

BoE hikes by 50bps. BoJ intervenes to support yen

Risk appetite remained muted yesterday, as investors continued to digest the hawkish message from a number of central banks this week, most notably the US Fed. The Euro Stoxx 50 fell by 1.9%. On Wall Street, the S&P500 lost 0.8%. Meanwhile on bond markets, benchmark sovereign yields continued to move higher. UK Gilt and US Treasury yields climbed by 4-20bps along the curve yesterday, while Eurozone yields rose by a more modest 2-10bps.

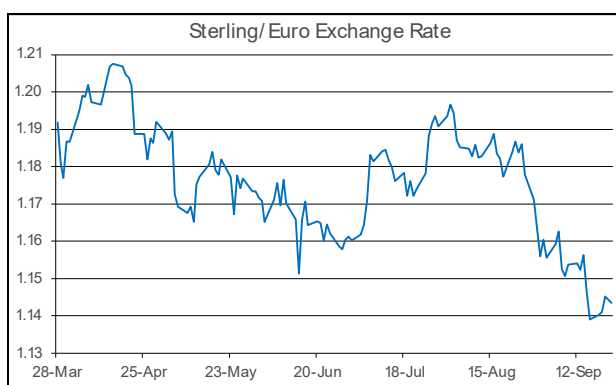
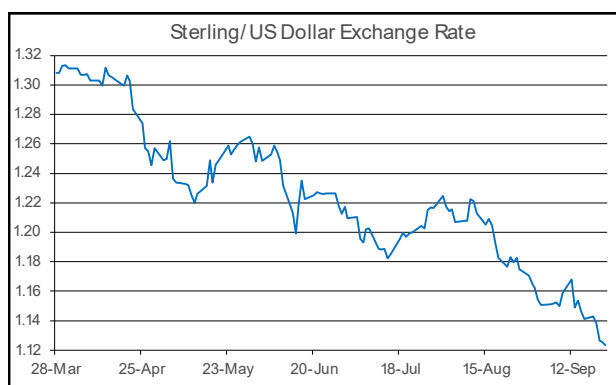
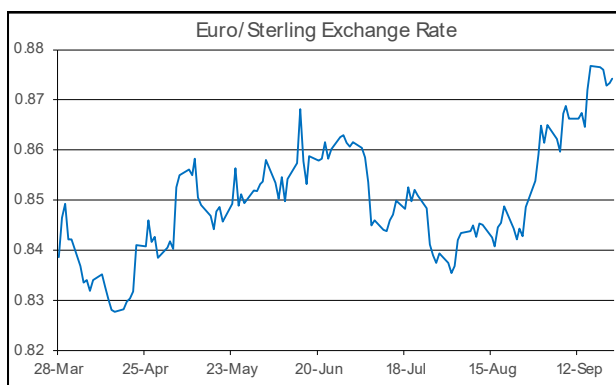
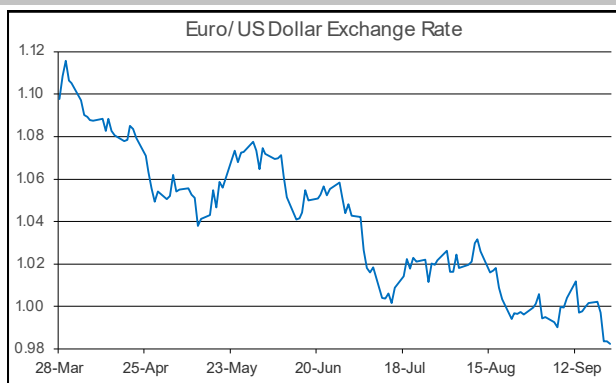
In terms of monetary policy, the Bank of England hiked rates by 50bps for the second meeting in-a-row. The meeting statement indicated the BoE maintains a hawkish bias. Like elsewhere, UK market rate expectations have hardened recently. Current pricing suggests rates will rise to 3.5% by the end of this year and to near 5% in 2023.

However, it was action undertaken by the Bank of Japan which had the greatest impact on currency markets. The central bank intervened for the first time since 1998 to support the yen, as its ultra-loose monetary policy stance has seen the currency come under substantial pressure this year. USD/JPY moved from a peak of ¥146 to a trough of ¥140, before ending the day near ¥142. Elsewhere, the dollar remained in control on the exchanges.

In level terms, EUR/USD opens in the lower half of \$0.98-0.99. Meantime, EUR/GBP remains near the midpoint of 87-88p. GBP/USD is operating in the bottom half of the \$1.12-1.13 corridor.

Today, the flash estimates of the US, Eurozone and UK PMIs for September will be released. They are expected to remain weak. Meanwhile, prepared remarks from a number of Fed officials, including Chair Powell will garner close attention.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2021
EUR/ USD	0.9824	-0.04	-13.58
EUR/ GBP	0.8744	0.05	4.10
GBP/ USD	1.1234	-0.06	-16.96
GBP/ EUR	1.1431	-0.05	-3.93
USD/ JPY	142.19	-1.80	23.56
EUR/ JPY	139.72	-1.83	6.76

* 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	3.06	3.60	4.59	4.52	4.00
EUR	1.25	0.71	1.12	2.50	2.84	2.83
GBP	1.75	2.36	2.88	4.34	4.71	4.38

All rates quoted are indicative market rates

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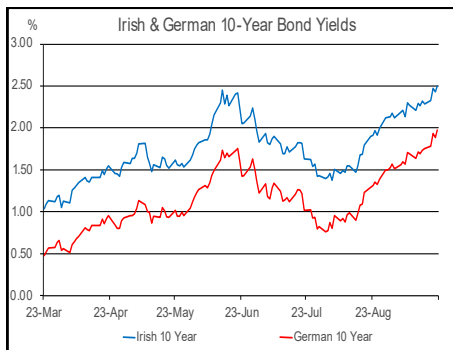
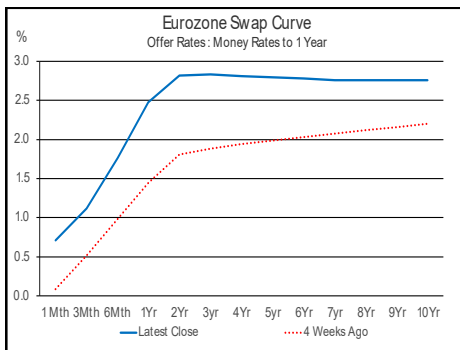
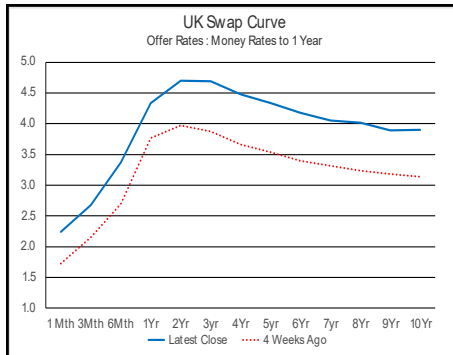
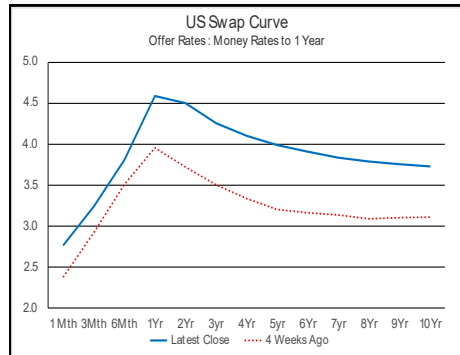
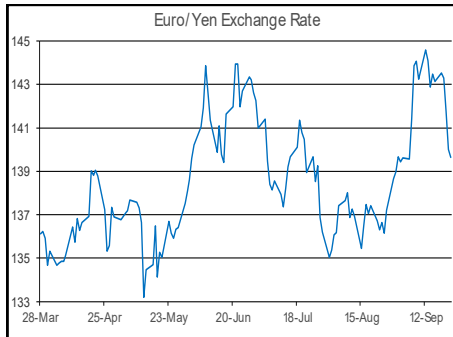
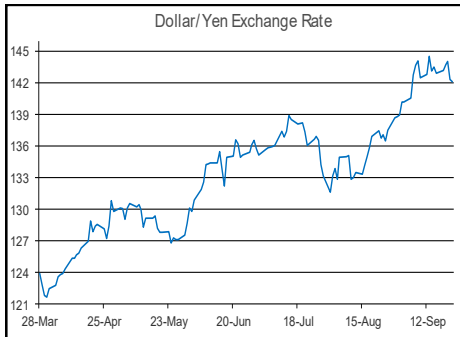
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Opening Levels

Friday 23 September 2022
07:32 am



Euro		Sterling		Dollar	
EUR/GBP	0.8744	GBP/EUR	1.1431	USD/JPY	142.19
EUR/USD	0.9824	GBP/USD	1.1234	USD/CAD	1.3489
EUR/JPY	139.72	GBP/CAD	1.5156	USD/CHF	0.9776
EUR/SEK	10.8953	GBP/NZD	1.9242	USD/CNY	7.0958
EUR/DKK	7.4364	GBP/JPY	159.74	USD/BRL	5.1171
EUR/NOK	10.2353	GBP/SEK	12.4574	USD/RUB	58.9
EUR/CHF	0.9607	GBP/DKK	8.501	USD/INR	80.9125
EUR/AUD	1.4818	GBP/NOK	11.7031		
EUR/HKD	7.7128	GBP/CHF	1.0983	AUD/USD	0.6629
EUR/CAD	1.3255	GBP/AUD	1.6942	NZD/USD	0.5836



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 21
10 Year Yield %				
US	3.71	+18	+68	+220
Germany	1.98	+9	+65	+216
UK	3.49	+18	+87	+252
Ireland	2.55	+7	+58	+230
Belgium	2.57	+9	+62	+239
France	2.53	+9	+60	+234
Italy	4.18	+5	+62	+299
Spain	3.12	+10	+63	+253
Portugal	3.01	+6	+60	+252
Greece	4.48	+2	+57	+316
5 Year Swap %				
US	3.99	+16	+82	+265
Eurozone	2.80	+9	+82	+278
UK	4.34	+15	+80	+306
2 Year Swap %				
US	4.50	+8	+82	+356
Eurozone	2.82	+1	+102	+312
UK	4.70	+6	+73	+351
10 Year Government Bond Spreads to Benchmark bps				
Ireland	57	-2	-7	+14
Belgium	59	+1	-3	+24
France	55	+0	-5	+18
Italy	220	-3	-3	+84
Spain	114	+1	-2	+37
Portugal	103	-2	-5	+37
Greece	250	-6	-7	+101

Commodities				
	Close	% Change		
		Day	4 Weeks	End 21
Brent Oil	90.46	+0.70	-8.94	+16.30
West Texas Oil	84.02	+0.77	-9.98	+11.54
Gold \$	1670.5	-0.19	-5.00	-8.63

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