

Sterling recovery continues

There was a positive tone to investor sentiment yesterday as we entered the final quarter of 2022. Having initially been on the back-foot, the Euro Stoxx 50 finished the day up 0.7%. On Wall Street, the S&P 500 jumped by 2.6% Meanwhile, oil prices rose by over 1%, ahead of a crucial OPEC+ meeting later this week.

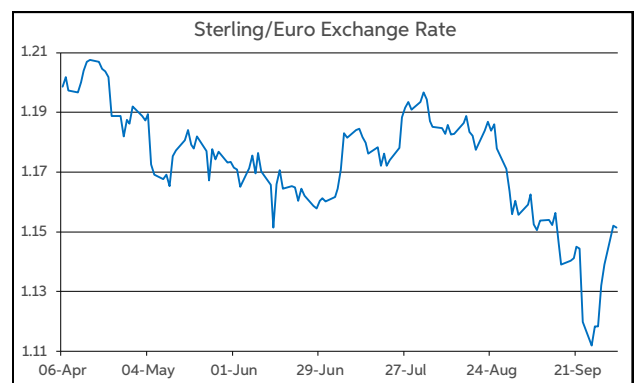
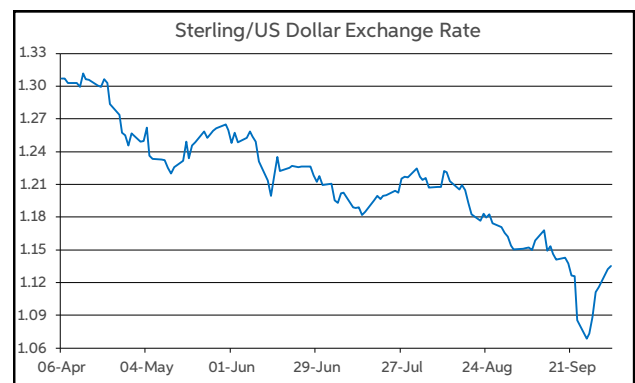
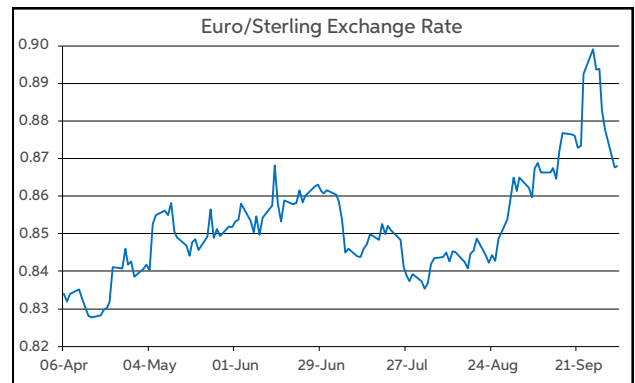
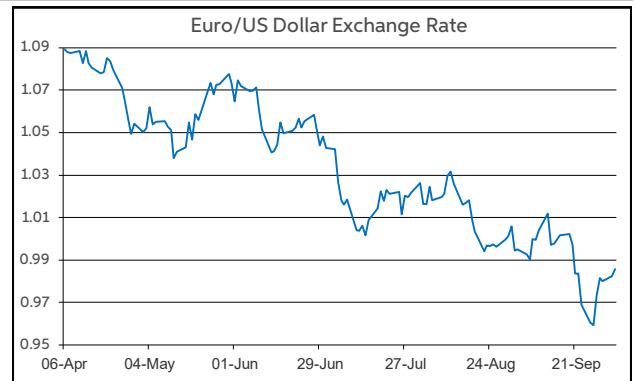
On bond markets, benchmark sovereign bond yields fell across the board. The move lower in bond yields followed a reduction in market rate expectations, with the peak in US, UK and Eurozone rates now more than 25bps lower than it was last week. US and Eurozone yields fell by circa 10-20bps along the curve. UK Gilts declined by 15-25bps, supported by the UK Government announcing it will not proceed with abolishing the top rate of income tax, as had been outlined in the mini-Budget.

Currency-wise, sterling continued to move higher versus the euro and the dollar. Meanwhile, the dollar, which had been in the ascendancy early in the day, handed back its gains before the close. The move lower in the greenback coincided with the manufacturing ISM falling to its lowest level since may 2020, at 50.9 in September (vs. 52.5 f'cast).

As trading gets underway this morning, the firmer tone to sterling is evidenced by EUR/GBP opening back below the 87p handle. GBP/USD is operating up at the midpoint of the \$1.13-1.14 range, having started the week between \$1.12-1.13. EUR/USD is changing hands at the halfway mark of the \$0.98-0.99 corridor.

Turning to the day ahead, there is a sparse data schedule on both sides of the Atlantic. However, comments from a number of Fed officials and ECB president Lagarde will garner close attention.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2021
EUR/USD	0.9856	0.75	-13.30
EUR/GBP	0.8678	-1.62	3.31
GBP/USD	1.1354	2.35	-16.08
GBP/EUR	1.1518	1.65	-3.20
USD/JPY	144.82	-0.08	25.84
EUR/JPY	142.74	0.64	9.07

* 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	3.14	3.75	4.43	4.35	3.90
EUR	1.25	0.68	1.17	2.32	2.66	2.76
GBP	2.25	2.29	3.34	5.25	5.34	5.11

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

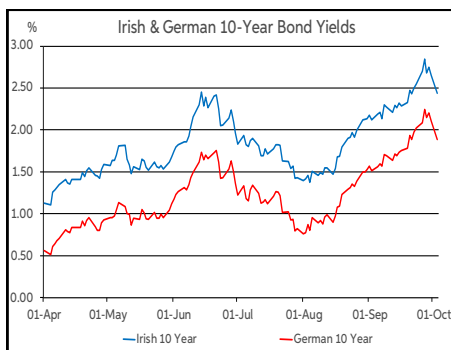
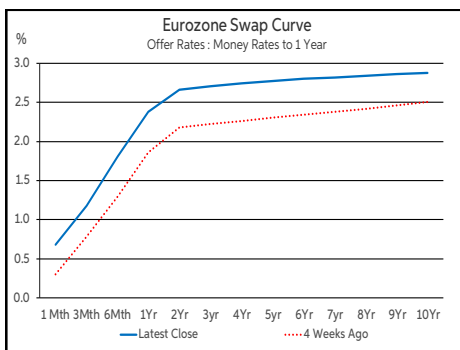
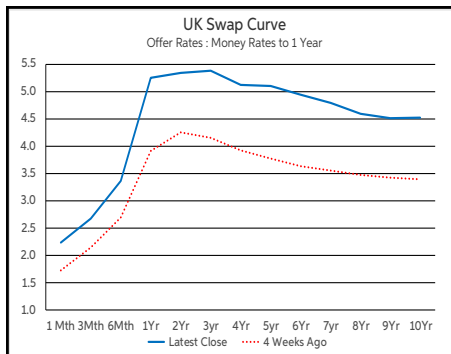
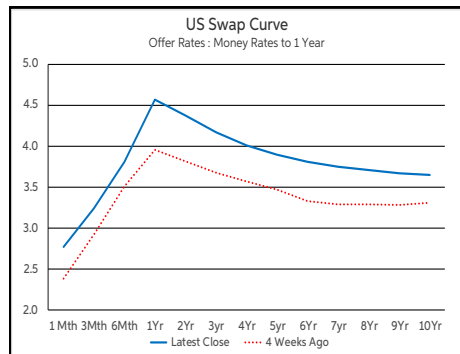
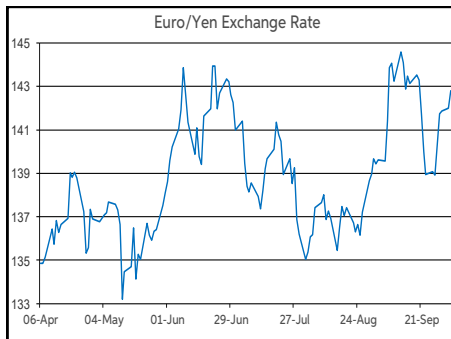
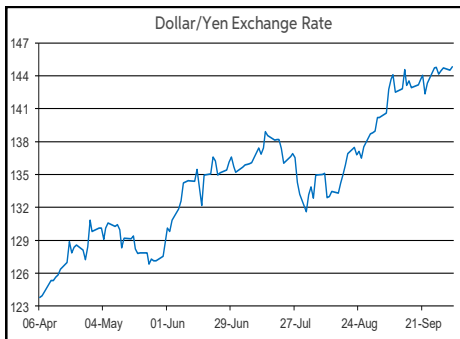
FX Spot	Karl Cooke Shane Gargan Ian Burke	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
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Opening Levels

Tuesday 04 October 2022
07:22 am



Euro		Sterling		Dollar	
EUR/GBP	0.8678	GBP/EUR	1.1518	USD/JPY	144.82
EUR/USD	0.9856	GBP/USD	1.1354	USD/CAD	1.3598
EUR/JPY	142.74	GBP/CAD	1.5441	USD/CHF	0.9907
EUR/SEK	10.8066	GBP/NZD	1.9857	USD/CNY	7.1135
EUR/DKK	7.4364	GBP/JPY	164.43	USD/BRL	5.1646
EUR/NOK	10.4483	GBP/SEK	12.4482	USD/RUB	58.5
EUR/CHF	0.9762	GBP/DKK	8.5658	USD/INR	81.4225
EUR/AUD	1.5146	GBP/NOK	12.0375		
EUR/HKD	7.7373	GBP/CHF	1.1248	AUD/USD	0.6505
EUR/CAD	1.3402	GBP/AUD	1.7449	NZD/USD	0.5716



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 21
10 Year Yield %				
US	3.64	-19	+45	+213
Germany	1.89	-22	+33	+207
UK	3.95	-15	+101	+297
5 Year Swap %				
Ireland	2.49	-22	+26	+224
Belgium	2.55	-22	+31	+237
France	2.49	-23	+31	+230
Italy	4.21	-30	+27	+302
Spain	3.07	-23	+29	+247
Portugal	2.96	-23	+28	+247
Greece	4.84	+1	+56	+353
2 Year Swap %				
US	3.89	-20	+46	+256
Eurozone	2.78	-19	+48	+276
UK	5.10	-22	+138	+383
10 Year Government Bond Spreads to Benchmark bps				
Ireland	59	-0	-7	+17
Belgium	65	-1	-2	+30
France	60	-1	-2	+23
Italy	231	-9	-6	+95
Spain	118	-2	-3	+40
Portugal	106	-1	-5	+40
Greece	295	+23	+23	+146

Commodities				
	% Change			
	Close	Day	4 Weeks	End 21
Brent Oil	88.86	+1.02	-7.19	+14.25
West Texas Oil	84.05	+5.18	-3.71	+11.58
Gold \$	1699.2	+2.38	-0.64	-7.06

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