

EUR/USD back above parity

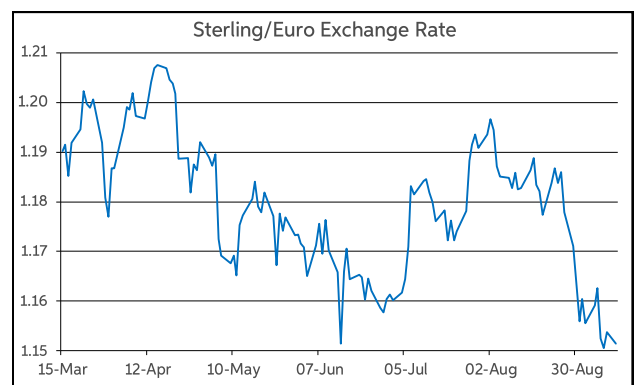
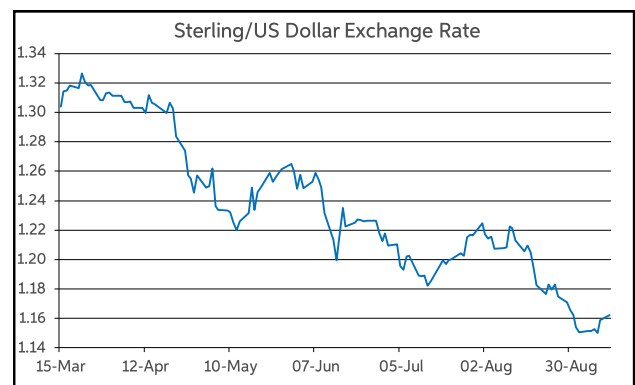
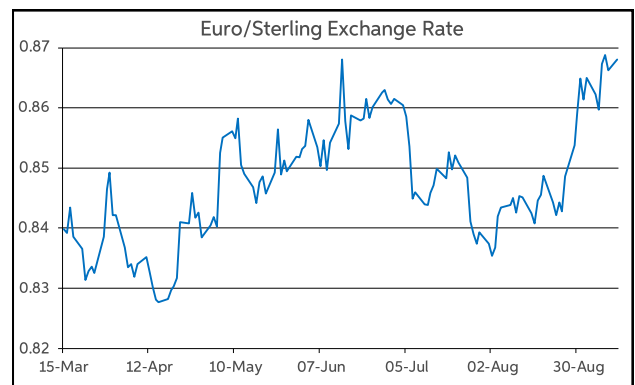
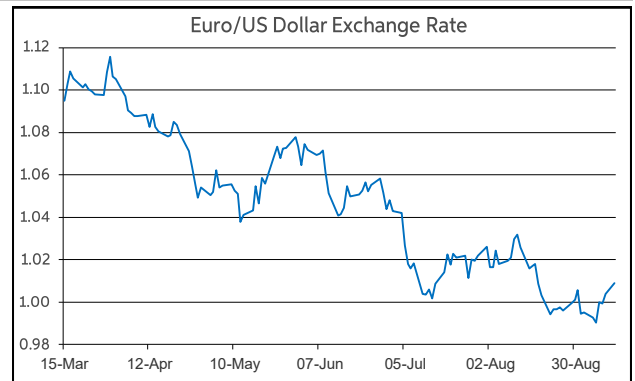
Last week the ECB was quite clear that its number one priority is to get inflation back under control. It stated that following its 75bps hike, it expects to raise rates further over the next “several” meetings. The market is pricing around 100bps of rate increases over its two remaining meetings of this year. This hawkish mantra and singular focus on inflation was also evident from a raft of Fed speakers, including Fed Chair Powell. He stated that the Fed will do whatever it takes to bring inflation lower. The market is expecting circa 150bps of additional Fed rate hikes by end year.

Market reaction to the central bank newsflow was most evident in bond yields. Not surprising, given the moves from the ECB, Eurozone yields experienced the largest increases at the front end of the curve. The policy sensitive 2-year German bond yield was up over 25bps to above 1.3%. Meanwhile, the US Treasury equivalent saw a 17bps rise to bring it above 3.5%.

Currency-wise, the euro had a largely muted reaction to the ECB meeting. Indeed, the dollar remained in the ascendancy for much of the week. However, the dollar rally lost some momentum towards the end of the week. EUR/USD managed to get back above parity having started last Monday testing below the \$0.99 threshold. GBP/USD has regained the \$1.16 level. Elsewhere, EUR/GBP edged higher into the upper half of 86-87p trading band.

Ahead this week, with the BoE meeting postponed (till Sept 22nd), the focus will be on the data calendar. In this regard, CPI inflation data from the US and UK will be closely assessed. Given that central banks are no longer providing forward guidance and are in ‘data-dependent’ mode there is the potential for currency markets to be more sensitive to macro releases.

John Fahey, Senior Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2021
EUR/USD	1.0092	0.21	-11.22
EUR/GBP	0.8682	-0.09	3.36
GBP/USD	1.1622	0.31	-14.10
GBP/EUR	1.1511	0.09	-3.25
USD/JPY	143.36	0.39	24.57
EUR/JPY	144.71	0.60	10.58

* 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	2.77	3.25	3.99	3.90	3.51
EUR	0.50	0.48	0.93	2.01	2.32	2.42
GBP	1.75	2.24	2.67	3.94	4.17	3.81

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

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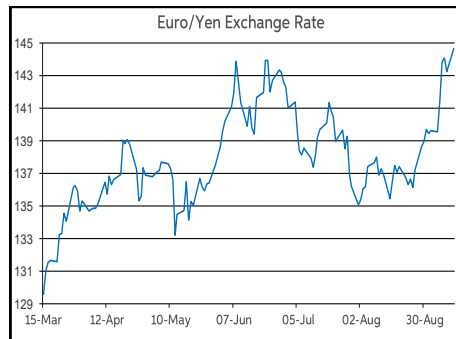
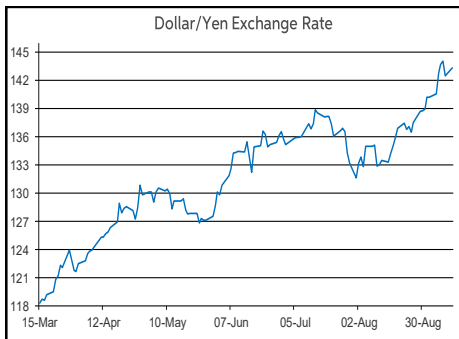
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Opening Levels

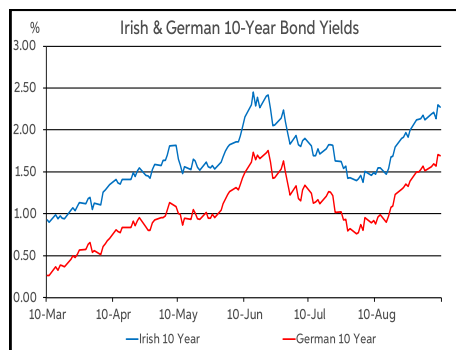
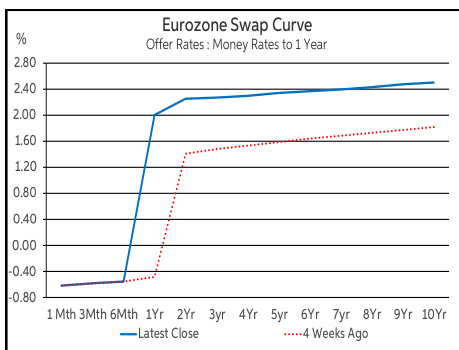
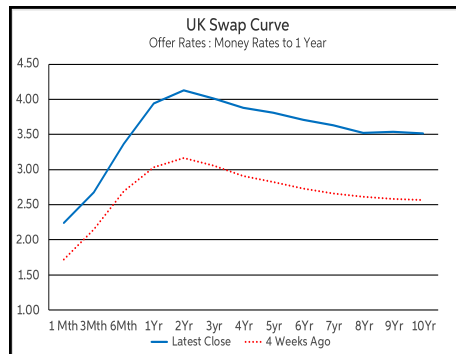
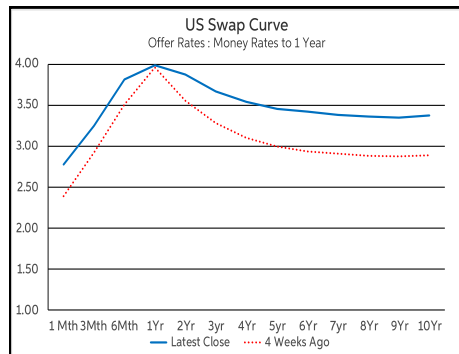
Monday 12 September 2022
07:26 am



Euro		Sterling		Dollar	
EUR/GBP	0.8682	GBP/EUR	1.1511	USD/JPY	143.36
EUR/USD	1.0092	GBP/USD	1.1622	USD/CAD	1.3024
EUR/JPY	144.71	GBP/CAD	1.5137	USD/CHF	0.9605
EUR/SEK	10.6702	GBP/NZD	1.9009	USD/CNY	6.924
EUR/DKK	7.4363	GBP/JPY	166.61	USD/BRL	5.1462
EUR/NOK	9.971	GBP/SEK	12.2834	USD/RUB	60.85
EUR/CHF	0.9695	GBP/DKK	8.5618	USD/INR	79.676
EUR/AUD	1.4737	GBP/NOK	11.4808	AUD/USD	0.6848
EUR/HKD	7.9227	GBP/CHF	1.1163	NZD/USD	0.6113
EUR/CAD	1.3145	GBP/AUD	1.697		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 21
10 Year Yield %				
US	3.32	-1	+47	+180
Germany	1.70	-1	+71	+188
UK	3.10	-6	+98	+213
5 Year Swap %				
US	3.46	+0	+49	+212
Eurozone	2.34	-0	+76	+233
UK	3.81	+2	+99	+253
2 Year Swap %				
US	3.87	+4	+36	+293
Eurozone	2.25	+2	+85	+255
UK	4.13	-3	+97	+294
10 Year Government Bond Spreads to Benchmark bps				
Ireland	61	-3	+0	+18
Belgium	64	+4	+5	+29
France	56	+2	+0	+19
Italy	231	+7	+23	+94
Spain	117	+4	+5	+39
Portugal	108	+3	+6	+41
Greece	256	+6	+32	+107



Commodities				
	Close	% Change		
		Day	4 Weeks	End 21
Brent Oil	92.84	+4.14	-5.41	+19.36
West Texas Oil	87.27	+3.84	-8.00	+15.85
Gold \$	1716.1	+0.51	-4.76	-6.14

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