

ECB meeting in focus this week

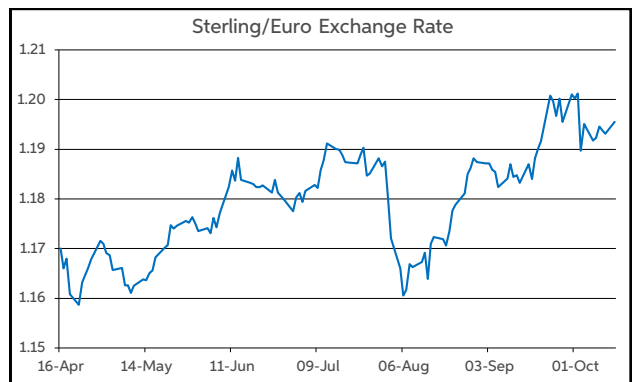
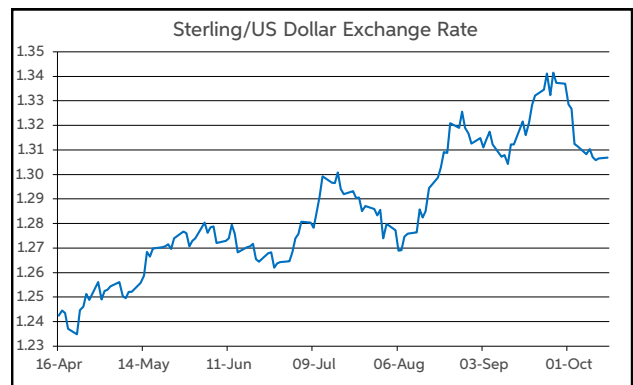
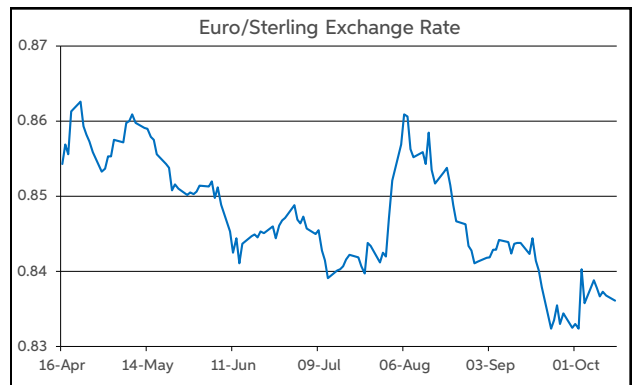
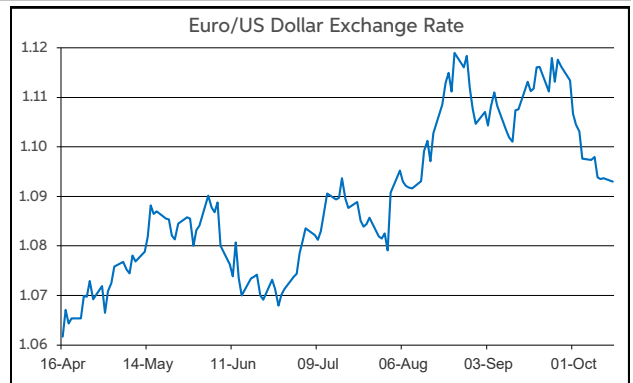
Despite a cautious tone during parts of last week, equity markets moved higher on both sides of the Atlantic. The ongoing conflict in the Middle East, concerns in relation to growth in China and signs of sticky US inflation all negatively impacted sentiment. Nevertheless, both the S&P 500 and the Euro Stoxx 50 gained around 1% on the week, boosted by some strong earnings data.

Meantime, oil prices remained volatile but drifted higher near the end of the week, with Brent crude currently at \$79 per barrel. Elsewhere, long-dated US Treasury yields rose by 12-15bps last week. The rise coincided with the release of the FOMC meeting minutes, remarks from Fed officials and sticky core-CPI inflation in September, which all suggest a gradual pace of easing from the Fed moving forward. German Bund and UK Gilt yields rose by a more modest 2-6bps along the curve.

Currency-wise, the main FX pairs were relatively range bound over the period. Of the limited moves to note, the dollar was holding a slightly firmer tone. Elsewhere, the yen was under some downward pressure. As trading gets underway this morning, EUR/USD is in the lower half of \$1.09-1.10. GBP/USD is back closer to the midpoint of \$1.30-1.31. EUR/GBP remains in the to half of the 83-84p band. USD/JPY is operating just above ¥149.

Turning to the week ahead, the main focus will be on the ECB meeting. In recent weeks futures contracts have softened and a rate cut is now fully priced-in. However, the decision to hold cannot be fully ruled out. The post-meeting press conference with President Lagarde will also garner close attention. Elsewhere, there are busy data schedules in the US, and particularly in the UK, where updates on the labour market and inflation will feature.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2023
EUR/USD	1.093	-0.04	-0.96
EUR/GBP	0.8361	-0.23	-3.54
GBP/USD	1.3068	0.15	2.66
GBP/EUR	1.1955	0.23	3.67
USD/JPY	149.19	0.32	5.76
EUR/JPY	163.07	0.28	4.78

* 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	4.88	4.78	4.64	4.11	4.06	3.88
EUR	3.65	3.25	3.18	2.70	2.44	2.38
GBP	5.00	4.91	4.76	4.33	4.30	4.09

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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Euro

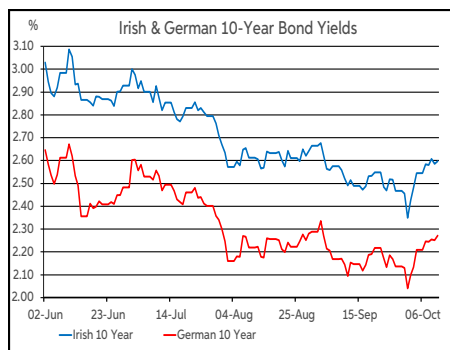
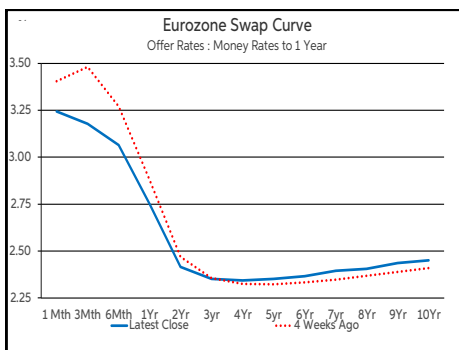
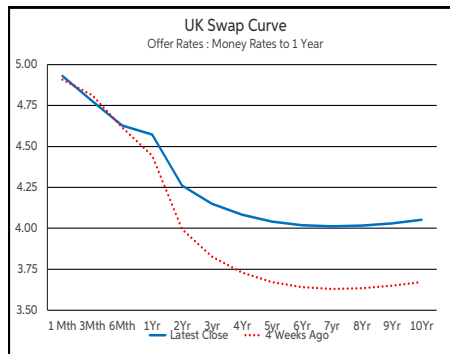
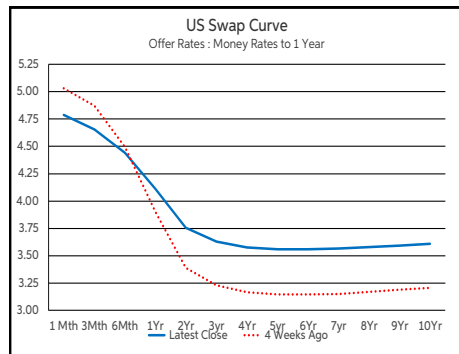
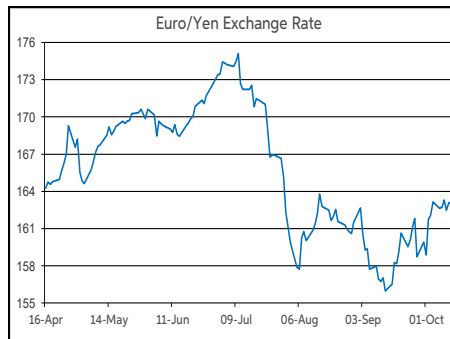
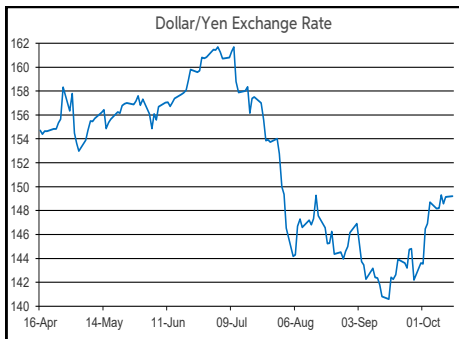
EUR/GBP	0.8361
EUR/USD	1.093
EUR/JPY	163.07
EUR/SEK	11.3525
EUR/DKK	7.4612
EUR/NOK	11.7176
EUR/CHF	0.9379
EUR/AUD	1.6216
EUR/HKD	8.4922
EUR/CAD	1.5054

Sterling

GBP/EUR	1.1955
GBP/USD	1.3068
GBP/CAD	1.7997
GBP/NZD	2.1419
GBP/JPY	194.96
GBP/SEK	13.5725
GBP/DKK	8.9209
GBP/NOK	14.004
GBP/CHF	1.1212
GBP/AUD	1.9387

Dollar

USD/JPY	149.19
USD/CAD	1.3773
USD/CHF	0.858
USD/CNY	7.077
USD/BRL	5.6115
USD/RUB	96.35
USD/INR	84.06
AUD/USD	0.6739
NZD/USD	0.61



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 23
10 Year Yield %				
US	4.07	-2	+42	+21
Germany	2.27	+2	+13	+25
UK	4.21	-1	+44	+67
5 Year Swap %				
US	3.84	+2	+45	+4
Eurozone	2.35	-2	+4	-8
UK	4.04	-3	+38	+39
2 Year Swap %				
US	4.02	-1	+37	-32
Eurozone	2.42	-2	-4	-38
UK	4.26	-3	+27	-0
10 Year Government Bond Spreads to Benchmark bps				
Ireland	37	-1	-1	+3
Belgium	61	-0	+2	-5
France	77	-0	+8	+24
Italy	129	+1	-8	-39
Spain	74	+0	-5	-22
Portugal	51	+0	-8	-25
Greece	97	+1	-1	-8

Commodities				
	% Change			
	Close	Day	4 Weeks	End 23
Brent Oil	79.04	-0.45	+10.38	+2.60
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	2656.0	+1.01	+3.09	+28.77

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