

Dollar firmer post US CPI release

Risk appetite soured yesterday, as an above consensus US CPI inflation reading for August, increased expectations of a further sharp tightening in monetary policy from the US Fed. The Euro Stoxx 50 lost 1.7%. Meanwhile on Wall Street, the S&P 500 shed 4.3%. Elsewhere, oil prices declined by circa 1%.

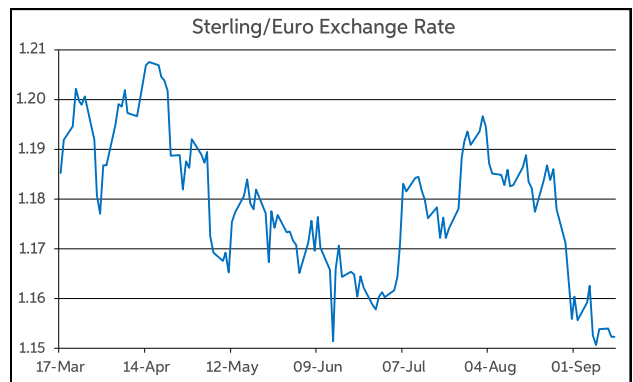
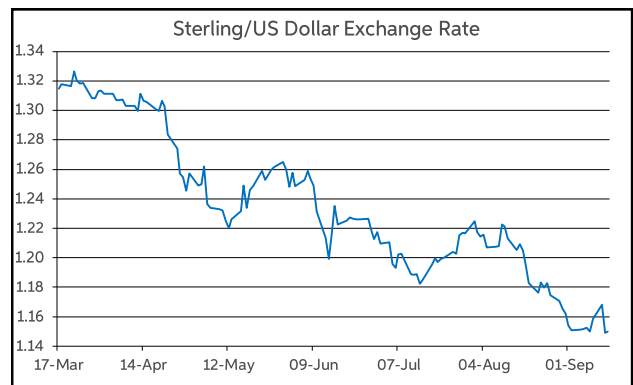
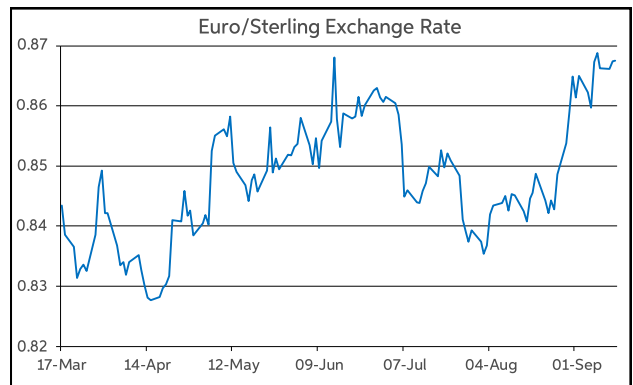
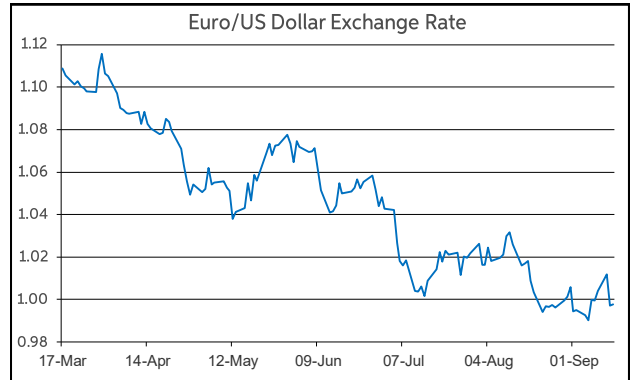
Regarding the aforementioned US CPI data, the headline rate printed at 8.3% (vs. 8.1% f'cast), while the core rate rose to 6.3% (vs. 6.1% f'cast). The release has increased the likelihood that the Fed will opt for its third consecutive 75bps rate hike next week. Meantime, markets are now pricing in a terminal rate of 4-4.25% in the US, in Q1 of next year. Unsurprisingly, US Treasury yields jumped higher in response to the hardening of rate expectations. The policy-sensitive 2-year yield rose by around 20bps.

On the currency front, the dollar returned to the ascendancy, boosted by the firming in US market interest rates and the risk averse backdrop, following the higher than expected CPI reading. The greenback gained over 1% against the euro, sterling and the yen. EUR/USD fell back below parity, while GBP/USD, which had tested above \$1.17 yesterday, moved back below \$1.16.

As trading gets underway this morning, EUR/USD is operating in the \$0.99-1.00 corridor. GBP/USD is changing hands at \$1.15. Elsewhere, EUR/GBP remains in the upper half of 86-87p.

Already today, UK CPI inflation data has been released. The headline rate fell to 9.9% (vs. 10.2% f'cast), while the core rate was in-line with the consensus at 6.3%. However, the data have not impacted sterling in early trading. Eurozone industrial production (July) and US PPI inflation (August) are due later today.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2021
EUR/USD	0.9976	-1.48	-12.24
EUR/GBP	0.8674	0.07	3.26
GBP/USD	1.1496	-1.58	-15.03
GBP/EUR	1.1523	-0.07	-3.16
USD/JPY	143.68	0.78	24.85
EUR/JPY	143.34	-0.73	9.53

* 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	2.78	3.27	4.23	4.13	3.64
EUR	0.50	0.59	0.99	2.19	2.41	2.44
GBP	1.75	2.15	2.68	4.05	4.27	3.90

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

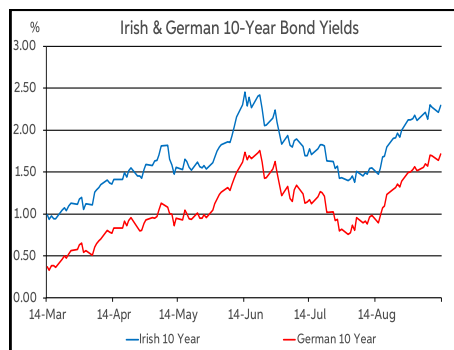
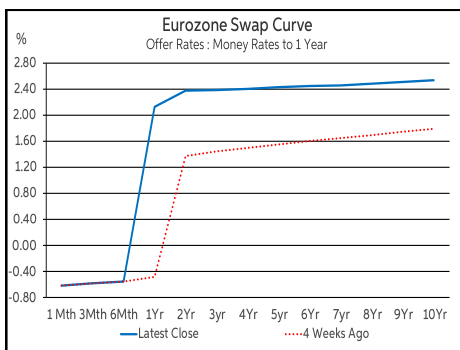
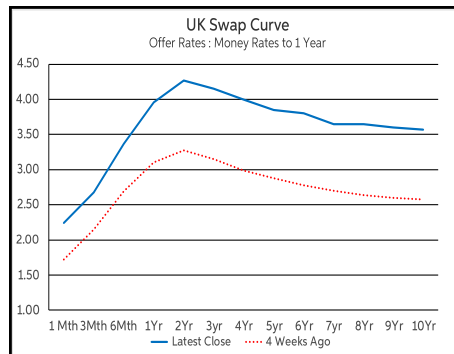
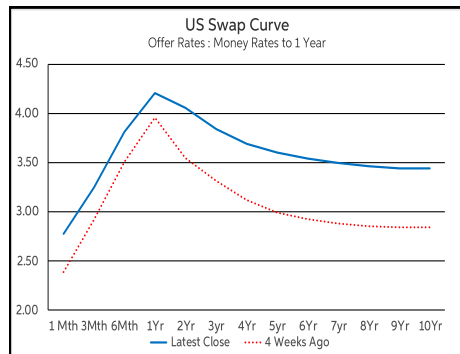
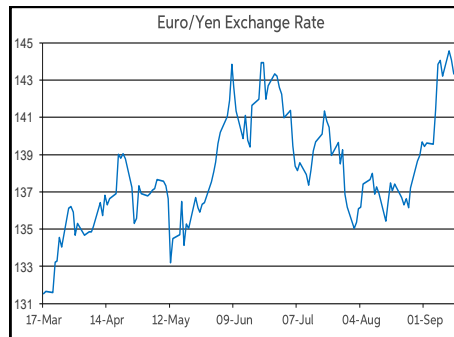
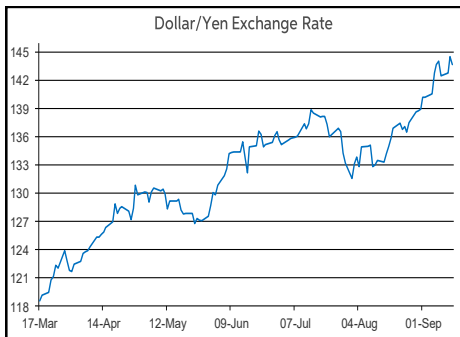
CONTACTS		
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Opening Levels

Wednesday 14 September 2022
07:26 am



Euro		Sterling		Dollar	
EUR/GBP	0.8674	GBP/EUR	1.1523	USD/JPY	143.68
EUR/USD	0.9976	GBP/USD	1.1496	USD/CAD	1.318
EUR/JPY	143.34	GBP/CAD	1.5155	USD/CHF	0.9618
EUR/SEK	10.659	GBP/NZD	1.9187	USD/CNY	6.9627
EUR/DKK	7.4364	GBP/JPY	165.17	USD/BRL	5.1903
EUR/NOK	10.1065	GBP/SEK	12.293	USD/RUB	60
EUR/CHF	0.9594	GBP/DKK	8.5692	USD/INR	79.5775
EUR/AUD	1.485	GBP/NOK	11.6564	AUD/USD	0.6717
EUR/HKD	7.8301	GBP/CHF	1.106	NZD/USD	0.599
EUR/CAD	1.3148	GBP/AUD	1.7115		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 21
10 Year Yield %				
US	3.41	+5	+60	+190
Germany	1.72	+8	+75	+190
UK	3.17	+9	+105	+220
Ireland	2.33	+8	+75	+209
Belgium	2.34	+5	+76	+216
France	2.29	+7	+75	+210
Italy	3.99	+4	+86	+281
Spain	2.86	+6	+77	+227
Portugal	2.77	+6	+77	+229
Greece	4.23	+1	+90	+291
5 Year Swap %				
US	3.60	+12	+65	+227
Eurozone	2.43	+11	+89	+242
UK	3.85	+7	+97	+257
2 Year Swap %				
US	4.06	+18	+55	+311
Eurozone	2.38	+12	+101	+268
UK	4.27	+14	+100	+308
10 Year Government Bond Spreads to Benchmark bps				
Ireland	61	+0	+1	+18
Belgium	62	-3	+1	+26
France	57	-1	+1	+19
Italy	227	-4	+11	+90
Spain	114	-2	+2	+37
Portugal	105	-2	+3	+39
Greece	250	-7	+15	+101

Commodities				
	% Change			
	Close	Day	4 Weeks	End 21
Brent Oil	93.17	-0.88	+0.90	+19.79
West Texas Oil	87.84	-0.39	-1.56	+16.61
Gold \$	1701.6	-1.31	-4.17	-6.94

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