

EUR/USD down below \$1.06

The risk averse tone to investor sentiment from last week persisted in Europe yesterday. The Euro Stoxx 50 fell by 0.9%. The downbeat mood mainly stems from concerns that official interest rates will remain at elevated levels for an extended period of time, following last weeks central bank meetings. Hawkish remarks from Fed officials yesterday provided little solace to markets in this regard.

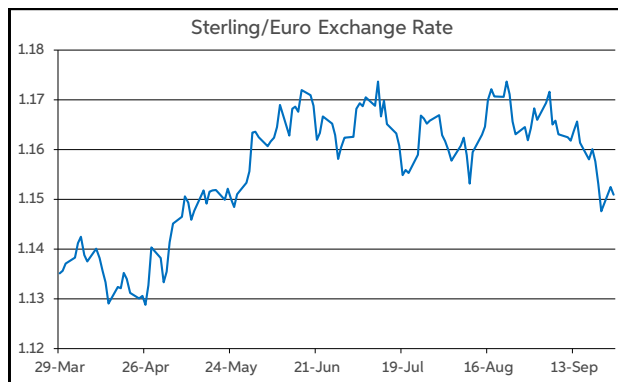
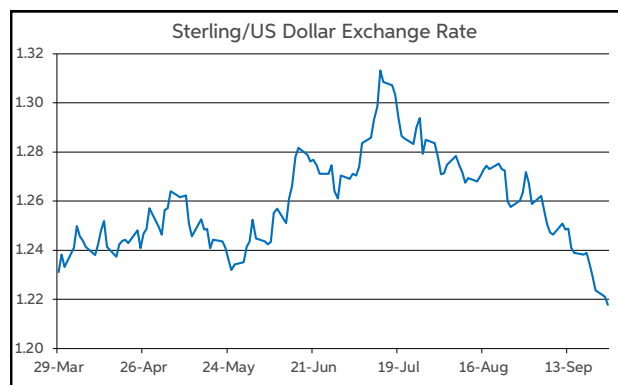
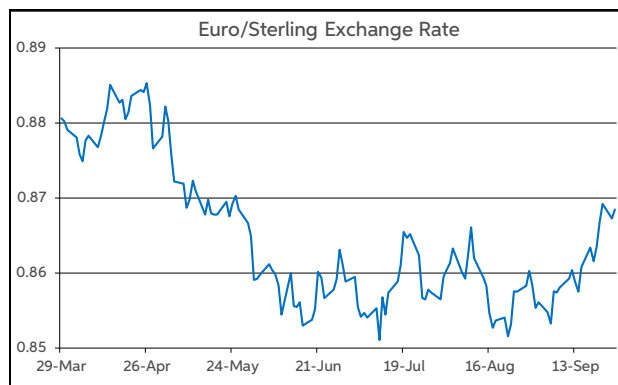
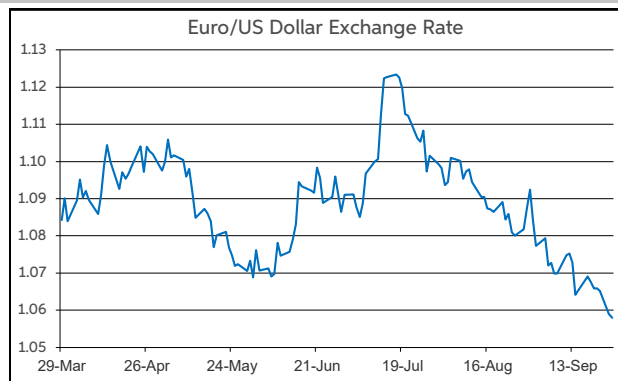
Against this backdrop, medium to long-term sovereign bond yields rose by 5-12bps, in the US, Eurozone and UK yesterday. Having reached a 15-year year last week, the benchmark US 10-year Treasury yields climbed above 4.50%. Elsewhere, oil prices edged slightly lower, with Brent crude falling back below \$93 per barrel.

On the currency front, the dollar was in the ascendancy amid the hawkish Fed rhetoric, and the associated rise in US yields. Meanwhile, the yen was under some downward pressure following dovish comments from BoJ officials, including Governor Ueda. The euro was also on the defensive, as the German Ifo deteriorated for a fifth month running in September. Some less hawkish statements from ECB officials proved to be unhelpful for the euro as well.

In level terms, the firmer dollar and softer euro tones are reflected in EUR/USD opening back below the \$1.06 threshold. GBP/USD is operating down below the \$1.22 handle. Elsewhere, EUR/GBP is changing hands in the top half of the 86-87p range. USD/JPY is trading up above ¥149, its highest level since October last year.

Today, there is a relatively quiet data schedule. The only release of note is US consumer confidence for September. The consensus is for a slight fall in the index. Meantime, remarks from Fed and ECB officials will garner some attention.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2022
EUR/USD	1.0579	-0.64	-1.15
EUR/GBP	0.8684	-0.15	-1.81
GBP/USD	1.2181	-0.49	0.69
GBP/EUR	1.1512	0.15	1.84
USD/JPY	149.12	0.53	13.74
EUR/JPY	157.77	-0.13	12.45

* 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	5.38	5.43	5.66	5.59	5.33	4.71
EUR	4.50	3.87	3.96	4.14	3.81	3.40
GBP	5.25	5.18	5.26	5.38	5.28	4.74

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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Opening Levels

Tuesday 26 September 2023
07:29 am



Euro

EUR/GBP	0.8684
EUR/USD	1.0579
EUR/JPY	157.77
EUR/SEK	11.728
EUR/DKK	7.4566
EUR/NOK	11.4681
EUR/CHF	0.9667
EUR/AUD	1.6515
EUR/HKD	8.2727
EUR/CAD	1.4264

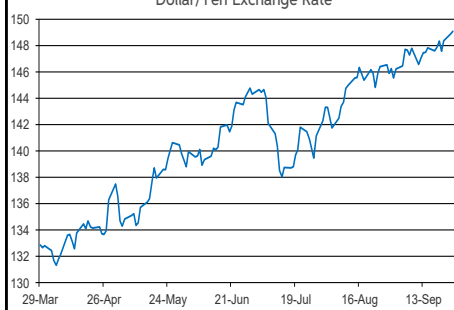
Sterling

GBP/EUR	1.1512
GBP/USD	1.2181
GBP/CAD	1.6422
GBP/NZD	2.0463
GBP/JPY	181.64
GBP/SEK	13.5097
GBP/DKK	8.5846
GBP/NOK	13.2048
GBP/CHF	1.1131
GBP/AUD	1.902

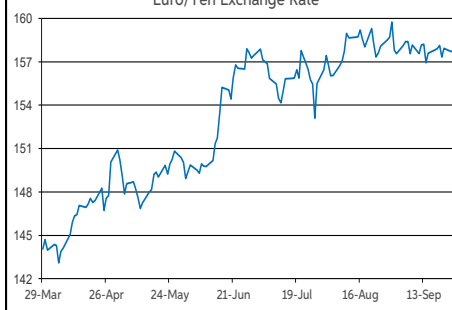
Dollar

USD/JPY	149.12
USD/CAD	1.348
USD/CHF	0.9136
USD/CNY	7.3103
USD/BRL	4.97
USD/RUB	96.005
USD/INR	83.223
AUD/USD	0.6403
NZD/USD	0.5952

Dollar/Yen Exchange Rate

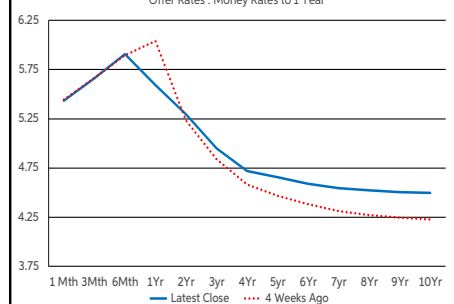


Euro/Yen Exchange Rate



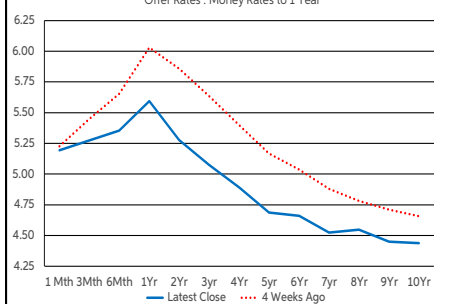
US Swap Curve

Offer Rates : Money Rates to 1 Year



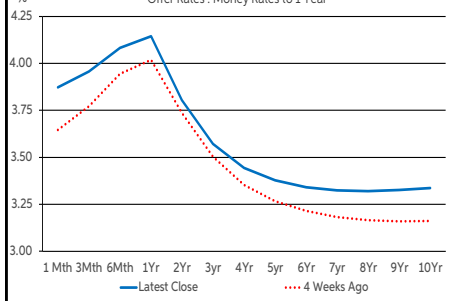
UK Swap Curve

Offer Rates : Money Rates to 1 Year

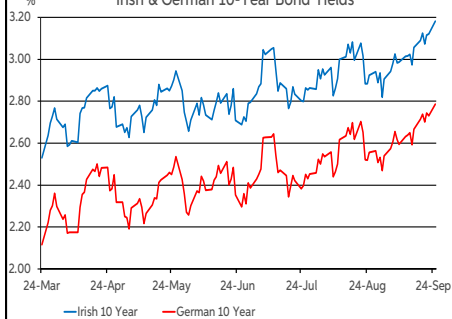


Eurozone Swap Curve

Offer Rates : Money Rates to 1 Year



Irish & German 10-Year Bond Yields



Debt Markets

	Close	Day	4 Weeks	End 22
10 Year Yield %				
US	4.53	+9	+33	+65
Germany	2.79	+5	+22	+23
UK	4.33	+8	-12	+66
Ireland	3.21	+6	+26	+7
Belgium	3.43	+5	+23	+23
France	3.34	+5	+26	+23
Italy	4.65	+6	+43	-5
Spain	3.86	+5	+28	+20
Portugal	3.54	+4	+26	-6
Greece	4.27	+5	+38	-32
5 Year Swap %				
US	4.65	+6	+23	+66
Eurozone	3.38	+2	+12	+15
UK	4.69	-3	-43	+38
2 Year Swap %				
US	5.30	+4	+10	+62
Eurozone	3.80	-1	+8	+42
UK	5.28	+0	-54	+60
10 Year Government Bond Spreads to Benchmark bps				
Ireland	43	+0	+3	-16
Belgium	64	+0	+1	+0
France	55	+0	+3	+0
Italy	186	+1	+20	-28
Spain	107	-0	+6	-2
Portugal	75	-2	+4	-28
Greece	149	-1	+16	-54

Commodities

	Close	Day	4 Weeks	End 22
Brent Oil				
Brent Oil	93.29	+0.02	+10.51	+8.59
West Texas Oil	89.68	-0.36	+11.20	+11.88
Gold \$	1915.7	-0.48	-0.21	+5.00

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