

Fed rate decision after the European close

Stock markets moved lower yesterday, with the Euro Stoxx 50 and the S&P 500 each down by around 1%. Meanwhile, benchmark sovereign bond yields continued to move higher. The 10-year German Bund yield jumped by 15bps to 1.94%, its highest level since January 2014, following very poor German producer price inflation data. The 10-year UK Gilt rose by 16bps, while the US Treasury was 10bps higher.

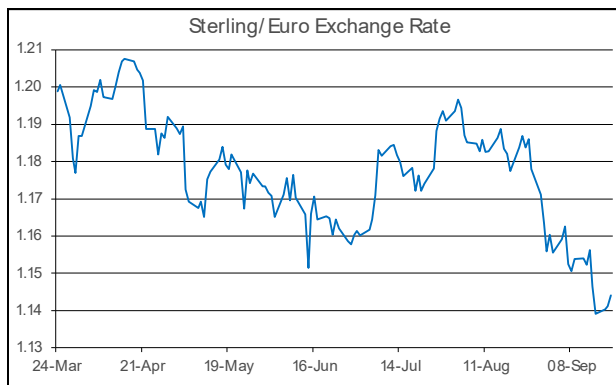
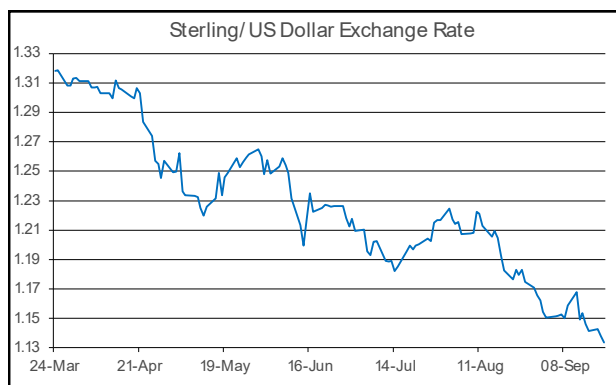
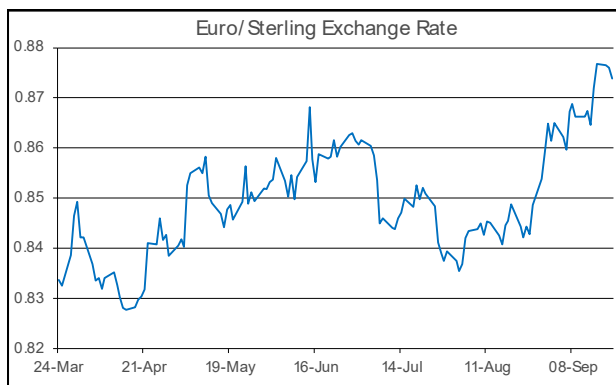
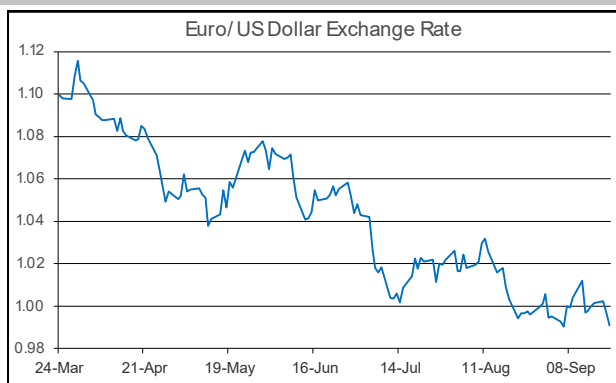
On the currency front, the main pairs remained confined to tight ranges throughout the European session. Overnight though, the dollar firmly regained the ascendancy. Meanwhile, the euro found itself on the defensive. Elsewhere on markets, Brent crude oil fell back to \$90 per barrel amid the risk averse backdrop.

Investor sentiment remained weak yesterday, as markets continued to come to grips with the largest synchronised tightening of monetary policy across the globe in decades. The Riksbank of Sweden hiked its policy rate by 100bps, becoming the second advanced economy central bank to do so in this cycle.

There has been some market chatter recently that the US Fed may also announce a 100bps increase later today. However, a third consecutive 75bps rate hike is more widely anticipated. At the press conference Fed Chair Powell is expected to strike a hawkish tone. The updated interest rate dotplot will also garner close attention for any indication on the future path of rate hikes.

As trading gets underway this morning, EUR/USD opens down at the \$0.99 threshold. Meantime, EUR/GBP is changing hands in the bottom half of the 87-88p trading range. GBP/USD is changing hands back in the lower half of the \$1.13-1.14 corridor.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2021
EUR/ USD	0.9906	-1.15	-12.86
EUR/ GBP	0.8738	-0.34	4.02
GBP/ USD	1.1339	-0.77	-16.19
GBP/ EUR	1.1439	0.34	-3.87
USD/ JPY	143.6	0.21	24.78
EUR/ JPY	142.38	-0.85	8.79

* 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	2.375	3.01	3.57	4.41	4.31	3.79
EUR	1.25	0.69	1.07	2.39	2.66	2.60
GBP	1.75	2.24	2.76	4.25	4.48	4.10

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

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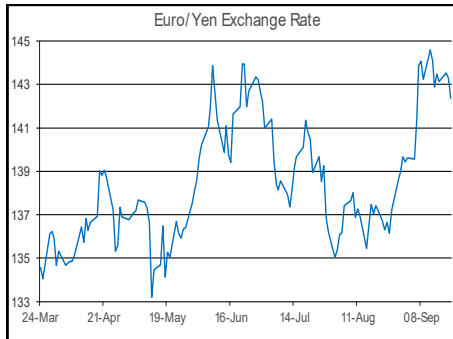
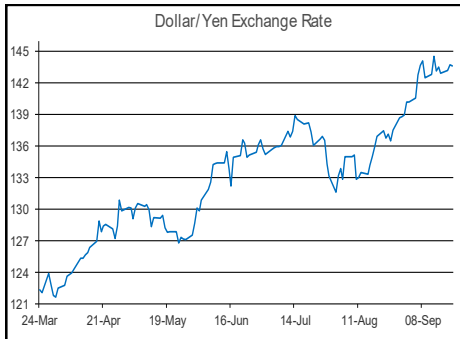
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Opening Levels

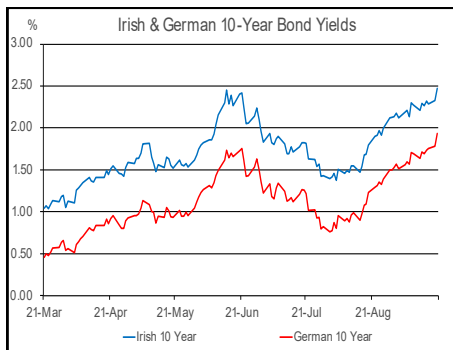
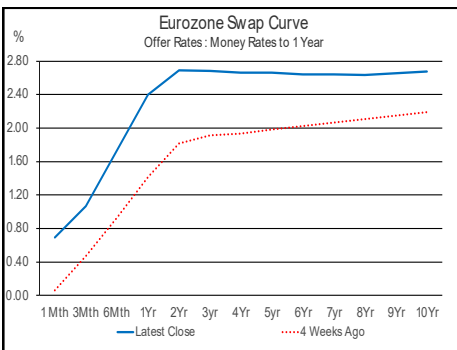
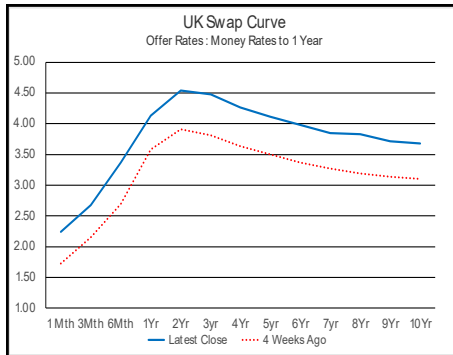
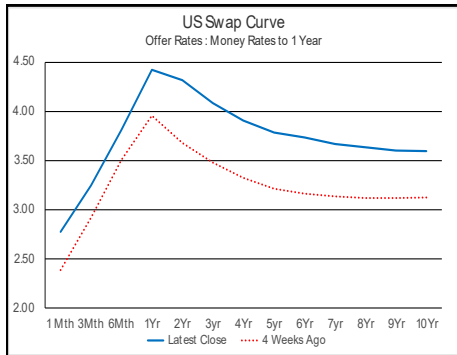
Wednesday 21 September 2022
07:34 am



Euro		Sterling		Dollar	
EUR/GBP	0.8738	GBP/EUR	1.1439	USD/JPY	143.6
EUR/USD	0.9906	GBP/USD	1.1339	USD/CAD	1.338
EUR/JPY	142.38	GBP/CAD	1.5173	USD/CHF	0.964
EUR/SEK	10.8686	GBP/NZD	1.9285	USD/CNY	7.0502
EUR/DKK	7.4358	GBP/JPY	162.83	USD/BRL	5.1425
EUR/NOK	10.2777	GBP/SEK	12.435	USD/RUB	61.7
EUR/CHF	0.9551	GBP/DKK	8.5055	USD/INR	79.928
EUR/AUD	1.4873	GBP/NOK	11.7638	AUD/USD	0.6663
EUR/HKD	7.7793	GBP/CHF	1.0927	NZD/USD	0.5882
EUR/CAD	1.3261	GBP/AUD	1.7014		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 21
10 Year Yield %				
US	3.57	+7	+51	+206
Germany	1.94	+15	+62	+212
UK	3.29	+16	+71	+232
Ireland	2.52	+14	+57	+227
Belgium	2.53	+14	+59	+235
France	2.49	+14	+58	+230
Italy	4.19	+13	+55	+301
Spain	3.08	+13	+58	+249
Portugal	2.99	+14	+57	+251
Greece	4.48	+2	+54	+317
5 Year Swap %				
US	3.78	+5	+61	+245
Eurozone	2.66	+13	+69	+265
UK	4.12	+22	+62	+284
2 Year Swap %				
US	4.32	+4	+68	+337
Eurozone	2.69	+10	+89	+299
UK	4.54	+22	+64	+335
10 Year Government Bond Spreads to Benchmark bps				
Ireland	58	-0	-4	+15
Belgium	59	-1	-3	+23
France	55	-1	-4	+18
Italy	225	-2	-7	+89
Spain	114	-2	-4	+37
Portugal	105	-1	-5	+39
Greece	254	-13	-8	+105



Commodities				
	Close	% Change		
		Day	4 Weeks	End 21
Brent Oil	90.62	-1.50	-9.58	+16.51
West Texas Oil	84.69	-1.69	-12.20	+12.43
Gold \$	1663.1	-0.76	-4.84	-9.04

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