

Eurozone and US inflation data in focus

The main equity indices recouped some of their recent losses on both sides of the Atlantic yesterday. The Euro Stoxx 50 rose by 0.7%, while S&P 500 gained around 0.6%. Elsewhere, Brent crude oil prices eased slightly to circa \$95 per barrel.

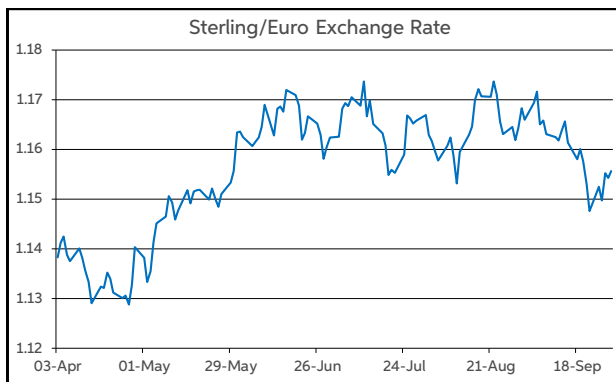
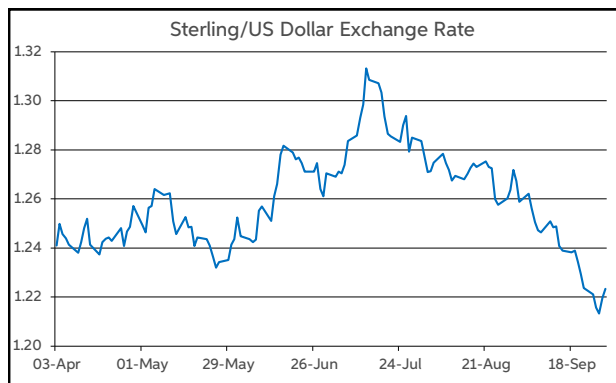
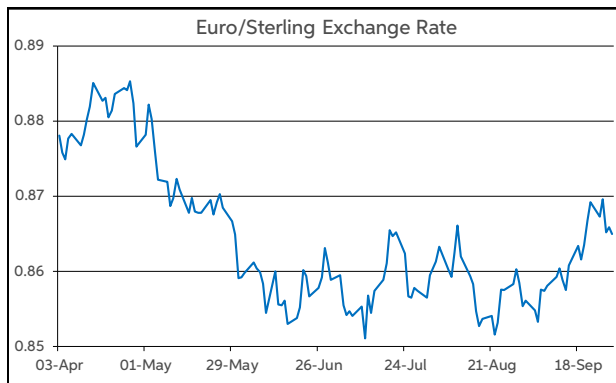
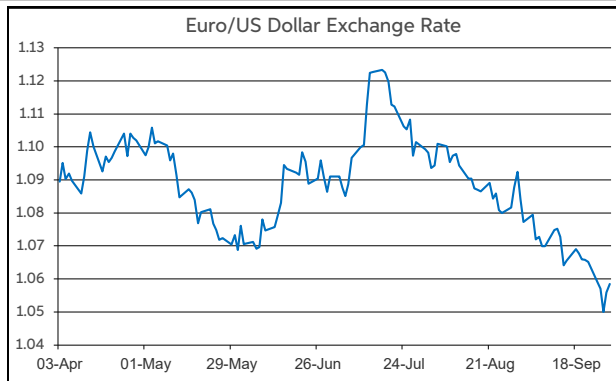
On bond markets, US Treasury yields fell by 3-6bps. Meantime German Bund yields increased by 4-14bps yesterday, although, they are currently off-their peak in early trading. In the UK, Gilt yields climbed higher by 9-17bps, as UK rate hike expectations hardened. Markets are now leaning towards one more rate hike in Q1 next year, and are pricing in fewer rate cuts by the end of 2024. However, there was no obvious catalyst for the firming in UK rates.

Indeed, the main macro newsflow yesterday concerned the US and Eurozone. German flash HICP inflation fell sharply from 6.4%, to 4.3% in September, below the 4.5% consensus. Meanwhile, the EC sentiment index deteriorated again in September. In the US, the latest initial jobless claims printed at 204k, below the 215k forecast.

On forex markets, the recent dollar rally paused for breath, amid the unfavourable move in bond yields for the currency. The dollar shed around 0.8% against the euro and sterling yesterday. The softer tone to the dollar sees EUR/USD opens this morning up in the top half of \$1.05-1.06. Meantime, GBP/USD is operating above the \$1.22 threshold. EUR/GBP remains at the midpoint of 86-87p.

Today, the focus will remain on the US and Eurozone, with inflation data due for both. Eurozone headline and core HICP inflation are expected to fall to 4.5% and 4.8%, respectively, in September. Similarly, US core-PCE inflation is forecast to ease to 3.9% in August from 4.2%. The data pose some event risk for EUR/USD.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2022
EUR/USD	1.0583	0.76	-1.11
EUR/GBP	0.8649	-0.02	-2.20
GBP/USD	1.2237	0.81	1.16
GBP/EUR	1.1557	0.02	2.25
USD/JPY	149.06	-0.18	13.69
EUR/JPY	157.79	0.60	12.47

* 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	5.43	5.65	5.68	5.27	4.68
EUR	4.50	3.86	3.97	4.17	3.85	3.49
GBP	5.25	5.18	5.30	5.46	5.41	4.94

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 29 September 2023
07:30 am



Euro

EUR/GBP	0.8649
EUR/USD	1.0583
EUR/JPY	157.79
EUR/SEK	11.5149
EUR/DKK	7.4558
EUR/NOK	11.277
EUR/CHF	0.9661
EUR/AUD	1.6363
EUR/HKD	8.2863
EUR/CAD	1.4246

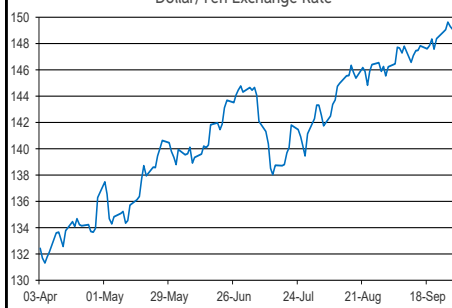
Sterling

GBP/EUR	1.1557
GBP/USD	1.2237
GBP/CAD	1.6471
GBP/NZD	2.0323
GBP/JPY	182.39
GBP/SEK	13.3103
GBP/DKK	8.6194
GBP/NOK	13.037
GBP/CHF	1.1173
GBP/AUD	1.8919

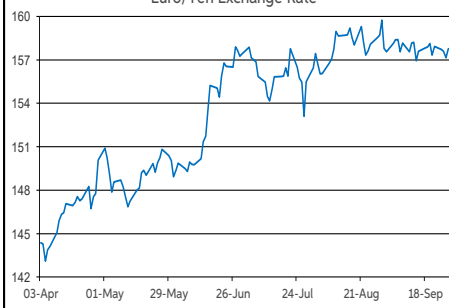
Dollar

USD/JPY	149.06
USD/CAD	1.3459
USD/CHF	0.9129
USD/CNY	7.301
USD/BRL	5.033
USD/RUB	96.985
USD/INR	83.0525
AUD/USD	0.6467
NZD/USD	0.6019

Dollar/Yen Exchange Rate

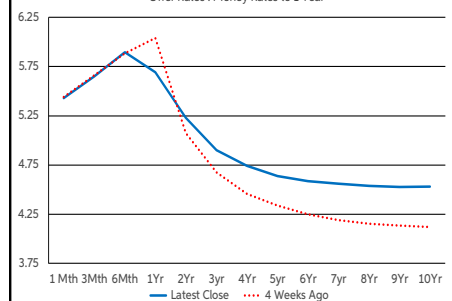


Euro/Yen Exchange Rate



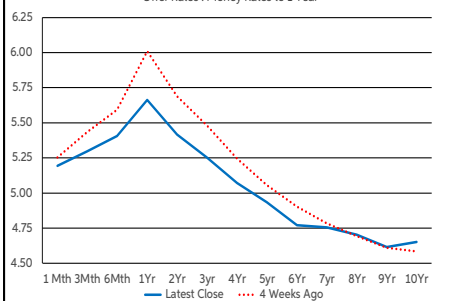
US Swap Curve

Offer Rates : Money Rates to 1 Year



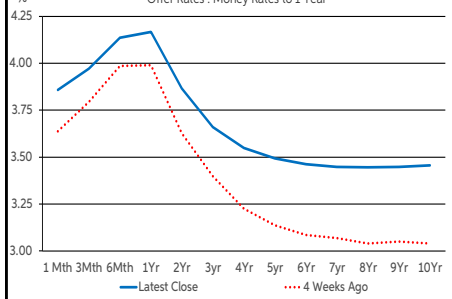
UK Swap Curve

Offer Rates : Money Rates to 1 Year

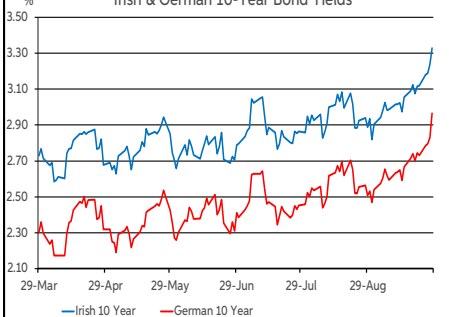


Eurozone Swap Curve

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	4.58	-3	+47	+70
Germany	2.97	+14	+50	+41
UK	4.49	+13	+13	+83
Ireland	3.36	+9	+52	+21
Belgium	3.60	+11	+52	+40
France	3.51	+10	+53	+39
Italy	4.88	+10	+76	+18
Spain	4.04	+10	+56	+38
Portugal	3.75	+14	+56	+15
Greece	4.51	+19	+71	-8
5 Year Swap %				
US	4.64	-7	+34	+64
Eurozone	3.49	+5	+37	+26
UK	4.93	+16	-12	+63
2 Year Swap %				
US	5.23	-9	+19	+55
Eurozone	3.87	+4	+25	+48
UK	5.42	+4	-27	+73
10 Year Government Bond Spreads to Benchmark bps				
Ireland	39	-4	+2	-19
Belgium	63	-2	+3	-0
France	54	-3	+3	-1
Italy	191	-4	+26	-23
Spain	107	-4	+6	-2
Portugal	78	+1	+6	-26
Greece	154	+6	+22	-49

Commodities

	% Change			
	Close	Day	4 Weeks	End 22
Brent Oil	95.38	-1.21	+9.81	+11.02
West Texas Oil	91.65	-2.16	+9.69	+14.33
Gold \$	1864.6	-0.54	-3.88	+2.20

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