Morning Comment

AIB Treasury Economic Research Unit

Friday 08 September 2023
07:24 am

EUR/USD pinned down near to $1.07

Risk appetite remained under pressure yesterday. This was reflected in the performance of the main equity indices. In Europe, the Euro Stoxx 50 fell by 0.4%. At the closing bell on Wall Street last night, the S&P 500 was 0.3% lower on the day. Meanwhile, oil prices eased slightly back from their recent highs.

On bond markets, yields moved lower amid the subdued backdrop to investor sentiment. The 10-year Treasury yield edged back to 4.25%, while the 10-year UK Gilt yield moved below the 4.5% mark.

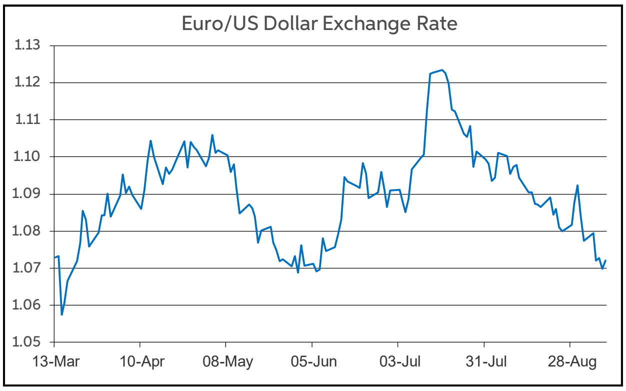
Currency-wise, the dollar continued to hold the upper hand on the exchanges. Similar to the previous day, the greenback was supported by the cautious mood on markets as well as another better than expected US macro release.

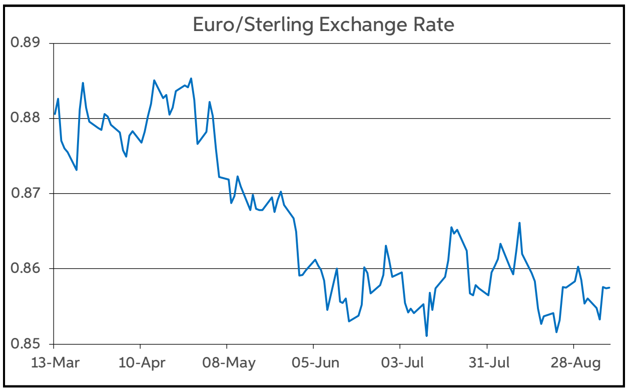
This time it was the weekly jobless claims report that printed ahead of consensus forecasts, with initial claims rising by 216k (vs. f'cast for 234k). Meanwhile, a downward revision to Eurozone Q2 GDP, from +0.3% q/q to +0.1%, was at the margin, unhelpful to the euro.

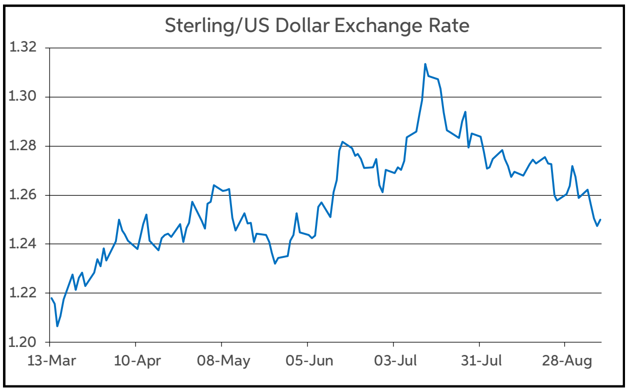
In level terms, EUR/USD opens this morning just above the $1.07 threshold, having traded to a low of $1.0687 yesterday. The firmer dollar tone is also evident in GBP/USD operating down at $1.25 at the start of today's European trading session. Elsewhere, EUR/GBP is changing hands in a very narrow range just below the 86p handle.

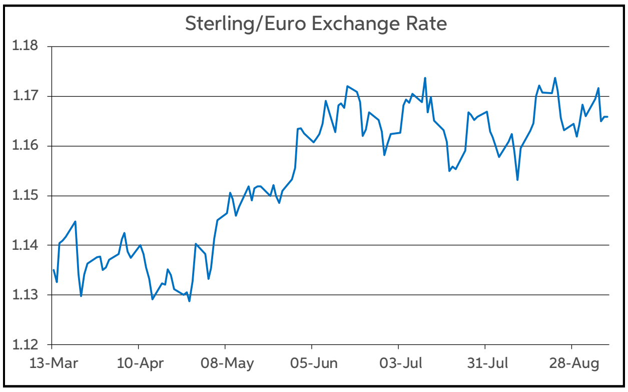
Looking ahead to today, the macro data agenda is very quiet. Indeed, there are no releases of note due on either side of the Atlantic. As a result, the main FX pairs may be confined to relatively tight trading bands heading into the weekend.

John Fahey, Senior Economist, AIB









Today's Opening FX Rates

		% Change	
		Day *	End 2022
EUR/USD	1.072	0.02	0.17
EUR/GBP	0.8573	-0.02	-3.06
GBP/USD	1.2501	0.02	3.34
GBP/EUR	1.1657	0.02	3.16
USD/JPY	147.11	-0.30	12.20
EUR/JPY	157.72	-0.28	12.42

* v Previous Day's European Open

See Next Page for More Rates

Opening Interest Rates

		Money Market		Swap Rates		
	Base Rate	1-Mth	3-Mth	1-Yr	2-Yr	5-Yr
USD	5.38	5.44	5.67	5.63	5.12	4.41
EUR	4.25	3.65	3.80	3.97	3.66	3.22
GBP	5.25	5.29	5.43	5.67	5.63	5.08

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

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Opening Levels

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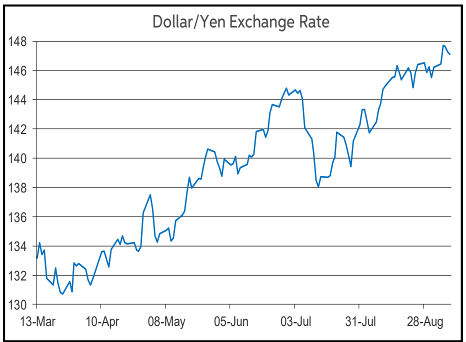
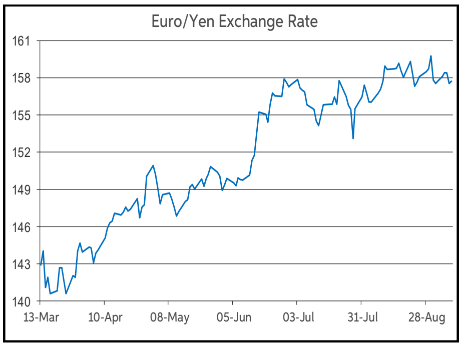
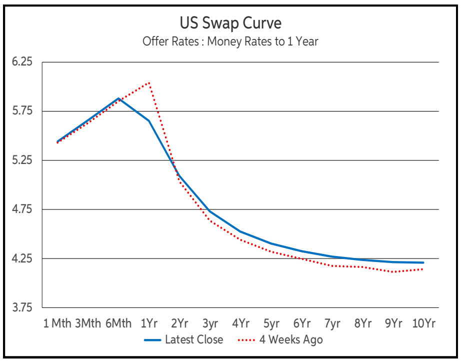
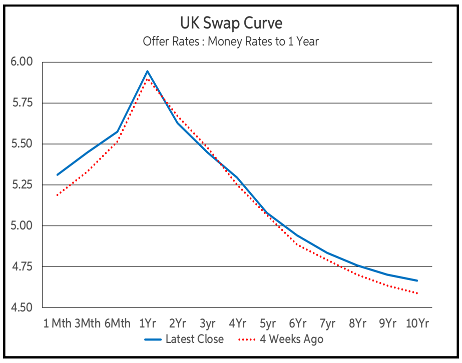
AIB

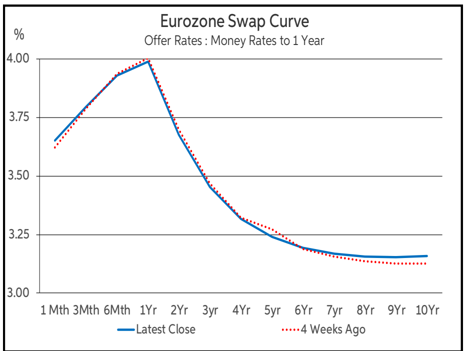
Euro		Sterling		Dollar	
EUR/GBP	0.8573	GBP/EUR	1.1657	USD/JPY	147.11
EUR/USD	1.072	GBP/USD	1.2501	USD/CAD	1.3656
EUR/JPY	157.72	GBP/CAD	1.7073	USD/CHF	0.8896
EUR/SEK	11.8917	GBP/NZD	2.1147	USD/CNY	7.3438
EUR/DKK	7.4587	GBP/JPY	183.9	USD/BRL	4.9767
EUR/NOK	11.446	GBP/SEK	13.8661	USD/RUB	98.42
EUR/CHF	0.9538	GBP/DKK	8.6958	USD/INR	83.1525
EUR/AUD	1.6735	GBP/NOK	13.346		
EUR/HKD	8.402	GBP/CHF	1.1123	AUD/USD	0.6406
EUR/CAD	1.4641	GBP/AUD	1.9513	NZD/USD	0.5911

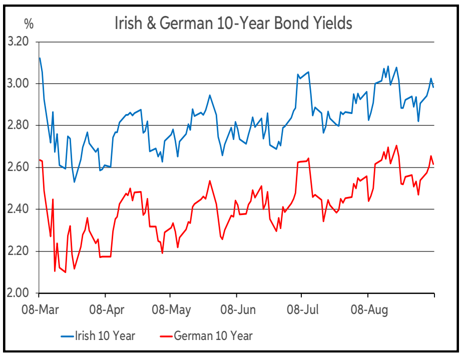












Debt Markets

	Close	Change bps Day	Change bps 4 Weeks	Change bps End 22
10 Year Yield %				
US	4.25	-5	+14	+37
Germany	2.62	-4	+12	+6
UK	4.45	-8	+9	+78
Ireland	3.00	-5	+6	-14
Belgium	3.25	-4	+7	+5
France	3.15	-4	+9	+4
Italy	4.36	-5	+20	-35
Spain	3.66	-5	+11	-0
Portugal	3.36	-6	+9	-24
Greece	3.99	-1	+17	-61
5 Year Swap %				
US	4.40	-6	+12	+41
Eurozone	3.24	-3	-3	+1
UK	5.08	-2	+2	+78
2 Year Swap %				
US	5.09	-9	+9	+42
Eurozone	3.68	-2	-1	+29
UK	5.63	-11	-4	+95
10 Year Government Bond Spreads to Benchmark bps				
Ireland	38	-2	-6	-20
Belgium	63	+0	-5	-1
France	53	-0	-3	-2
Italy	173	-2	+9	-41
Spain	103	-1	-1	-6
Portugal	74	-3	-3	-30
Greece	136	+2	+5	-67

Commodities

	Close	% Change Day	% Change 4 Weeks	% Change End 22
Brent Oil	89.92	-0.75	+4.07	+4.67
West Texas Oil	86.87	-0.78	+4.90	+8.37
Gold $	1919.2	+0.15	+0.37	+5.20