

Bank of England intervenes in the Gilt market

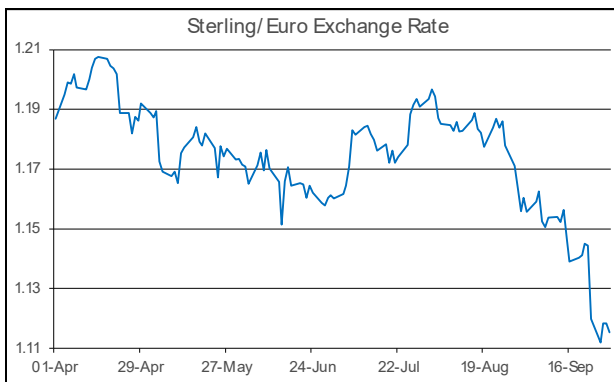
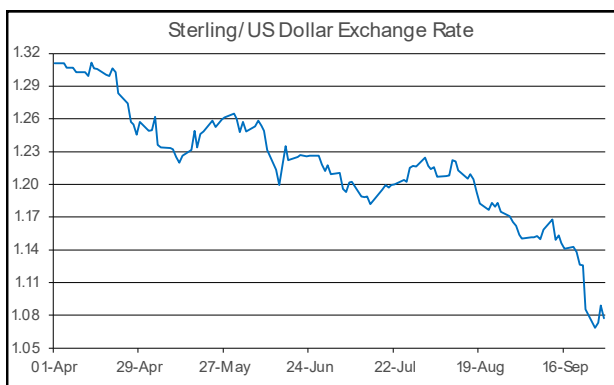
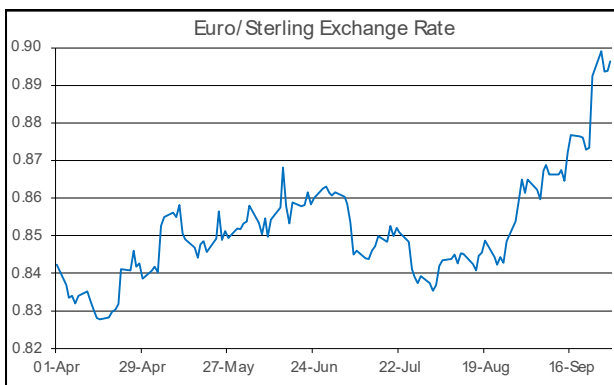
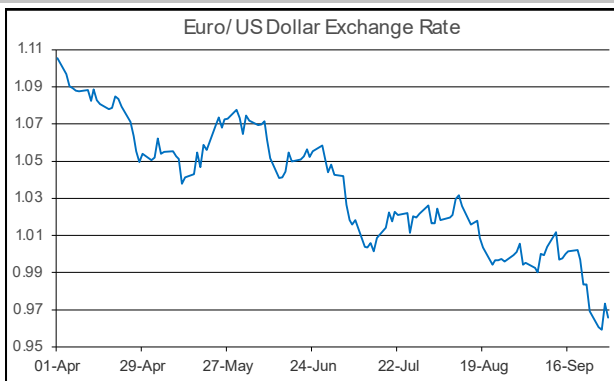
Yesterday, in a historic move, the Bank of England announced it will carry out temporary purchases of long-dated UK government bonds, in order to “restore orderly market conditions”. The BoE has also postponed the start of its planned Gilt sales operation until the end of October. The intervention from the BoE is in response to a rapid rise in Gilt yields since last Friday.

Following yesterday’s announcement, Gilt yields declined by 40-100bps along the curve, although, they are still 15-70bps higher than where they opened on Friday. The 10-year Gilt yield is currently at 4%, while the 30-year yield is below 4%.

The BoE statement initially sparked a lot of volatility on currency markets. GBP/USD fell to a low of \$1.054, while EUR/GBP spiked higher to 90.5p. However, a pause in the dollar rally in the afternoon coincided with sterling recouping its losses. Overall, the dollar found itself on the back-foot, shedding over 1% versus the euro and sterling yesterday. The move lower in the dollar occurred following a sharp fall in US Treasury yields and a scaling back of US rate hike expectations, shortly after the BoE statement. This saw investor sentiment improve, with the S&P500 closing up 2%.

As trading gets underway this morning, EUR/USD opens up in the top half of \$0.96-0.97. Meantime, EUR/GBP is changing hands near the midpoint of 89-90p. GBP/USD is in the upper half of the \$1.07-1.08 corridor, having opened yesterday below \$1.07.

Today, sterling will likely remain the centre of attention once again, with MPC member Ramsden due to make prepared remarks. On the data front, the Eurozone EC sentiment indices for September are projected to deteriorate, from already subdued levels.



Today's Opening FX Rates			
		% Change	
		Day *	End 2021
EUR/ USD	0.966	1.16	-15.02
EUR/ GBP	0.8962	-0.04	6.69
GBP/ USD	1.0776	1.17	-20.35
GBP/ EUR	1.1152	0.04	-6.27
USD/ JPY	144.65	-0.01	25.70
EUR/ JPY	139.76	1.16	6.79

* 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	3.125	3.12	3.64	4.51	4.51	4.10
EUR	1.25	0.72	1.23	2.57	3.02	3.14
GBP	2.25	2.40	3.41	5.31	5.58	5.13

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

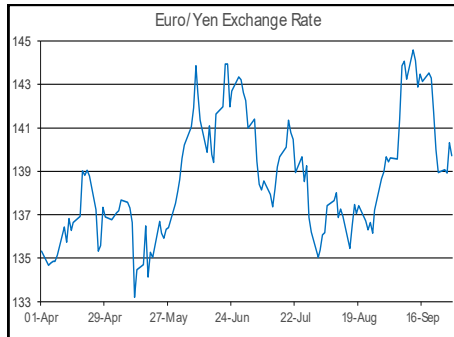
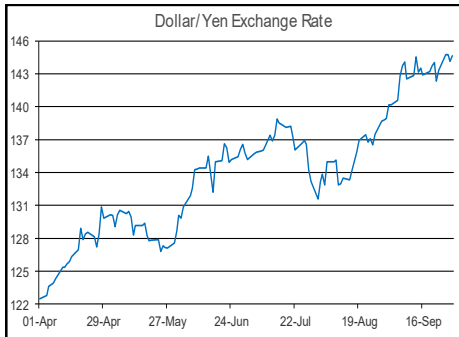
Customer Treasury Services NI
TreasuryNI@aib.ie

Opening Levels

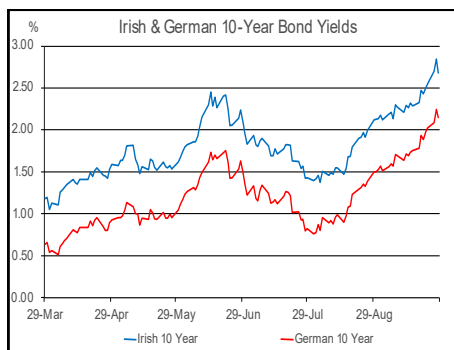
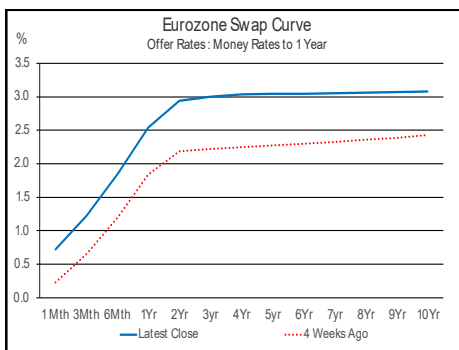
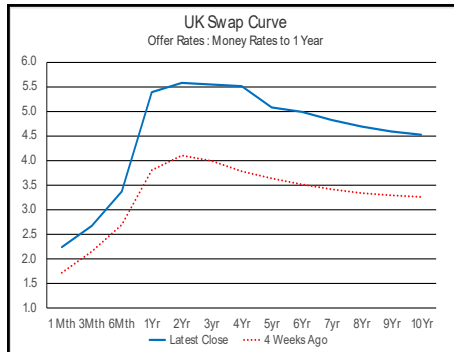
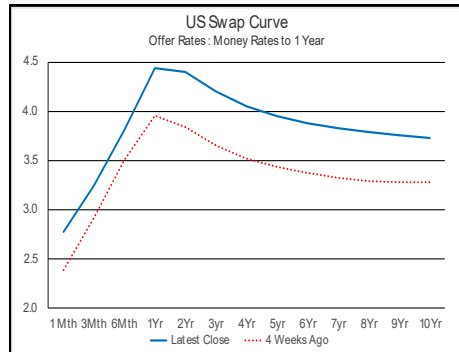
Thursday 29 September 2022
07:31 am



Euro		Sterling		Dollar	
EUR/GBP	0.8962	GBP/EUR	1.1152	USD/JPY	144.65
EUR/USD	0.966	GBP/USD	1.0776	USD/CAD	1.3711
EUR/JPY	139.76	GBP/CAD	1.4777	USD/CHF	0.981
EUR/SEK	10.9325	GBP/NZD	1.9009	USD/CNY	7.1968
EUR/DKK	7.4362	GBP/JPY	155.87	USD/BRL	5.376
EUR/NOK	10.4515	GBP/SEK	12.1948	USD/RUB	57.5
EUR/CHF	0.9478	GBP/DKK	8.2938	USD/INR	81.87
EUR/AUD	1.4957	GBP/NOK	11.66	AUD/USD	0.6457
EUR/HKD	7.584	GBP/CHF	1.0574	NZD/USD	0.5667
EUR/CAD	1.3246	GBP/AUD	1.6684		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 21
10 Year Yield %				
US	3.74	-21	+54	+223
Germany	2.16	-10	+62	+233
UK	4.01	-49	+121	+304
5 Year Swap %				
US	2.74	-15	+54	+249
Belgium	2.80	-7	+62	+262
France	2.76	-7	+61	+256
Italy	4.59	-15	+70	+340
Spain	3.33	-10	+60	+274
Portugal	3.25	-11	+60	+276
Greece	4.94	+8	+84	+362
2 Year Swap %				
US	3.95	-20	+55	+262
Eurozone	3.04	-9	+78	+303
UK	5.08	-49	+144	+381
10 Year Government Bond Spreads to Benchmark bps				
Ireland	58	-5	-8	+15
Belgium	64	+3	-0	+29
France	60	+2	-1	+23
Italy	243	-5	+8	+107
Spain	118	+0	-2	+40
Portugal	109	-1	-2	+43
Greece	278	+18	+22	+129



Commodities				
	Close	% Change		
		Day	4 Weeks	End 21
Brent Oil	89.32	+3.54	-7.43	+14.84
West Texas Oil	82.61	+4.69	-8.30	+9.66
Gold \$	1659.4	+1.88	-3.00	-9.24

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