

A week of two halves

It was a week of two halves on financial markets last week. In the early part of the week, risk appetite was soft, as US Treasury yields maintained strong upward momentum. However, sentiment improved as we headed into the weekend, with benchmark equity indices recouping some of their losses. Overall, the Euro Stoxx 50 fell by 0.8%, while the S&P 500 declined by 0.7%.

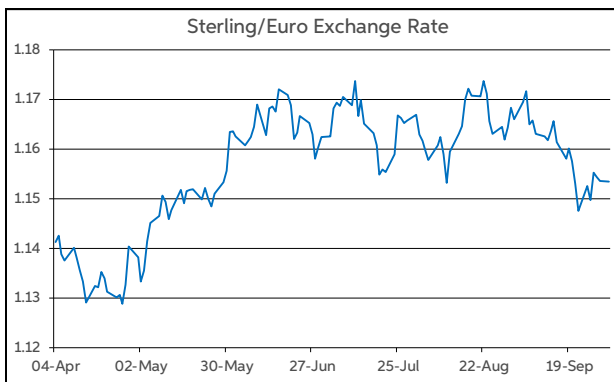
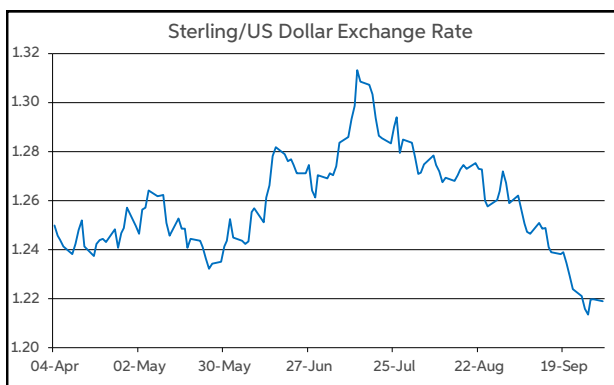
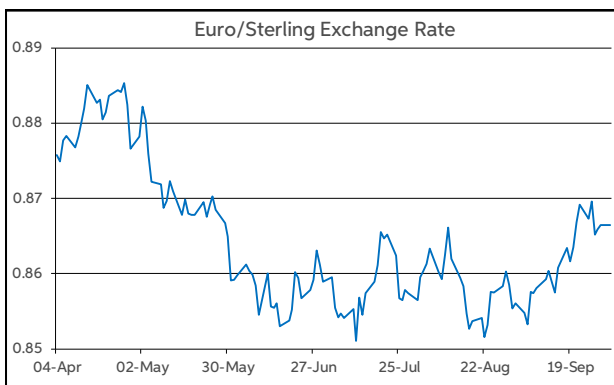
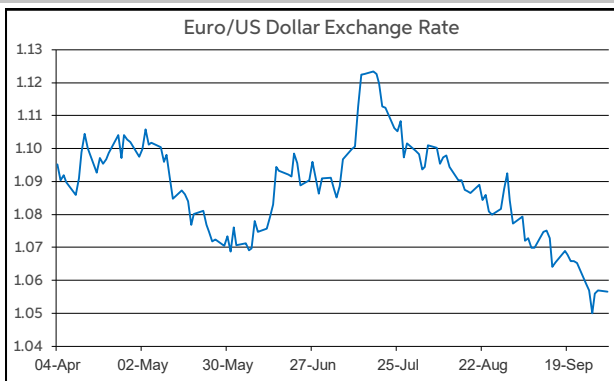
On bond markets, medium to-longer dated yields rose sharply in the US and Eurozone last week. The 10-year US Treasury yield hit a 16-year high of 4.68%, while the 10-year Bund rose to a high of 2.98%. Furthermore, the 10-year Italian-German yield spread briefly widened to 200bps. Encouraging inflation data, though, for both economies, on Friday, saw yields move off their peak, and core-periphery spreads tighten. Meantime, UK Gilt yields rose sharply by 10-20bps along the curve, as UK rate hike expectations hardened.

Against this backdrop, the dollar was firmly on the front-foot during the first half of the week. EUR/USD fell to a low of \$1.049, while USD/JPY climbed to a YTD high of ¥149.7. However, the dollar handed back some of its gains as the week progressed. Elsewhere, sterling recorded some slight gains against the euro.

In level terms, EUR/USD opens this morning in the top half of \$1.05-1.06. GBP/USD is just below the \$1.22 threshold. Meantime, EUR/GBP is in the 86-87p range. USD/JPY is trading between ¥149-150.

This week, the main release will be the US labour market report for September on Friday. The non-manufacturing and manufacturing ISMs for September are also due. Today though, the more upbeat mood on markets may continue, as a deal was struck over the weekend to avoid a Government shutdown in the US.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2022
EUR/USD	1.0564	-0.12	-1.29
EUR/GBP	0.8666	0.14	-2.01
GBP/USD	1.2189	-0.25	0.76
GBP/EUR	1.1536	-0.14	2.05
USD/JPY	149.69	0.22	14.17
EUR/JPY	158.15	0.08	12.72

* 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	5.66	5.62	5.31	4.73
EUR	4.50	3.85	3.95	4.14	3.81	3.43
GBP	5.25	5.18	5.27	5.43	5.40	4.88

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

Monday 02 October 2023
07:25 am



Euro

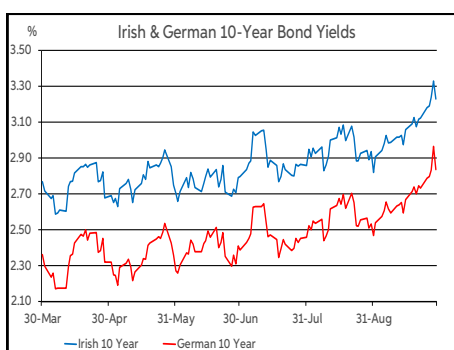
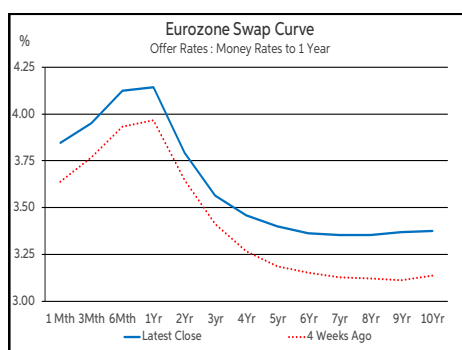
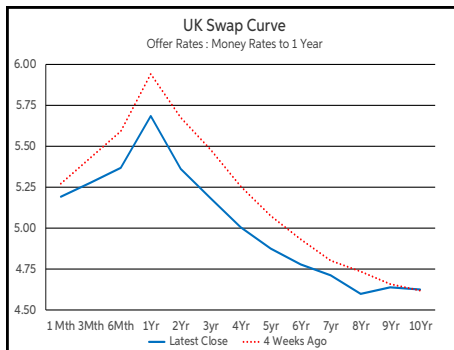
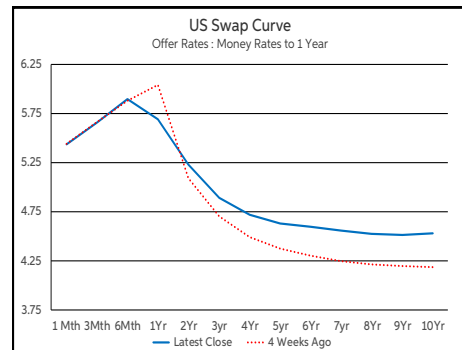
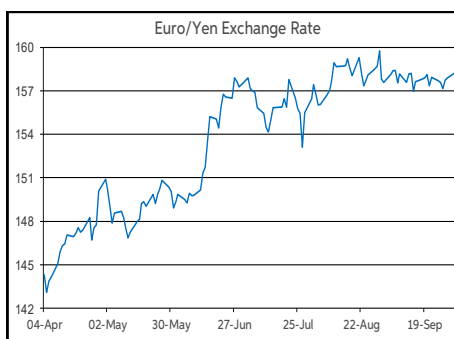
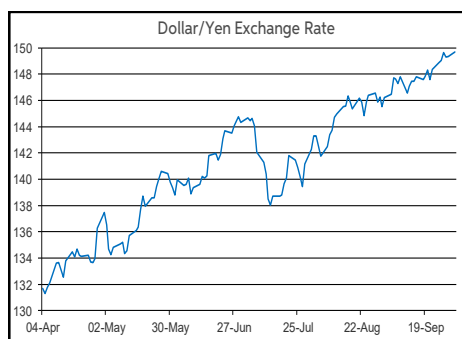
EUR/GBP	0.8666
EUR/USD	1.0564
EUR/JPY	158.15
EUR/SEK	11.549
EUR/DKK	7.4578
EUR/NOK	11.3129
EUR/CHF	0.9668
EUR/AUD	1.6482
EUR/HKD	8.2741
EUR/CAD	1.4351

Sterling

GBP/EUR	1.1536
GBP/USD	1.2189
GBP/CAD	1.6559
GBP/NZD	2.036
GBP/JPY	182.46
GBP/SEK	13.3246
GBP/DKK	8.6032
GBP/NOK	13.053
GBP/CHF	1.1157
GBP/AUD	1.9016

Dollar

USD/JPY	149.69
USD/CAD	1.3584
USD/CHF	0.9152
USD/CNY	7.301
USD/BRL	5.032
USD/RUB	98.47
USD/INR	83.193
AUD/USD	0.6409
NZD/USD	0.5986



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 22
10 Year Yield %				
US	4.58	+0	+40	+70
Germany	2.84	-13	+29	+28
UK	4.45	-5	+2	+78
Ireland	3.26	-10	+32	+11
Belgium	3.50	-10	+33	+30
France	3.42	-9	+35	+30
Italy	4.80	-8	+56	+10
Spain	3.95	-9	+38	+29
Portugal	3.59	-15	+32	-1
Greece	4.36	-15	+53	-23
5 Year Swap %				
US	4.63	-2	+30	+64
Eurozone	3.40	-9	+22	+17
UK	4.88	-6	-20	+57
2 Year Swap %				
US	5.23	-2	+18	+55
Eurozone	3.79	-7	+15	+41
UK	5.36	-5	-31	+68
10 Year Government Bond Spreads to Benchmark bps				
Ireland	42	+3	+3	-16
Belgium	67	+3	+4	+3
France	58	+4	+5	+3
Italy	196	+5	+27	-18
Spain	111	+4	+9	+2
Portugal	76	-2	+2	-28
Greece	152	-2	+23	-50

Commodities				
	% Change			
	Close	Day	4 Weeks	End 22
Brent Oil	95.31	-0.07	+7.63	+10.94
West Texas Oil	90.77	-0.96	+6.14	+13.24
Gold \$	1848.3	-0.87	-4.67	+1.31

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