

Sterling under the cosh

The risk averse mood which has persisted for much of the week on markets, remained firmly intact yesterday. The Euro Stoxx 50 fell by 0.7%, while the S&P 500 moved 1.1% lower. On bond markets, benchmark 10-year yields rose by 3-4bps. Elsewhere, Brent crude oil declined by over 3%, edging down to \$91 per barrel.

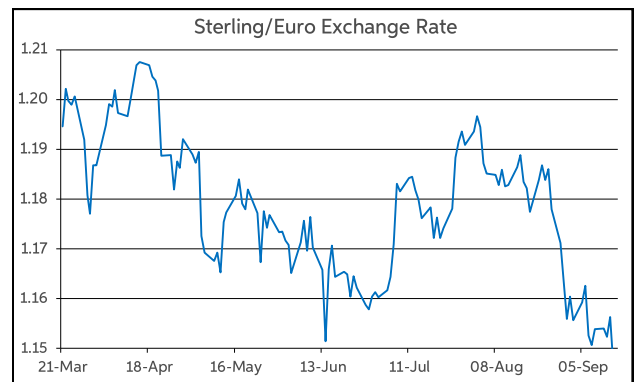
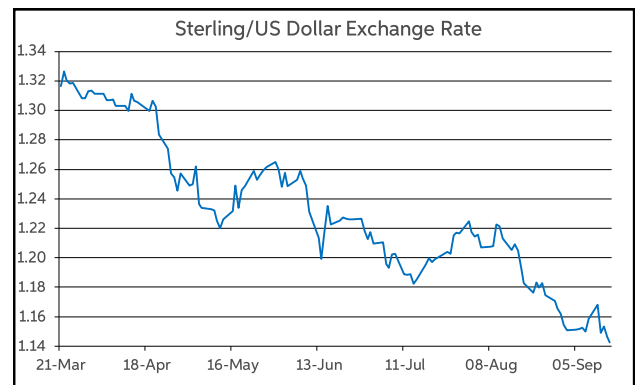
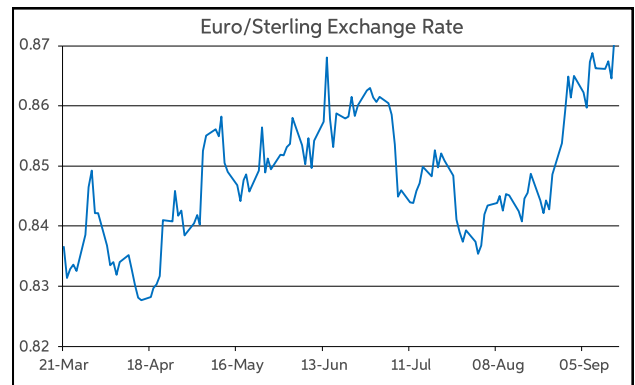
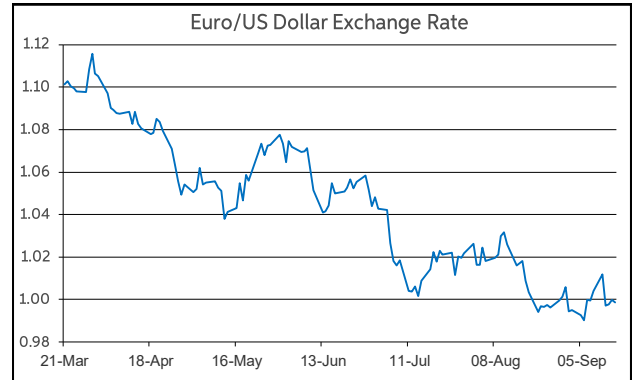
On the currency front, sterling found itself on the defensive yesterday. Below consensus retail sales data released this morning has put the pound under further downward pressure in early trading. Headline UK sales fell by 1.6% in August (vs. -0.5% f'cast). Overall, sterling has lost around 1% against the euro and the dollar since yesterday's open. Elsewhere, some hawkish rhetoric from a number of ECB officials has provided some support for the euro, at the margin, over the past 24 hours.

In terms of some key releases from the US yesterday, the data were mixed. Retail sales rose by 0.3% in August (vs. +0.0% f'cast), although, the control sales reading, an important measure of core activity, stagnated (+0.0% vs. +0.5% f'cast). Meantime, industrial production fell by 0.2% in the month (vs. +0.1% f'cast). The releases sparked some slight volatility for the dollar, but overall the greenback remained within its recent ranges against most majors.

As trading gets underway this morning, the softer sterling tone is reflected by EUR/GBP opening above the 87p handle. Elsewhere, GBP/USD is operating back in the lower half of \$1.14-1.15. EUR/USD is changing hands in the upper half of \$0.99-1.00.

Ahead today, the final reading of Eurozone HICP inflation (Aug) and preliminary US Michigan consumer sentiment (Sep) are due. However, neither release is likely to impact currency markets.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2021
EUR/USD	0.9984	0.17	-12.17
EUR/GBP	0.8737	1.02	4.01
GBP/USD	1.1427	-0.85	-15.54
GBP/EUR	1.1441	-1.01	-3.86
USD/JPY	143.45	-0.03	24.65
EUR/JPY	143.29	0.18	9.49

* 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	2.375	2.94	3.48	4.39	4.30	3.76
EUR	0.50	0.67	1.01	2.23	2.56	2.55
GBP	1.75	2.22	2.74	4.13	4.34	3.95

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

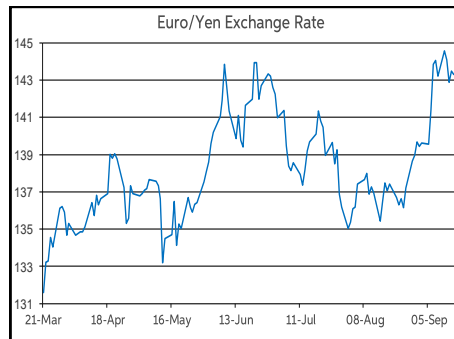
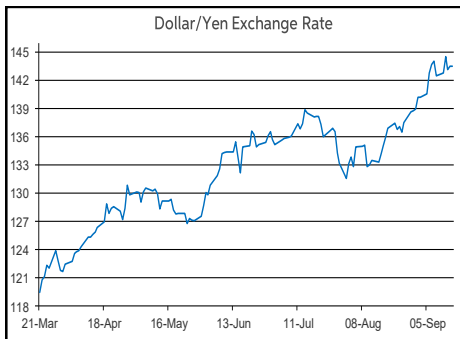
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Opening Levels

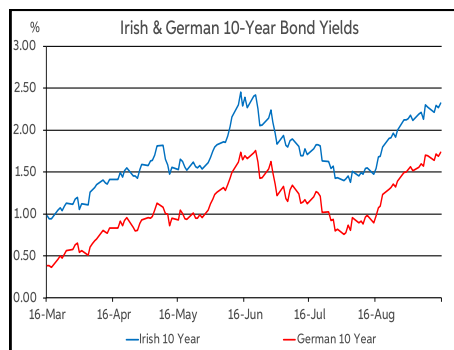
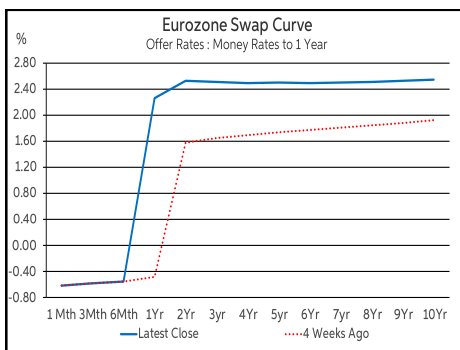
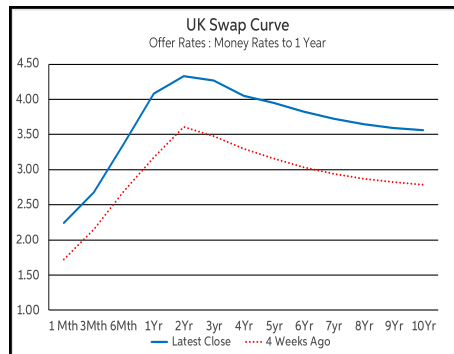
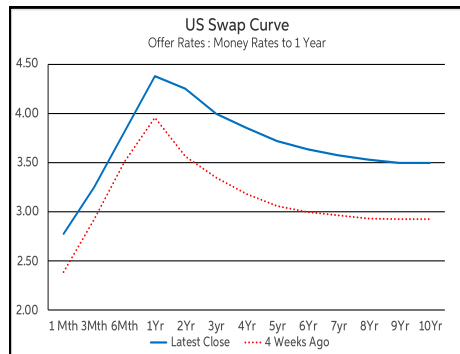
Friday 16 September 2022
07:22 am



Euro		Sterling		Dollar	
EUR/GBP	0.8737	GBP/EUR	1.1441	USD/JPY	143.45
EUR/USD	0.9984	GBP/USD	1.1427	USD/CAD	1.3257
EUR/JPY	143.29	GBP/CAD	1.5151	USD/CHF	0.9633
EUR/SEK	10.7255	GBP/NZD	1.914	USD/CNY	7.0079
EUR/DKK	7.4365	GBP/JPY	163.93	USD/BRL	5.247
EUR/NOK	10.1851	GBP/SEK	12.278	USD/RUB	59.85
EUR/CHF	0.9619	GBP/DKK	8.5079	USD/INR	79.789
EUR/AUD	1.4889	GBP/NOK	11.6485	AUD/USD	0.6706
EUR/HKD	7.8361	GBP/CHF	1.1008	NZD/USD	0.5968
EUR/CAD	1.3238	GBP/AUD	1.7039		



	Close	Change bps		
		Day	4 Weeks	End 21
10 Year Yield %				
US	3.45	+4	+56	+194
Germany	1.74	+4	+64	+192
UK	3.17	+3	+85	+219
Ireland	2.36	+5	+64	+211
Belgium	2.34	+4	+62	+216
France	2.30	+3	+62	+210
Italy	4.03	+5	+71	+285
Spain	2.91	+5	+66	+231
Portugal	2.81	+4	+64	+232
Greece	4.22	-6	+69	+291
5 Year Swap %				
US	3.72	+8	+70	+239
Eurozone	2.50	+5	+77	+249
UK	3.95	+5	+79	+267
2 Year Swap %				
US	4.25	+9	+73	+331
Eurozone	2.53	+10	+96	+283
UK	4.33	+7	+73	+314
10 Year Government Bond Spreads to Benchmark bps				
Ireland	62	+1	+0	+19
Belgium	60	-1	-2	+24
France	56	-1	-2	+18
Italy	229	+1	+6	+93
Spain	116	+1	+2	+39
Portugal	106	+0	-0	+40
Greece	248	-10	+4	+99



	Commodities			
	% Change			
	Close	Day	4 Weeks	End 21
Brent Oil	90.84	-3.46	-5.95	+16.79
West Texas Oil	85.72	-3.56	-8.03	+13.79
Gold \$	1663.7	-1.89	-5.37	-9.01

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