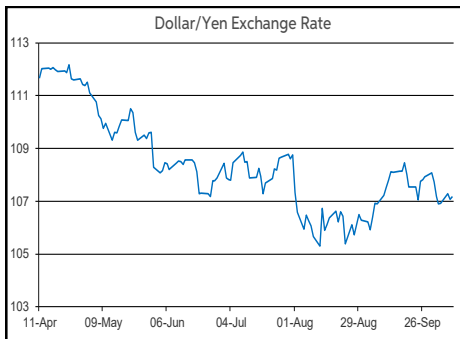


Opening Levels

Wednesday 09 October 2019
07:23 am



Euro		Sterling		Dollar	
EUR/GBP	0.8978	GBP/EUR	1.1131	USD/JPY	107.18
EUR/USD	1.0957	GBP/USD	1.22	USD/CAD	1.3315
EUR/JPY	117.44	GBP/CAD	1.6246	USD/CHF	0.9939
EUR/SEK	10.9077	GBP/NZD	1.9343	USD/CNY	7.1419
EUR/DKK	7.4689	GBP/JPY	130.76	USD/BRL	4.0945
EUR/NOK	10.046	GBP/SEK	12.1419	USD/RUB	65.13
EUR/CHF	1.089	GBP/DKK	8.3155	USD/INR	71.115
EUR/AUD	1.6265	GBP/NOK	11.182	AUD/USD	0.6736
EUR/HKD	8.5933	GBP/CHF	1.2127	NZD/USD	0.6305
EUR/CAD	1.4589	GBP/AUD	1.8107		



Debt Markets				
	Close	Day	4 Weeks	End 18
10 Year Yield %				
US	1.53	-3	-21	-115
Germany	-0.60	-2	-4	-84
UK	0.41	-3	-22	-86
Ireland	-0.05	-2	-7	N/A
Belgium	-0.28	-3	-8	-104
France	-0.30	-3	-5	-101
Italy	0.93	-0	-9	-179
Spain	0.10	-2	-15	-132
Portugal	0.11	-2	-16	-160
Greece	1.42	+4	-19	-288
5 Year Swap %				
US	1.31	-6	-19	-125
Eurozone	-0.42	-1	+1	-65
UK	0.55	-3	-18	-76
2 Year Swap %				
US	1.43	-6	-22	-121
Eurozone	-0.48	-2	+2	-34
UK	0.61	-2	-16	-55
10 Year Government Bond Spreads to Benchmark bps				
Ireland	55	+0	-3	N/A
Belgium	32	-1	-4	-20
France	29	-1	-1	-17
Italy	153	+2	-4	-95
Spain	70	+0	-10	-48
Portugal	70	+0	-12	-77
Greece	202	+6	-15	-204

Commodities				
	Close	Day	4 Weeks	End 18
Brent Oil	58.24	-0.19	-6.64	+8.25
West Texas Oil	52.64	-0.23	-8.24	+16.59
Gold \$	1505.8	+0.80	+1.24	+17.37

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.