

Central Banks front and centre

Investor sentiment held a risk averse tone throughout last week, with the S&P 500 falling by circa 5%. The Euro Stoxx 50 shed 2% also. Disappointing US CPI data for August were the main catalyst for the souring in sentiment, as it led to a further marked hardening of market rate expectations.

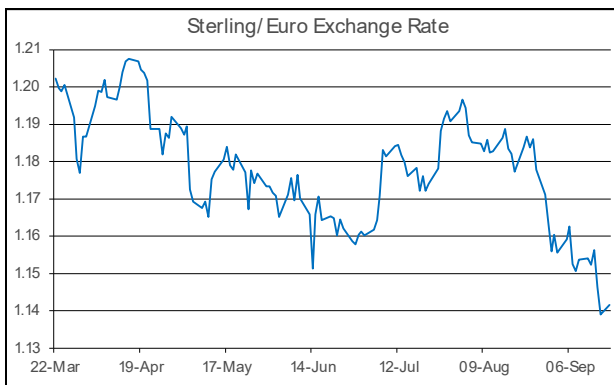
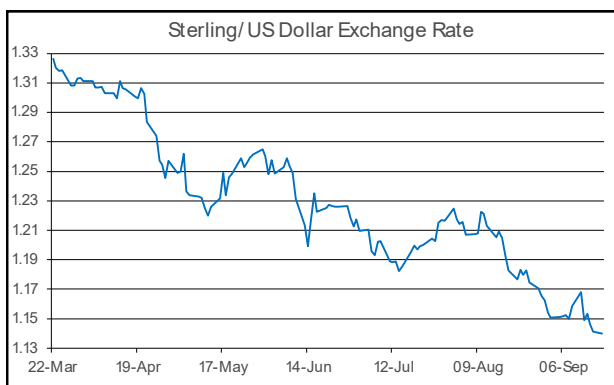
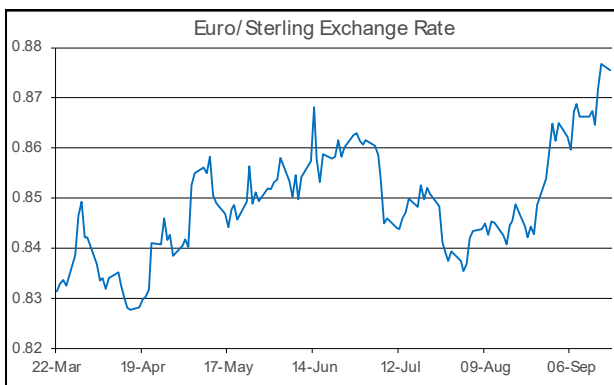
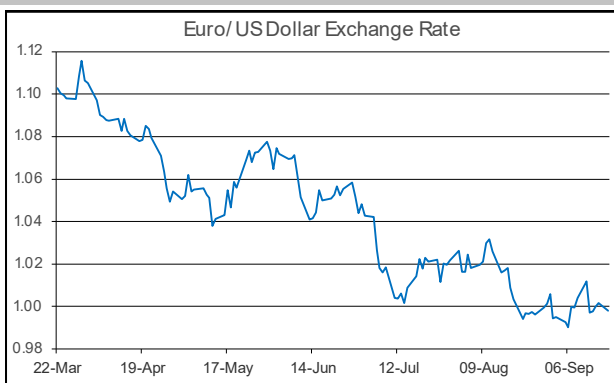
Following the further hardening of rate expectations, policy sensitive two-year yields jumped by over 20bps in the Eurozone and by 30bps in the US. However, the equivalent UK Gilt yield rose by a more modest 10bps. Meanwhile sterling came under some downward pressure on the currency exchanges. Elsewhere, the dollar was firmly in the ascendancy amid the risk averse backdrop and the larger increase in US yields.

Overall, the dollar gained around 1% versus the euro on the week. Meanwhile, sterling shed circa 2% versus the dollar, with GBP/USD falling to a low of \$1.135, its lowest level since 1985. EUR/GBP finished the week above the 87p handle also.

As trading gets underway this morning, EUR/GBP opens near the midpoint of 87-88p. Elsewhere, GBP/USD is operating just below \$1.14. EUR/USD is changing hands in the top half of \$0.99-1.00.

This week, a number of central banks in advanced economies will hold their latest monetary policy meetings, including the US Fed and the Bank of England. The market is pricing in a third consecutive 75bps rate hike from the Fed. However, there remains some uncertainty regarding the magnitude of the rate hike from the BoE. Market pricing is currently split on whether the BoE will opt for a 50 or a 75bps increase. Both central bank meetings pose some event risk for their respective currency's.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2021
EUR/ USD	0.9979	-0.16	-12.22
EUR/ GBP	0.8755	0.44	4.23
GBP/ USD	1.1394	-0.62	-15.78
GBP/ EUR	1.1413	-0.43	-4.05
USD/ JPY	143.27	0.01	24.50
EUR/ JPY	143	-0.15	9.27

* 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	3.01	3.57	4.39	4.28	3.72
EUR	0.50	0.68	1.06	2.27	2.55	2.52
GBP	1.75	2.24	2.76	4.11	4.36	3.91

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

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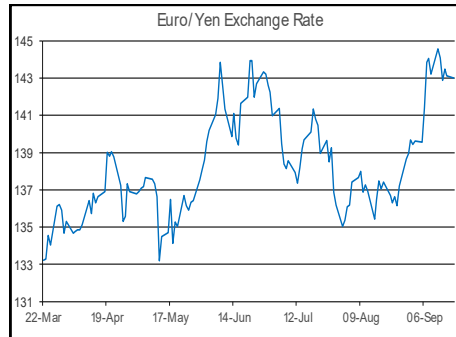
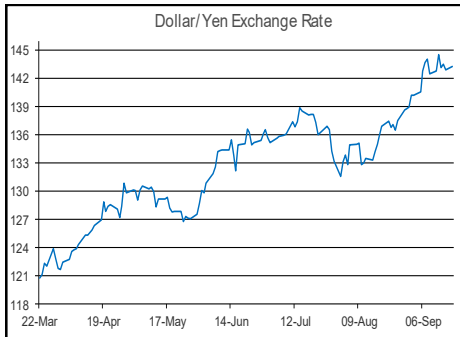
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Opening Levels

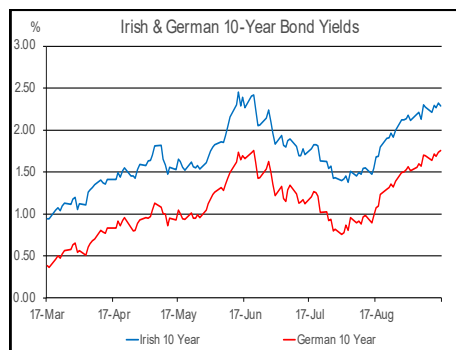
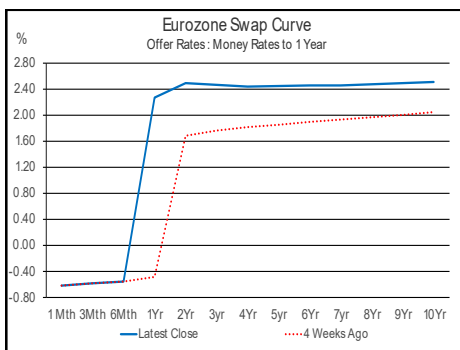
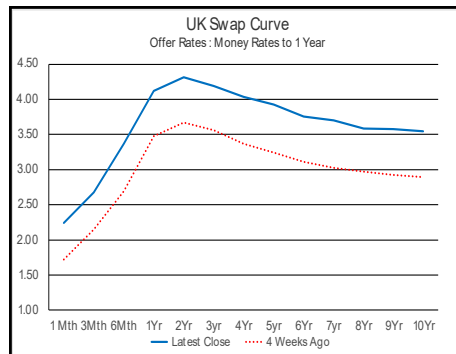
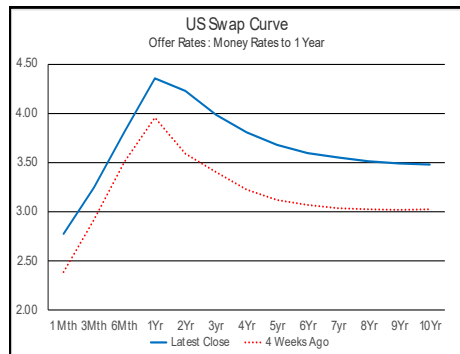
Monday 19 September 2022
07:31 am



Euro		Sterling		Dollar	
EUR/GBP	0.8755	GBP/EUR	1.1413	USD/JPY	143.27
EUR/USD	0.9979	GBP/USD	1.1394	USD/CAD	1.3299
EUR/JPY	143	GBP/CAD	1.5158	USD/CHF	0.9678
EUR/SEK	10.7832	GBP/NZD	1.9116	USD/CNY	7.0107
EUR/DKK	7.4365	GBP/JPY	163.24	USD/BRL	5.2539
EUR/NOK	10.2319	GBP/SEK	12.3093	USD/RUB	60.15
EUR/CHF	0.9659	GBP/DKK	8.4902	USD/INR	79.6725
EUR/AUD	1.4917	GBP/NOK	11.6767		
EUR/HKD	7.834	GBP/CHF	1.103	AUD/USD	0.669
EUR/CAD	1.3275	GBP/AUD	1.7033	NZD/USD	0.5959



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 21
10 Year Yield %				
US	3.46	+1	+48	+194
Germany	1.77	+2	+53	+194
UK	3.13	-3	+72	+216
Ireland	2.33	-4	+49	+208
Belgium	2.34	-0	+49	+216
France	2.30	+0	+49	+211
Italy	4.03	-0	+54	+284
Spain	2.92	+2	+54	+233
Portugal	2.84	+3	+54	+235
Greece	4.29	+7	+60	+298
5 Year Swap %				
US	3.68	-3	+59	+234
Eurozone	2.45	-5	+60	+244
UK	3.93	-2	+69	+265
2 Year Swap %				
US	4.23	-2	+67	+329
Eurozone	2.50	-3	+82	+280
UK	4.32	-2	+65	+312
10 Year Government Bond Spreads to Benchmark bps				
Ireland	56	-6	-4	+13
Belgium	57	-3	-4	+22
France	54	-2	-4	+16
Italy	226	-3	+1	+90
Spain	116	-1	+1	+38
Portugal	107	+1	+1	+41
Greece	253	+4	+7	+103



Commodities				
	Close	% Change		
		Day	4 Weeks	End 21
Brent Oil	91.35	+0.56	-5.55	+17.45
West Texas Oil	85.57	-0.17	-8.53	+13.59
Gold \$	1674.9	+0.67	-4.17	-8.39

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