

Weak PMIs drive euro lower

The euro came under some pressure yesterday following the release of weak flash September PMIs. Driven by declines in both the manufacturing and service sector sub-indices, the composite PMI dropped to a 6-year low of 50.4, from 51.9. The data also suggest that Germany may have entered into a recession, with the country's composite index now in contraction territory.

In contrast, the release of the US flash September PMIs had little impact on the dollar. The composite index edged up to 51.0. This reflected a jump in the manufacturing PMI to 51, from 50.3, and a slight improvement in the services index to 50.9, from 50.7.

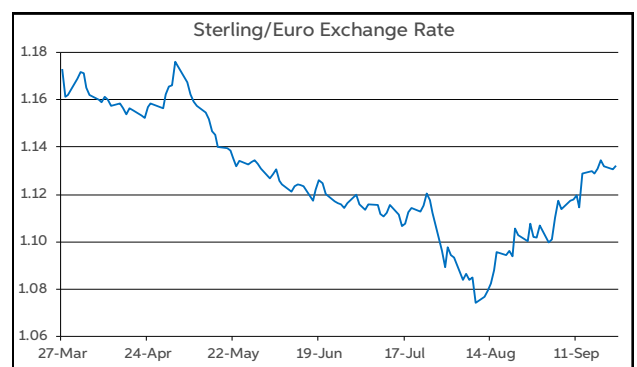
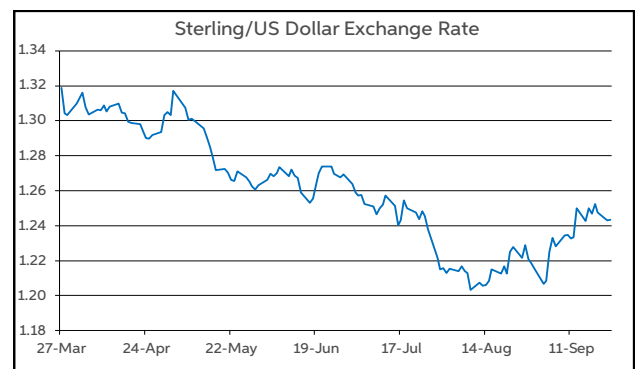
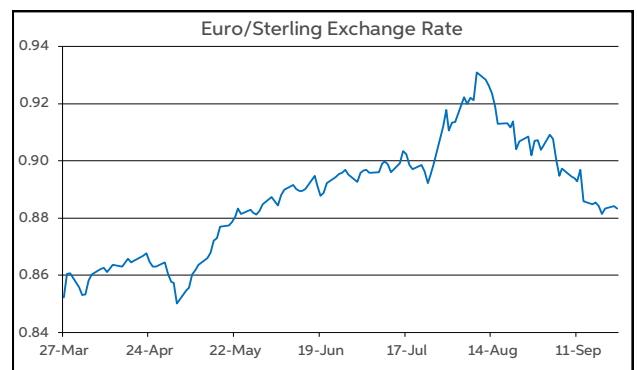
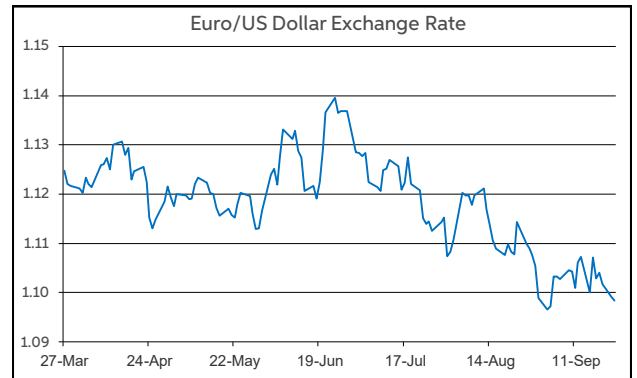
Meanwhile, sterling was on the defensive yesterday. Market participants may be becoming concerned that the deadline for a Brexit deal is approaching, with few signs of progress.

In level terms, the day's action sees the dollar holding the upper hand against the euro and sterling. EUR/USD has fallen back below the \$1.10 level, while GBP/USD is in the lower half of the \$1.24-1.25 band. Meantime, EUR/GBP remains close to the 88.5p mark.

Today, attention will be focussed on political developments in the UK, with the Supreme Court expected to deliver its judgement at 10.30 on the prorogation of Parliament. Sterling could exhibit some volatility in the aftermath of the ruling, particularly if PM Johnson's move is found to be unlawful.

Data-wise, the September Ifo should give further confirmation that German economic activity remains weak. The release could see the euro remain on the back foot. In the US, we get the September print of the Conference Board measure of consumer confidence. Dollar reaction, though, could be limited.

Conor Beakey, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2018
EUR/USD	1.0985	-0.32	-4.22
EUR/GBP	0.8834	0.06	-1.67
GBP/USD	1.2433	-0.38	-2.54
GBP/EUR	1.1314	-0.06	1.70
USD/JPY	107.52	-0.18	-1.86
EUR/JPY	118.12	-0.51	-6.04

* 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	1.875	2.02	2.11	2.03	1.65	1.52
EUR	0.00	-0.45	-0.39	-0.30	-0.43	-0.40
GBP	0.75	0.71	0.77	0.94	0.76	0.71

All rates quoted are indicative market rates

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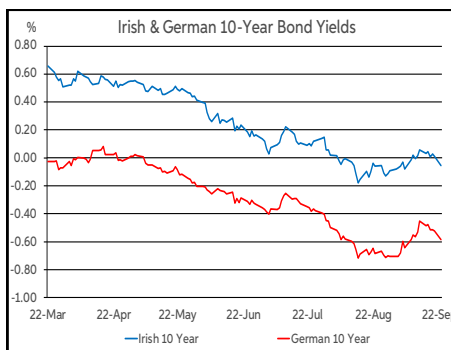
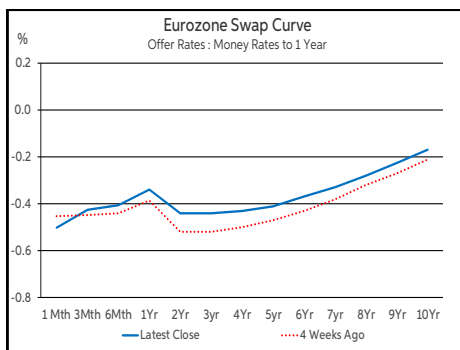
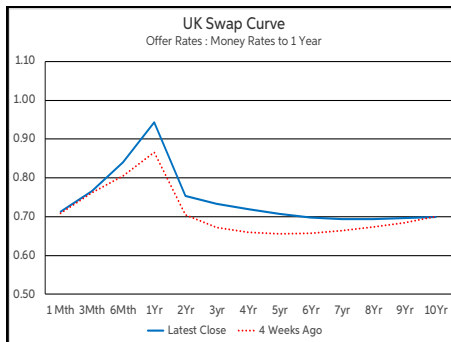
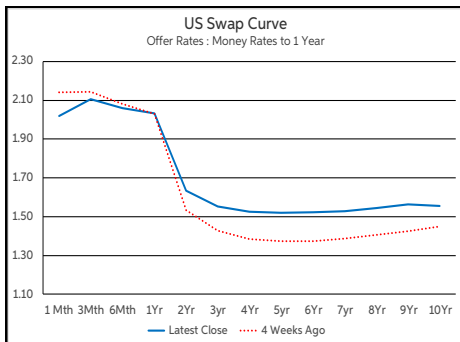
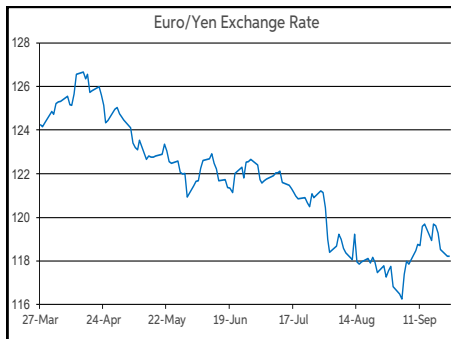
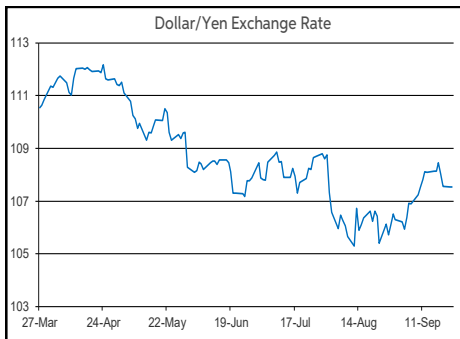
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBL 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Opening Levels

Tuesday 24 September 2019
07:19 am



Euro		Sterling		Dollar	
EUR/GBP	0.8834	GBP/EUR	1.1314	USD/JPY	107.52
EUR/USD	1.0985	GBP/USD	1.2433	USD/CAD	1.3261
EUR/JPY	118.12	GBP/CAD	1.649	USD/CHF	0.9904
EUR/SEK	10.6793	GBP/NZD	1.9745	USD/CNY	7.1128
EUR/DKK	7.4667	GBP/JPY	133.68	USD/BRL	4.1629
EUR/NOK	9.9337	GBP/SEK	12.0808	USD/RUB	63.826
EUR/CHF	1.0882	GBP/DKK	8.4508	USD/INR	70.83
EUR/AUD	1.6212	GBP/NOK	11.245	AUD/USD	0.6776
EUR/HKD	8.6105	GBP/CHF	1.2314	NZD/USD	0.6295
EUR/CAD	1.4568	GBP/AUD	1.8345		



	Close	Change bps		
		Day	4 Weeks	End 18
10 Year Yield %				
US	1.72	+0	+18	-96
Germany	-0.59	-6	+8	-82
UK	0.54	-8	+7	-72
Ireland	-0.06	-7	+0	N/A
Belgium	-0.26	-7	+7	-101
France	-0.30	-7	+8	-100
Italy	0.83	-9	-50	-189
Spain	0.13	-9	+2	-129
Portugal	0.16	-8	+1	-155
Greece	1.29	-1	-60	-301
5 Year Swap %				
US	1.52	-2	+15	-104
Eurozone	-0.41	-3	+6	-64
UK	0.71	-6	+5	-61
2 Year Swap %				
US	1.63	-7	+10	-101
Eurozone	-0.44	-3	+8	-30
UK	0.75	-4	+5	-41
10 Year Government Bond Spreads to Benchmark bps				
Ireland	53	-1	-8	N/A
Belgium	33	-1	-1	-19
France	29	-1	+0	-17
Italy	141	-3	-58	-107
Spain	71	-3	-6	-46
Portugal	74	-2	-7	-72
Greece	188	+5	-68	-219

	% Change			
	Close	Day	4 Weeks	End 18
Brent Oil	64.77	+0.76	+10.34	+20.39
West Texas Oil	58.69	+1.33	+9.62	+29.99
Gold \$	1522.4	+0.32	-0.28	+18.66

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