

Fed in focus today

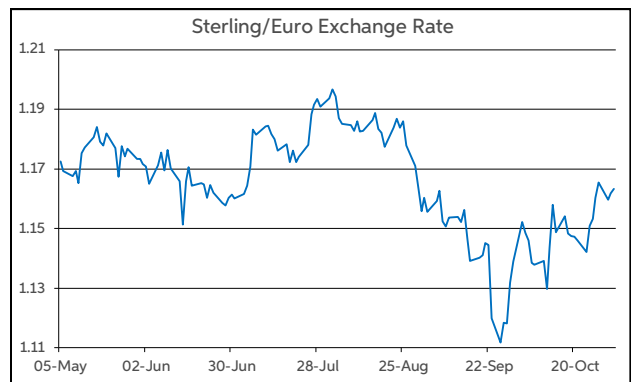
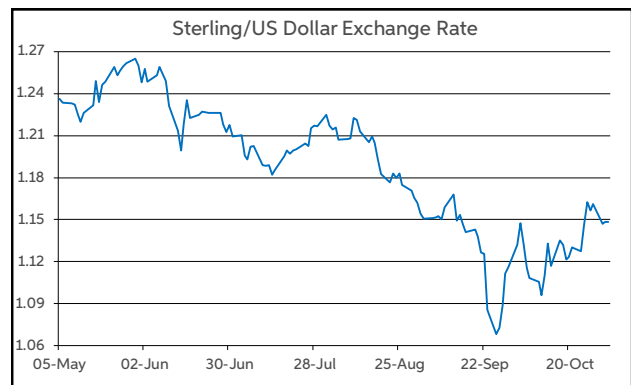
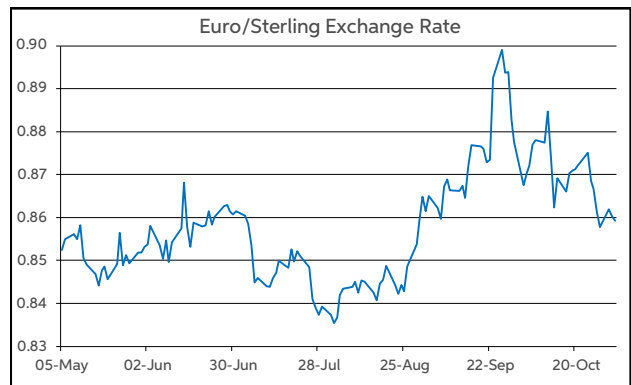
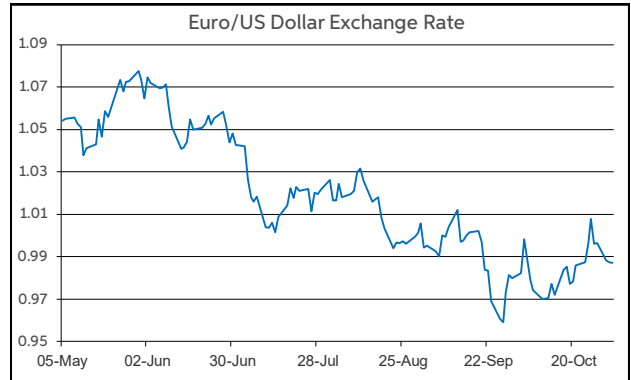
The first trading day of November got off to a mixed start from a risk appetite perspective yesterday. There was a quiet Eurozone data diary, due to a public holiday in a lot of countries. However, all the main European bourses were open, with the Euro Stoxx 50 managing to register a 0.9% gain on the day. The mood on Wall Street was more cautious. The S&P 500 was 0.4% lower at the closing bell last night.

Data-wise, the main US releases of note yesterday printed ahead of expectations. The manufacturing ISM for October fell to 50.2, from 50.9 but was modestly better than forecast (50.0). Some of the underlying data in the survey, including in relation to new orders and employment were encouraging. Job openings data for September also registered a higher than expected result.

Currency-wise, the dollar was holding the upper hand against sterling and the euro, aided in part by the US macro newsflow. This is reflected in EUR/USD opening this morning below the \$0.99 threshold. At the same time, GBP/USD has been unable to hold its ground above \$1.15. Meanwhile, the action in EUR/GBP has been very muted over the past 24 hours, with the pair changing hands in a narrow range in and around the 86p handle. Elsewhere, the yen has made some gains in the aftermath of the BoJ minutes.

Ahead today, there is event risk for the dollar with the market spotlight on the Fed policy announcement (after European close). The central bank is expected to hike rates by 75ps, for a fourth consecutive meeting. A key focal point will be Chair Powell's press conference. The market will be looking for signals of a shift to smaller sized rate hikes going forward. Market pricing currently sees US rates peaking at 4.75-5.00% in 2023.

John Fahey, Senior Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2021
EUR/USD	0.9873	-0.50	-13.15
EUR/GBP	0.8593	-0.21	2.30
GBP/USD	1.1486	-0.31	-15.10
GBP/EUR	1.1631	0.21	-2.25
USD/JPY	147.29	-0.54	27.99
EUR/JPY	145.48	-1.03	11.16

* 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	3.84	4.46	5.10	4.89	4.32
EUR	1.25	1.25	1.70	2.68	2.90	2.93
GBP	2.25	2.89	3.36	4.51	4.70	4.45

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

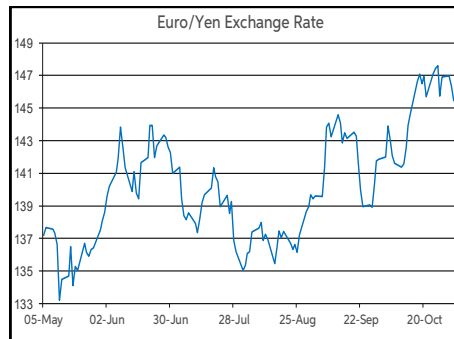
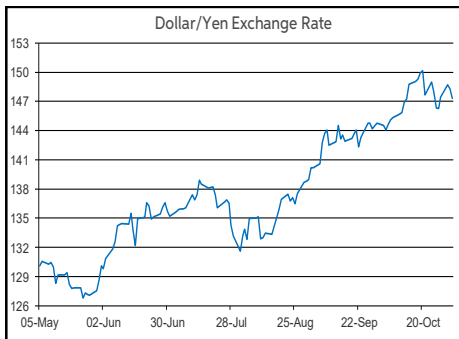
FX Spot	Karl Cooke Shane Gargan Ian Burke	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
---------	---	------------	------------	------------------	---------------------------	-----------------	-----------------------------------

Opening Levels

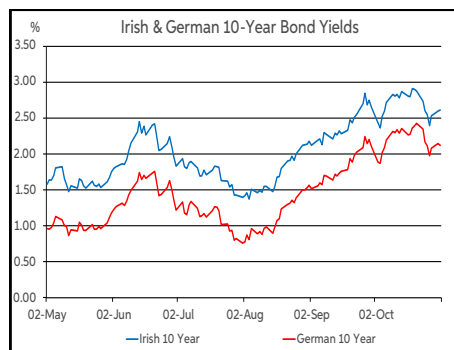
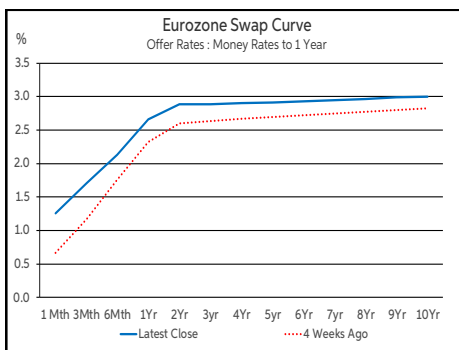
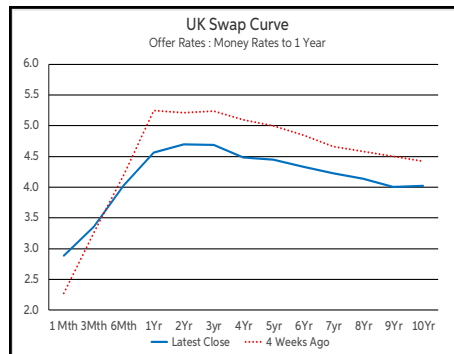
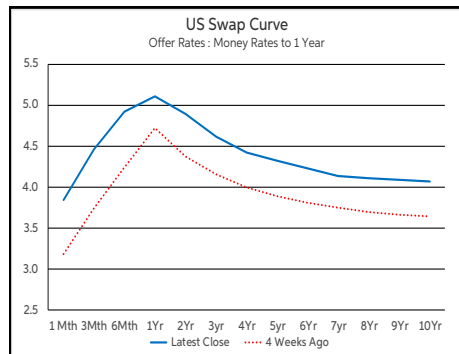
Wednesday 02 November 2022
07:24 am



Euro		Sterling		Dollar	
EUR/GBP	0.8593	GBP/EUR	1.1631	USD/JPY	147.29
EUR/USD	0.9873	GBP/USD	1.1486	USD/CAD	1.361
EUR/JPY	145.48	GBP/CAD	1.5632	USD/CHF	0.9993
EUR/SEK	10.88	GBP/NZD	1.9587	USD/CNY	7.2789
EUR/DKK	7.4425	GBP/JPY	169.18	USD/BRL	5.1432
EUR/NOK	10.201	GBP/SEK	12.6577	USD/RUB	61.55
EUR/CHF	0.9869	GBP/DKK	8.6585	USD/INR	82.785
EUR/AUD	1.5412	GBP/NOK	11.8633		
EUR/HKD	7.7499	GBP/CHF	1.148	AUD/USD	0.6404
EUR/CAD	1.3435	GBP/AUD	1.7932	NZD/USD	0.5862



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 21
10 Year Yield %				
US	4.05	-0	+41	+254
Germany	2.12	-3	+24	+230
UK	3.46	-7	-40	+249
Ireland				
Ireland	2.64	+2	+20	+239
Belgium	2.73	-1	+20	+256
France	2.67	-1	+20	+248
Italy	4.27	-3	+9	+309
Spain	3.22	-4	+16	+262
Portugal	3.14	-3	+19	+265
Greece	4.58	-1	-6	+326
5 Year Swap %				
US	4.32	+7	+47	+299
Eurozone	2.92	-1	+23	+291
UK	4.45	-3	-55	+317
2 Year Swap %				
US	4.90	+8	+56	+395
Eurozone	2.89	+2	+29	+319
UK	4.69	-8	-51	+350
10 Year Government Bond Spreads to Benchmark bps				
Ireland	52	+4	-4	+9
Belgium	61	+1	-4	+25
France	55	+1	-5	+18
Italy	215	-1	-16	+78
Spain	109	-1	-8	+32
Portugal	101	-0	-5	+35
Greece	245	+1	-31	+96



Commodities				
	% Change			
	Close	Day	4 Weeks	End 21
Brent Oil	94.65	-0.19	+3.10	+21.69
West Texas Oil	88.36	+2.10	+1.72	+17.30
Gold \$	1647.5	+0.88	-4.56	-9.89

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.