

Sterling falls post-BoE; payrolls in focus

As expected, the BoE announced a 25bps rate hike yesterday, bringing the Bank rate to 0.50%. This was its first hike since July 2007. However, sterling came under pressure following the BoE policy announcement, falling by 1.5-2% on the day. This saw EUR/GBP rise from below 88p, to above 89p. Cable (GBP/USD) fell from its opening up near \$1.33 to below \$1.31.

These moves may partially be due to the fact that the BoE removed reference to interest rates perhaps needing to be hiked by a greater extent than markets expect. The MPC also put a lot of emphasis on the risks to the UK economy from Brexit.

Meanwhile in the US, there was no major dollar reaction to last night's announcement that the Fed Governor, Jerome Powell, will replace Janet Yellen as Fed Chair. Powell is seen as being broadly in line with Yellen's views on policy. There was also a subdued response to the unveiling of proposals to reform the US tax system. This may reflect continued scepticism over their potential to attract sufficient support in Congress. As a result, the EUR/USD pair opens this morning broadly unchanged since yesterday, near \$1.165.

Today, we get the UK services PMI for October, though sterling moves will likely continue to be driven by yesterday's BoE updates. The overriding focus for markets, though, will be the US October employment report.

The key payrolls number declined by 33k in September due to hurricane related negative impacts. However, markets expect payrolls to bounce back, rising by 310k. This could help to provide further support for the dollar. However, positive impact may be tempered somewhat by earnings figures, with year-on-year growth forecast to edge back from 2.9% to 2.7% in October.

Dara Turnbull, Economist, AIB

Opening Interest Rates						
	Base Rate	Short Term			Long Term	
		1-Mth	3-Mth	12-Mth	2-Yr	5-Yr
USD	1.125	1.24	1.39	1.86	1.83	2.08
EUR	0.00	-0.37	-0.33	-0.19	-0.20	0.20
GBP	0.25	0.44	0.47	0.79	0.81	1.05

Equity Indices				
	Latest Close	% Changes		
		on Day	End 2016 to Date	
Dow Jones	23516.26	+0.35	+18.99	
S&P 500	2579.85	+0.02	+15.23	
FTSE 100	7555.32	+0.90	+5.77	
DJ Stoxx 50	3688.8	-0.23	+12.10	
ISEQ	6965.72	-0.64	+6.88	
Nikkei	22539.12	+0.00	+17.92	

All rates quoted are indicative market rates

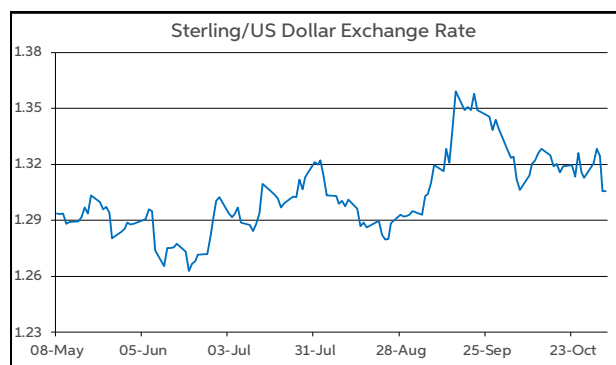
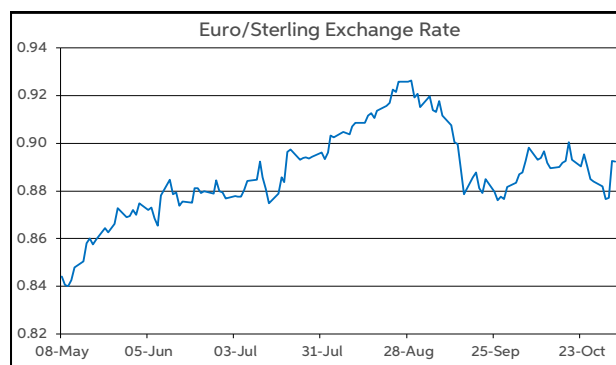
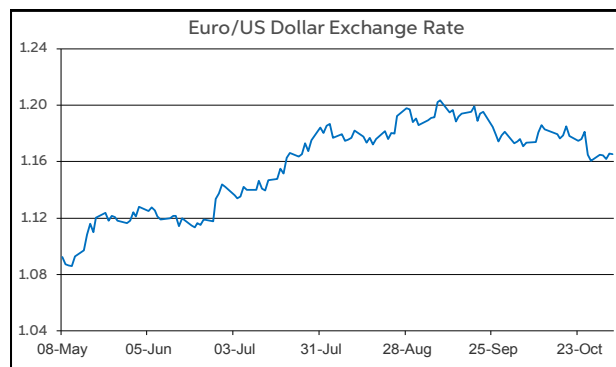
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Today's Opening Rates

		% Change	
		Day *	End 2016
EUR/USD	1.1653	-0.01	10.84
EUR/GBP	0.8925	1.76	4.78
GBP/USD	1.3052	-1.76	5.80
GBP/EUR	1.1199	-1.73	-4.56
USD/JPY	114.05	0.13	-2.41
EUR/JPY	132.92	0.11	7.94

* v Previous Day's European Open

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Opening Levels

Friday 03 November 2017
07:29 am



Euro

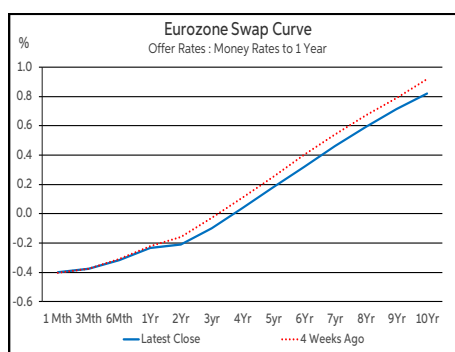
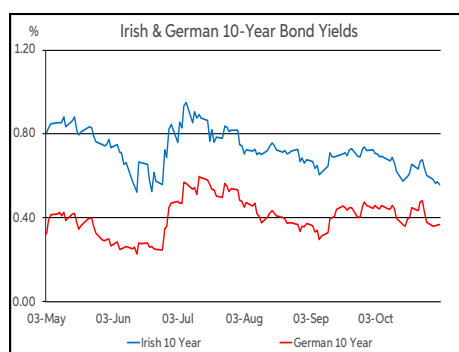
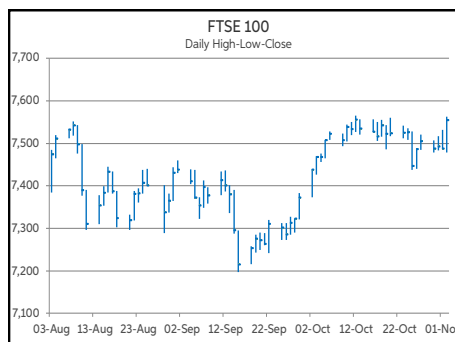
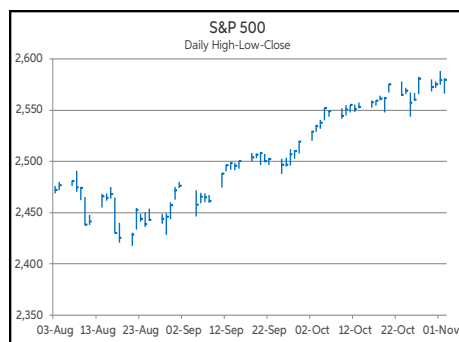
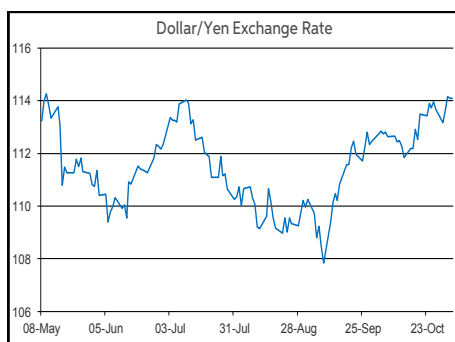
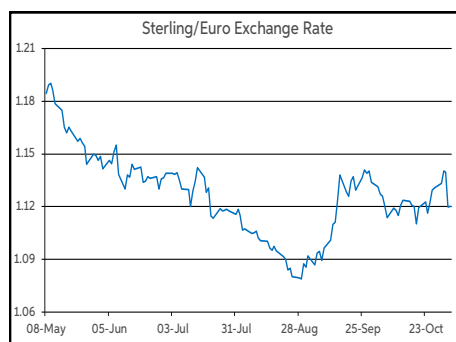
EUR/GBP	0.8925
EUR/USD	1.1653
EUR/JPY	132.92
EUR/SEK	9.7834
EUR/DKK	7.4419
EUR/NOK	9.4796
EUR/CHF	1.1647
EUR/AUD	1.5172
EUR/HKD	9.0919
EUR/CAD	1.4937

Sterling

GBP/EUR	1.1199
GBP/USD	1.3052
GBP/CAD	1.6731
GBP/NZD	1.8821
GBP/JPY	148.87
GBP/SEK	10.9555
GBP/DKK	8.334
GBP/NOK	10.6162
GBP/CHF	1.3045
GBP/AUD	1.6993

Dollar

USD/JPY	114.05
USD/CAD	1.2817
USD/CHF	0.9994
USD/CNY	6.6204
USD/BRL	3.267
USD/RUB	58.427
USD/INR	64.59
AUD/USD	0.768
NZD/USD	0.6932



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 16
10 Year Yield %				
US	2.35	-2	+0	-10
Germany	0.37	+0	-8	+17
UK	1.26	-8	-12	+3
Ireland	0.56	-1	-13	-19
Belgium	0.60	-1	-12	+9
France	0.75	-1	+3	+8
Italy	1.79	-1	-41	-2
Spain	1.47	+1	-21	+10
Portugal	2.06	-1	-30	-166
Greece	5.01	-16	-49	-187
5 Year Swap %				
US	2.06	-2	+4	+10
Eurozone	0.18	-4	-7	+10
UK	1.04	-10	-6	+16
2 Year Swap %				
US	1.80	-2	+3	+35
Eurozone	-0.21	-3	-5	-5
UK	0.80	-8	-1	+20
10 Year Government Bond Spreads to Benchmark bps				
Ireland	19	-1	-5	-36
Belgium	23	-1	-5	-8
France	38	-1	+11	-9
Italy	142	-1	-34	-19
Spain	110	+1	-13	-7
Portugal	170	-1	-23	-183
Greece	464	-16	-42	-204

Commodities				
	% Change			
	Close	Day	4 Weeks	End 16
Brent Oil	60.62	+0.21	+6.35	+6.69
West Texas Oil	54.55	+0.42	+7.40	+1.49
CRB - All Commodity	188.13	+0.10	+2.83	-2.28
CRB - Food	349.81	+4.57	+4.48	+3.26
Gold \$	1276.4	+0.13	+0.63	+10.77

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