

## EUR/USD opens below \$1.05

There was a generally cautious mood on markets yesterday. Having initially moved higher, the Euro Stoxx 50 declined by 0.9%. On Wall Street, the S&P 500 recovered late on to finish flat for the day. A sharp move higher in bond yields and hawkish remarks from Fed official Bowman weighed on sentiment.

In terms of fixed income, medium to long term yields rose in the US, Eurozone and UK. Most notably, the 10-year US Treasury yield climbed back to 4.68%, matching the 16-year high it peaked at last week. Elsewhere, Brent crude oil slipped back below \$91 per barrel.

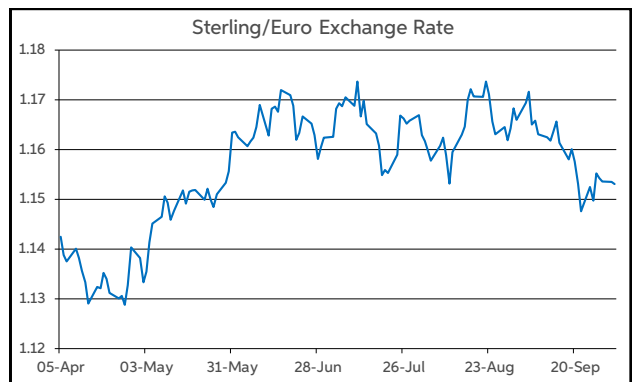
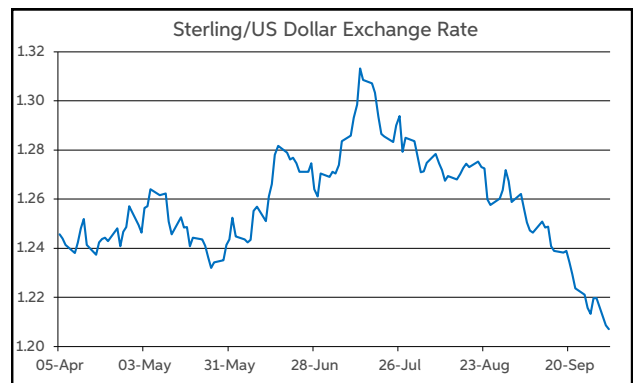
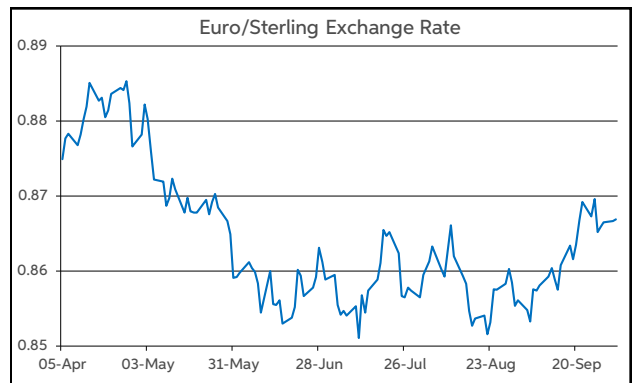
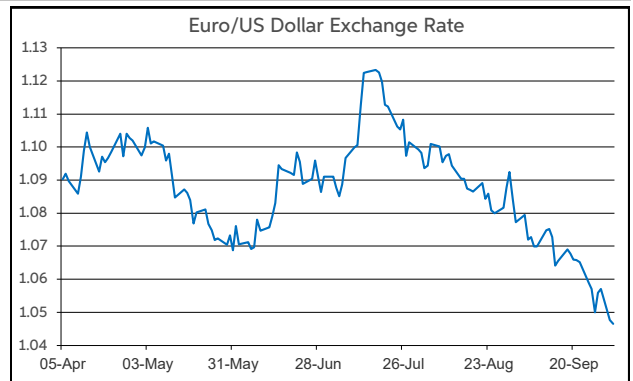
Data-wise, the US manufacturing ISM stayed in contraction mode, but printed ahead of expectations for September. It rose to 49.0, (vs. 47.8 f'cast), its highest level since last November. Meantime, the Eurozone unemployment rate edged down to 6.4% in August.

On the currency front, the dollar was firmly in the ascendancy. The greenback was supported by the weak tone to risk appetite, and the hawkish Fed rhetoric. The rise in Treasury yields and the better than anticipated US data also helped the dollar. Overall, the US currency gained circa 1% against sterling and the euro. USD/JPY registered a fresh YTD high of ¥149.9 also.

As trading gets underway this morning, EUR/USD opens down at \$1.046, its lowest level since last December. Meantime, GBP/USD is back below the \$1.21 threshold. EUR/GBP remains between 86-87p. USD/JPY continues to trade in the top half of ¥149-150.

Today, the main release will be US job openings data for August. The forecast is for a small decline in the number of open positions. Comments from ECB Chief Economist Lane will also be of interest.

**Daniel Noonan, Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2022
EUR/USD	1.0465	-0.97	-2.21
EUR/GBP	0.8667	-0.03	-2.00
GBP/USD	1.2072	-0.93	-0.21
GBP/EUR	1.1531	0.03	2.04
USD/JPY	149.78	0.04	14.24
EUR/JPY	156.76	-0.94	11.73

\* 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	5.62	5.33	4.78
EUR	4.50	3.85	3.95	4.14	3.82	3.46
GBP	5.25	5.19	5.29	5.44	5.39	4.92

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

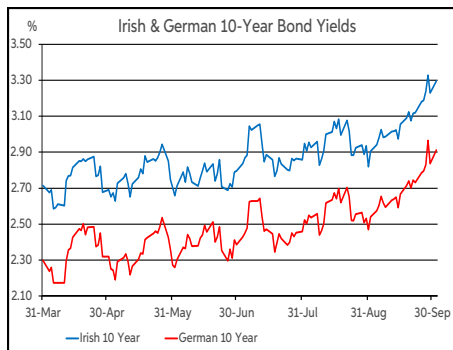
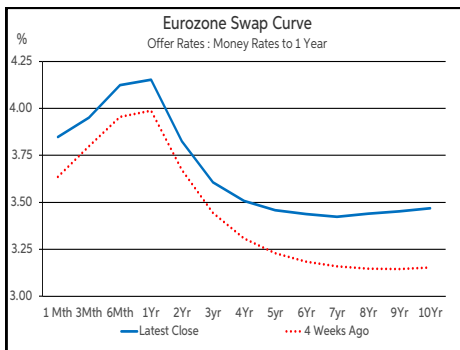
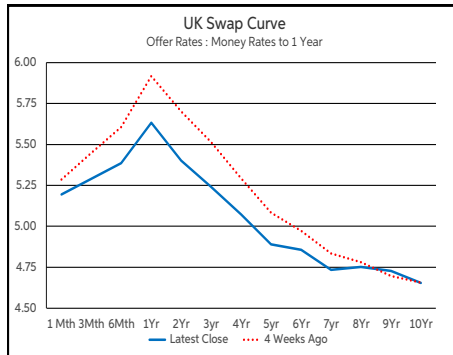
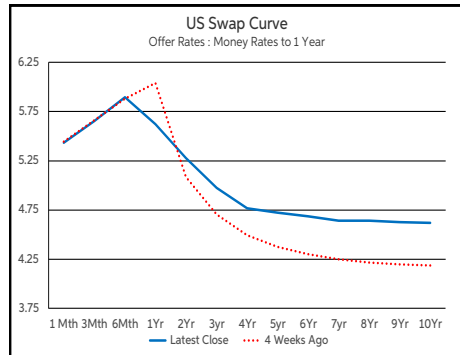
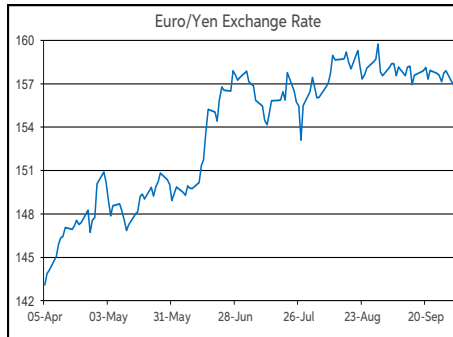
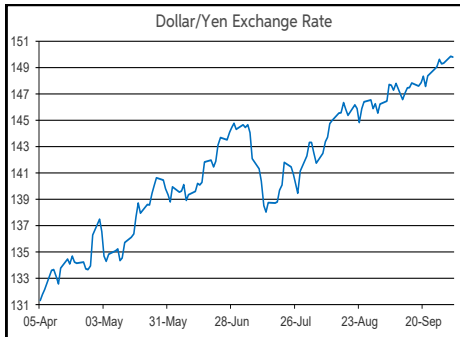
FX Spot	Karl Cooke Shane Gargan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
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# Opening Levels

Tuesday 03 October 2023  
07:34 am



Euro		Sterling		Dollar	
EUR/GBP	0.8667	GBP/EUR	1.1531	USD/JPY	149.78
EUR/USD	1.0465	GBP/USD	1.2072	USD/CAD	1.3699
EUR/JPY	156.76	GBP/CAD	1.6539	USD/CHF	0.9203
EUR/SEK	11.5779	GBP/NZD	2.0417	USD/CNY	7.301
EUR/DKK	7.4585	GBP/JPY	180.81	USD/BRL	5.0632
EUR/NOK	11.3815	GBP/SEK	13.3538	USD/RUB	98.55
EUR/CHF	0.9633	GBP/DKK	8.6028	USD/INR	83.17
EUR/AUD	1.6571	GBP/NOK	13.1277	AUD/USD	0.6315
EUR/HKD	8.1957	GBP/CHF	1.1112	NZD/USD	0.5909
EUR/CAD	1.4338	GBP/AUD	1.9113		



Debt Markets				
	Close	Day	4 Weeks	End 22
<b>10 Year Yield %</b>				
US	4.68	+11	+50	+81
Germany	2.91	+7	+34	+35
UK	4.57	+12	+10	+90
<b>5 Year Swap %</b>				
US	4.72	+9	+39	+73
Eurozone	3.46	+6	+24	+23
UK	4.89	+1	-14	+59
<b>2 Year Swap %</b>				
US	5.28	+5	+23	+60
Eurozone	3.83	+2	+16	+44
UK	5.40	+4	-29	+72
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	42	+0	+3	-16
Belgium	66	-1	+5	+2
France	57	-1	+4	+2
Italy	190	-6	+19	-24
Spain	109	-2	+5	-0
Portugal	74	-1	+1	-30
Greece	148	-4	+12	-55

Commodities				
	Close	Day	4 Weeks	End 22
Brent Oil	90.71	-4.83	+1.92	+5.59
West Texas Oil	88.81	-2.16	+3.85	+10.79
Gold \$	1827.4	-1.13	-5.72	+0.16

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