

Euro weaker on signs ECB rates have peaked

Much of the macro focus yesterday was centred on the ECB meeting for September. The Central Bank hiked by 25bps, raising the Depo rate to 4.0%. While the ECB was not willing to say that rates were at their peak, the text of the meeting statement and President Lagarde's comments suggests that Eurozone rates may have reached their high point and markets very much leaned towards this interpretation.

On bond markets, Eurozone yields moved lower yesterday, while the main equity indices registered gains. Currency-wise, the euro lost ground to the dollar on the back of the market anticipating that rates have peaked in the Eurozone.

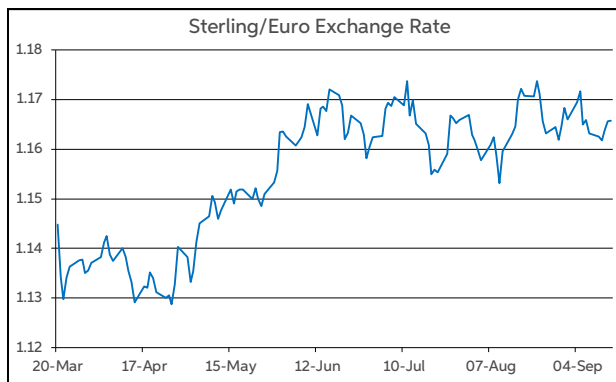
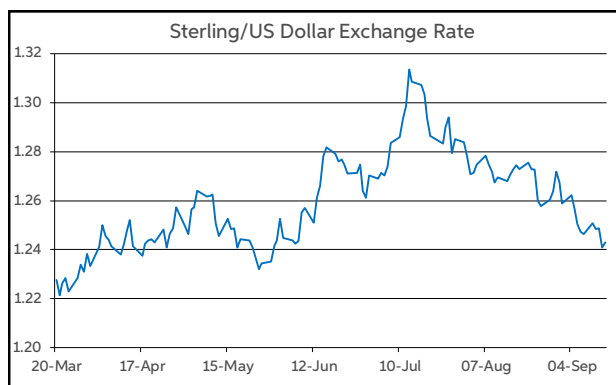
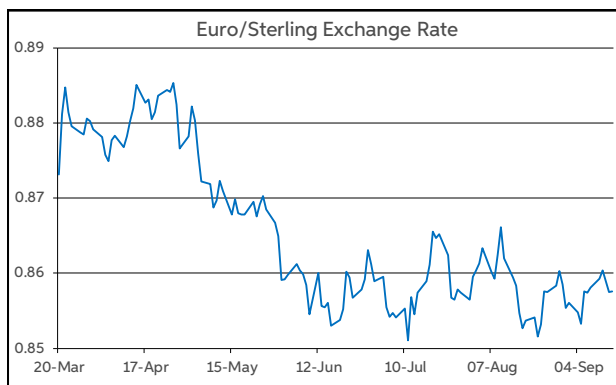
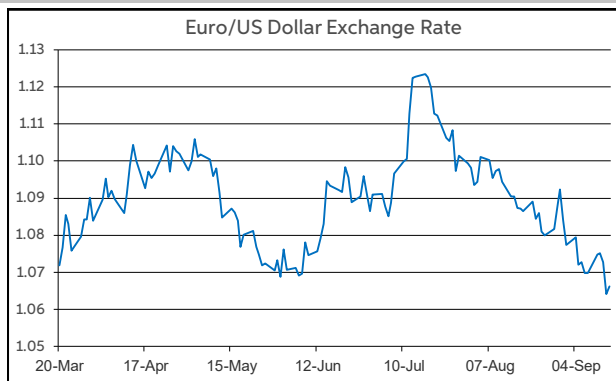
Around the same time that the ECB meeting outcome was weighing on the euro, the dollar was benefitting from US macro newsflow. US retail sales for August came in ahead of expectations, while PPI inflation for July accelerated by more than forecast.

The combination of negative newsflow for the euro and positive US macro developments for the dollar pushed the EUR/USD rate below the \$1.07 threshold. It fell to a low of \$1.063.

The firmer dollar tone was also reflected in GBP/USD moving down into the lower half of the \$1.24-1.25 band, briefly testing below \$1.24. Meanwhile, the action in EUR/GBP was more limited with the pair trading in a narrow range just below the 86p threshold.

Looking ahead to today, the main macro data highlights come from the US macro diary. These include industrial production figures for August as well as the preliminary reading of the University of Michigan measure of consumer sentiment for September.

John Fahey, Senior Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2022
EUR/USD	1.0664	-0.75	-0.36
EUR/GBP	0.8577	-0.21	-3.02
GBP/USD	1.243	-0.57	2.75
GBP/EUR	1.1652	0.21	3.11
USD/JPY	147.46	0.22	12.47
EUR/JPY	157.29	-0.52	12.11

* v Previous Day's European Open

See Next Page for More Rates

Opening Interest Rates						
	Base Rate	Money Market		Swap Rates		
		1-Mth	3-Mth	1-Yr	2-Yr	5-Yr
USD	5.38	5.45	5.67	5.64	5.20	4.49
EUR	4.25	3.68	3.85	4.11	3.77	3.27
GBP	5.25	5.33	5.43	5.58	5.47	4.86

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

FX Spot	Karl Cooke Shane Gargan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
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Opening Levels

Friday 15 September 2023
07:26 am



Euro

EUR/GBP	0.8577
EUR/USD	1.0664
EUR/JPY	157.29
EUR/SEK	11.8962
EUR/DKK	7.4562
EUR/NOK	11.4226
EUR/CHF	0.9544
EUR/AUD	1.6481
EUR/HKD	8.3477
EUR/CAD	1.4399

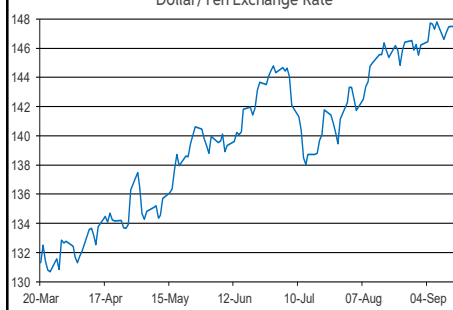
Sterling

GBP/EUR	1.1652
GBP/USD	1.243
GBP/CAD	1.6784
GBP/NZD	2.0937
GBP/JPY	183.28
GBP/SEK	13.8641
GBP/DKK	8.6903
GBP/NOK	13.3211
GBP/CHF	1.1125
GBP/AUD	1.9211

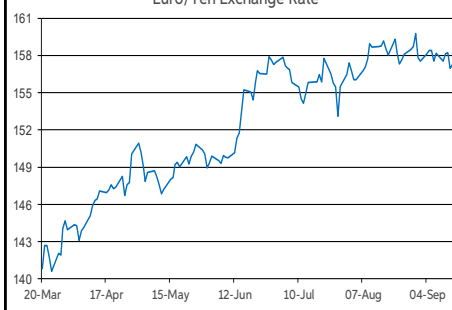
Dollar

USD/JPY	147.46
USD/CAD	1.3502
USD/CHF	0.8948
USD/CNY	7.2662
USD/BRL	4.8702
USD/RUB	97.03
USD/INR	83.054
AUD/USD	0.647
NZD/USD	0.5935

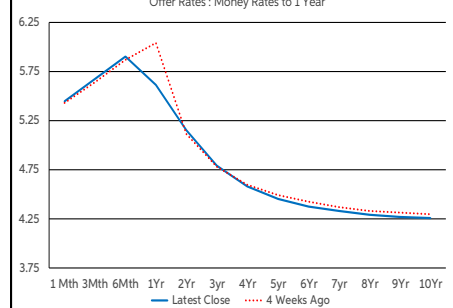
Dollar/Yen Exchange Rate



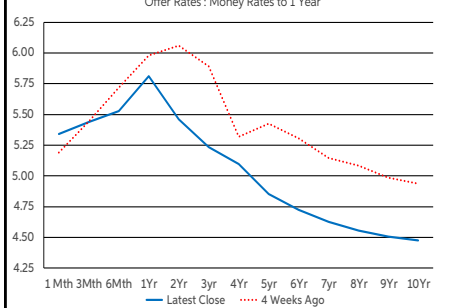
Euro/Yen Exchange Rate



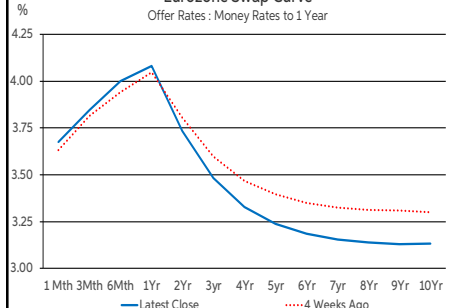
US Swap Curve
Offer Rates : Money Rates to 1 Year



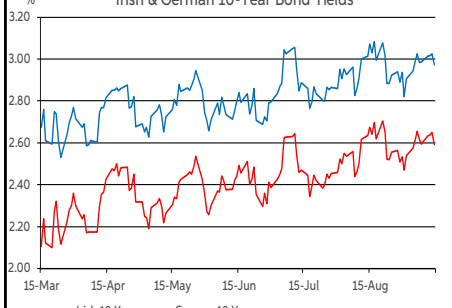
UK Swap Curve
Offer Rates : Money Rates to 1 Year



Eurozone Swap Curve
Offer Rates : Money Rates to 1 Year



Irish & German 10-Year Bond Yields



Debt Markets

	Close	Change bps		
		Day	4 Weeks	End 22
10 Year Yield %				
US	4.29	+3	+0	+41
Germany	2.60	-6	-11	+3
UK	4.28	-6	-46	+61
Ireland	3.00	-5	-13	-15
Belgium	3.22	-8	-15	+2
France	3.13	-8	-12	+1
Italy	4.35	-11	-6	-35
Spain	3.64	-9	-12	-2
Portugal	3.33	-9	-11	-27
Greece	4.00	-7	+0	-59
5 Year Swap %				
US	4.45	+3	+0	+46
Eurozone	3.24	-8	-15	+1
UK	4.85	-6	-52	+55
2 Year Swap %				
US	5.15	-0	+8	+48
Eurozone	3.73	-4	-6	+35
UK	5.46	-3	-59	+78
10 Year Government Bond Spreads to Benchmark bps				
Ireland	40	+1	-3	-18
Belgium	63	-2	-4	-1
France	53	-2	-1	-2
Italy	176	-5	+4	-38
Spain	105	-3	-1	-5
Portugal	73	-3	-1	-31
Greece	141	-1	+11	-62

Commodities

	% Change			
	Close	Day	4 Weeks	End 22
Brent Oil	93.7	+1.98	+11.39	+9.07
West Texas Oil	90.13	+1.74	+12.06	+12.44
Gold \$	1910.3	+0.21	+1.13	+4.71

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