

Rocky week on markets

For a second consecutive week, a rapid hardening of interest rate expectations weighed heavily on sentiment. Both the Euro Stoxx 50 and the S&P 500 fell by over 4%. Rates are now seen as rising to 3%, 4.8% and 5.75%, in the Eurozone, US and UK next year, up from 2.5%, 4.38% and 4.5%, at the start of last week.

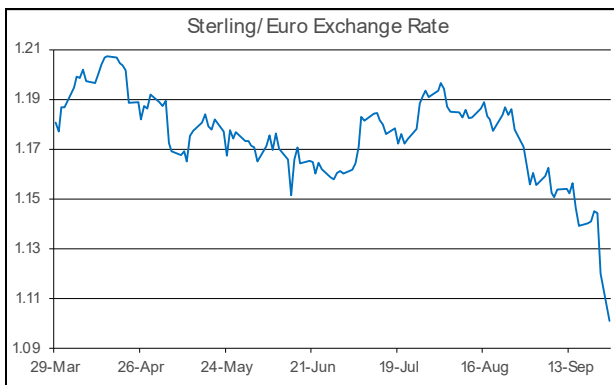
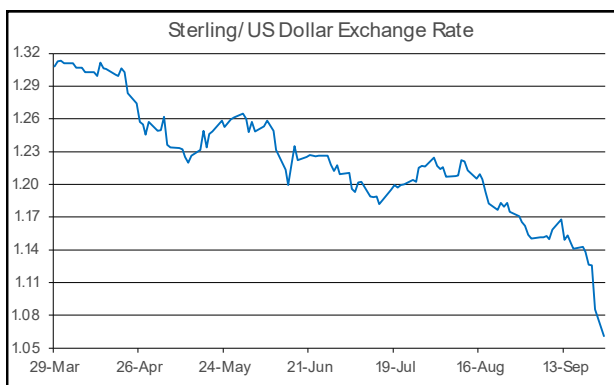
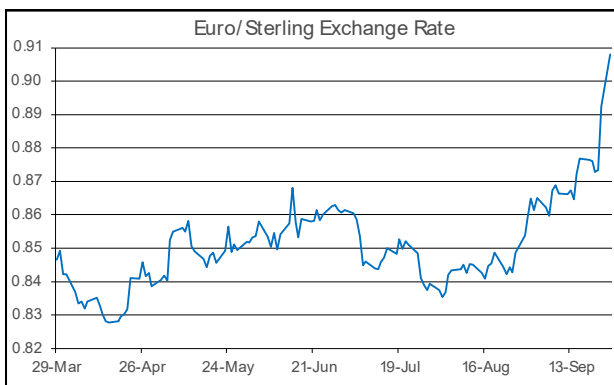
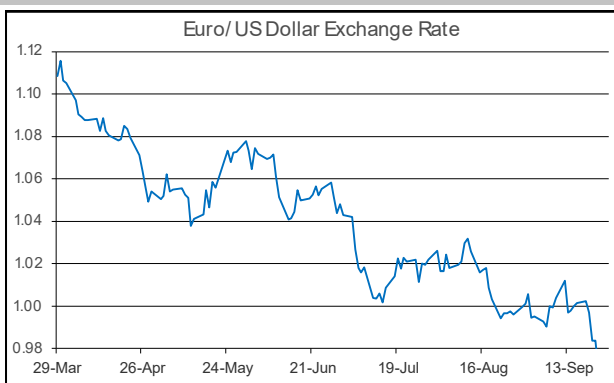
The further hardening of rate hike expectations followed a round of hawkish central bank meetings. The Riksbank set the tone on Tuesday, hiking rates by 100bps. This was followed by 75bps increases from the SNB and US Fed, where Chair Powell struck a particularly hawkish tone. The updated Fed interest rate dotplot also illustrated a more aggressive path of rate hikes than had previously been anticipated.

A day later, a three-way split decision from the BoE ended with a second consecutive 50bps rate hike, bringing Bank rate up to 2.25%. However, the larger hikes from the Fed, and recently from the ECB, saw the pound come under pressure. On Friday, a more substantial tax-cutting package than expected in the UK Mini-Budget, saw sterling plummet to fresh year-to-date lows versus the euro and the dollar. Sterling has remained under severe downward pressure in Asian trading at the start of this week.

In level terms, EUR/USD opens today down at the \$0.96 threshold, a new twenty year low. Meantime, EUR/GBP is operating above the 91p handle. GBP/USD is operating down near its all-time low, in the top half of the \$1.05-1.06 corridor.

This week, Eurozone flash HICP inflation (Sep) and US core-PCE inflation (August) are the main highlights. A plethora of central bank speeches will also garner close attention on markets.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2021
EUR/ USD	0.9629	-1.95	-15.30
EUR/ GBP	0.9107	4.16	8.42
GBP/ USD	1.0571	-5.88	-21.86
GBP/ EUR	1.0973	-4.00	-7.76
USD/ JPY	143.97	1.19	25.10
EUR/ JPY	138.66	-0.79	5.95

* 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	3.08	3.63	4.72	4.72	4.17
EUR	1.25	0.70	1.15	2.59	3.04	3.02
GBP	1.75	2.22	2.80	4.79	5.59	4.98

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

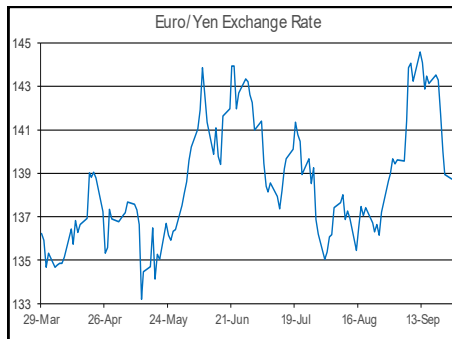
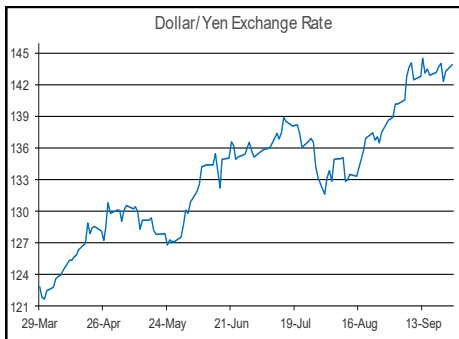
CONTACTS		
AIB Customer Treasury Services business.treasury@aib.ie aib.corporatetreasury@aib.ie	Customer Treasury Services GB treasury.gb@aib.ie	Customer Treasury Services NI TreasuryNI@aib.ie

Opening Levels

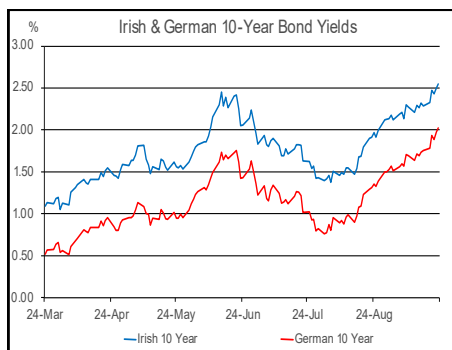
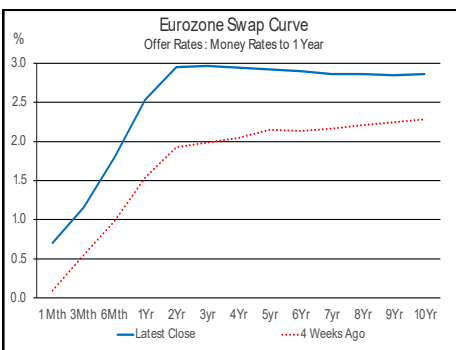
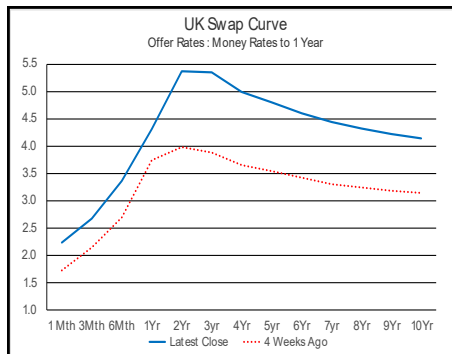
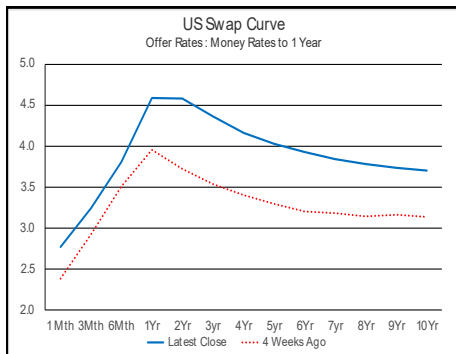
Monday 26 September 2022
07:42 am



Euro		Sterling		Dollar	
EUR/GBP	0.9107	GBP/EUR	1.0974	USD/JPY	143.97
EUR/USD	0.963	GBP/USD	1.0572	USD/CAD	1.3634
EUR/JPY	138.67	GBP/CAD	1.4414	USD/CHF	0.9872
EUR/SEK	10.9645	GBP/NZD	1.8513	USD/CNY	7.1649
EUR/DKK	7.4359	GBP/JPY	152.21	USD/BRL	5.2599
EUR/NOK	10.3279	GBP/SEK	12.0543	USD/RUB	56.5
EUR/CHF	0.9508	GBP/DKK	8.1608	USD/INR	81.642
EUR/AUD	1.485	GBP/NOK	11.3352		
EUR/HKD	7.5601	GBP/CHF	1.0436	AUD/USD	0.6485
EUR/CAD	1.3132	GBP/AUD	1.6303	NZD/USD	0.5713



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 21
10 Year Yield %				
US	3.69	-2	+66	+217
Germany	2.03	+5	+63	+221
UK	3.82	+33	+122	+285
Ireland	2.61	+6	+56	+236
Belgium	2.64	+7	+61	+246
France	2.60	+7	+59	+241
Italy	4.36	+18	+67	+318
Spain	3.20	+8	+60	+260
Portugal	3.09	+8	+59	+261
Greece	4.54	+6	+57	+323
5 Year Swap %				
US	4.03	+4	+77	+269
Eurozone	2.92	+13	+78	+291
UK	4.80	+46	+126	+353
2 Year Swap %				
US	4.58	+7	+90	+364
Eurozone	2.95	+13	+104	+325
UK	5.37	+67	+139	+418
10 Year Government Bond Spreads to Benchmark bps				
Ireland	58	+1	-7	+15
Belgium	61	+2	-3	+25
France	57	+2	-4	+20
Italy	233	+13	+4	+97
Spain	117	+2	-3	+39
Portugal	106	+3	-4	+40
Greece	251	+1	-7	+102



Commodities				
	Close	% Change		
		Day	4 Weeks	End 21
Brent Oil	86.15	-4.76	-14.69	+10.76
West Texas Oil	79.07	-5.89	-15.55	+4.96
Gold \$	1643.1	-1.64	-5.40	-10.13

This publication is for information purposes and is not an invitation to deal. The information is believed to be reliable but is not guaranteed. Any expressions of opinions are subject to change without notice. This publication is not to be reproduced in whole or in part without prior permission. In the Republic of Ireland it is distributed by Allied Irish Banks, p.l.c. In the UK it is distributed by Allied Irish Banks, p.l.c. and Allied Irish Bank (GB). In Northern Ireland it is distributed by Allied Irish Bank (NI). In the United States of America it is distributed by Allied Irish Banks, p.l.c. Allied Irish Banks, p.l.c. is regulated by the Central Bank of Ireland. Allied Irish Bank (GB) and AIB (NI) are trade marks used under licence by AIB Group (UK) p.l.c. (a wholly owned subsidiary of Allied Irish Banks, p.l.c.), incorporated in Northern Ireland. Registered Office 92 Ann Street, Belfast BT1 3HH. Registered Number NI018800. Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. In the United States of America, Allied Irish Banks, p.l.c., New York Branch, is a branch licensed by the New York State Department of Financial Services. Deposits and other investment products are not FDIC insured, they are not guaranteed by any bank and they may lose value. Please note that telephone calls may be recorded in line with market practice.