

Dollar loses ground on softer rates view

Investor sentiment continued to hold a positive tone on financial markets yesterday. The Euro Stoxx 50 surged 4.3% higher, its largest daily rise since March. On Wall Street, the S&P 500 gained 3%. Meanwhile, on bond markets, US Treasury and German Bund yields were little changed, having fallen sharply the day previous. Elsewhere, short-dated gilts fell by circa 10bps as the market continued to pare back its interest rate expectations in the UK for 2023. However long-dated gilt yields climbed by 15bps.

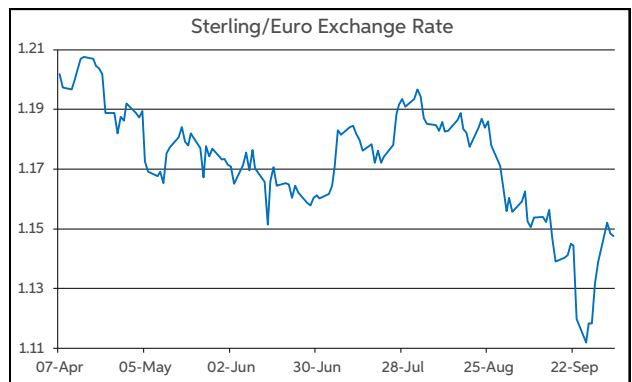
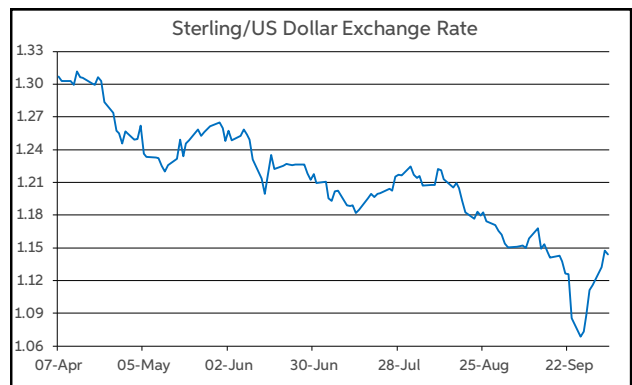
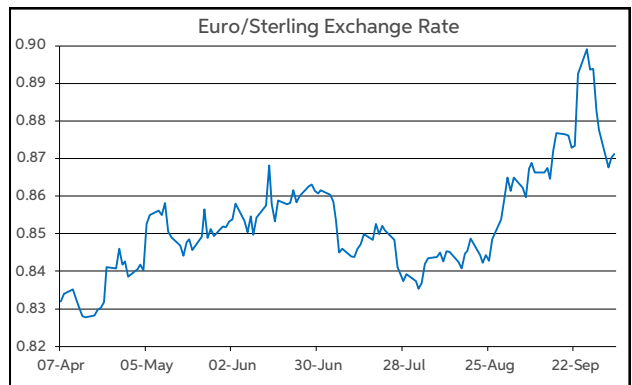
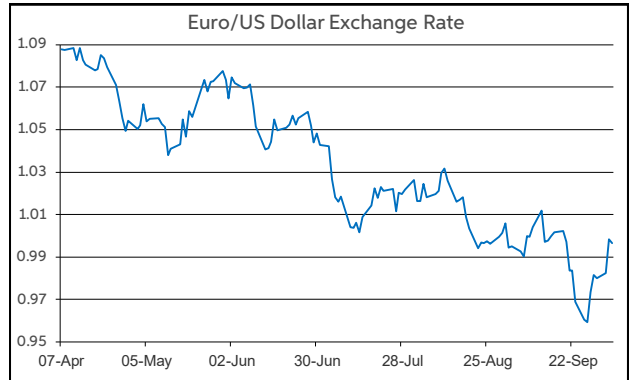
On the currency front, the dollar remained on the back-foot. Meantime, the euro moved higher across the board. The single currency registered gains of 1.4% versus the dollar and 0.3% against sterling.

The positive tone to risk appetite, stemming from the view that the Fed may pivot away from tightening policy as aggressively as it has outlined, appears to be weighing on the dollar. Weaker than anticipated job openings data, which showed that vacancies fell by 1m in August added fresh impetus to this believe. On Monday, we did see one central bank, the RBA slow the pace of rate hikes. However, hawkish comments from Fed official Daly, stating that the Fed needs to deliver further rate hikes, run counter to the argument that the Fed may not deliver as many hikes as signalled.

In level terms, EUR/USD opens up in the top half of \$0.99-1.00. EUR/GBP is operating above the 87p mark. Cable (GBP/USD) is changing hands near the midpoint of the \$1.14-1.15 range.

Today, the only release of note will be the US non-manufacturing ISM for September. Meanwhile, a meeting of OPEC+ will garner close attention, with reports the bloc may cut oil production.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2021
EUR/USD	0.9969	1.40	-12.31
EUR/GBP	0.8711	0.31	3.70
GBP/USD	1.1441	1.08	-15.43
GBP/EUR	1.1472	-0.31	-3.57
USD/JPY	144.15	-0.44	25.26
EUR/JPY	143.72	0.95	9.82

* 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	3.17	3.75	4.48	4.38	3.88
EUR	1.25	0.67	1.19	2.28	2.57	2.69
GBP	2.25	2.24	3.33	4.96	5.21	5.00

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

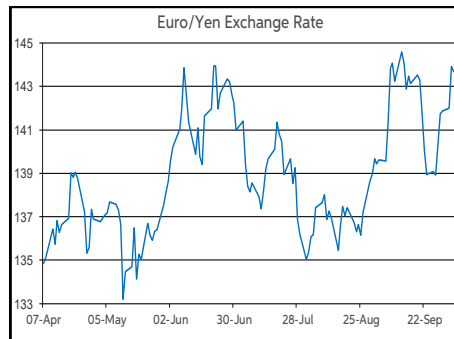
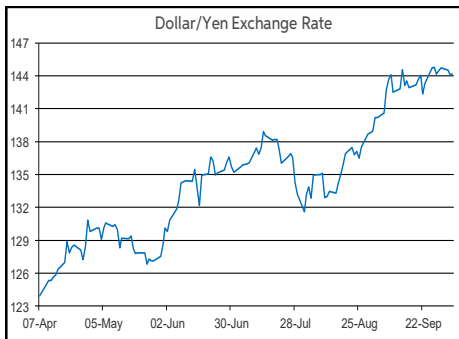
FX Spot	Karl Cooke Shane Gargan Ian Burke	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
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Opening Levels

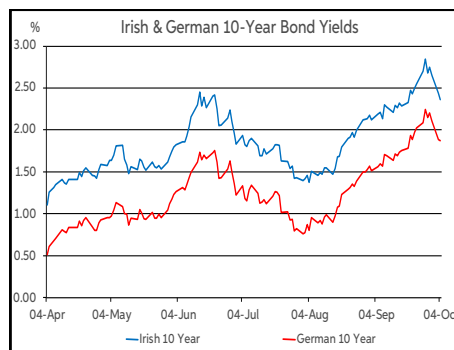
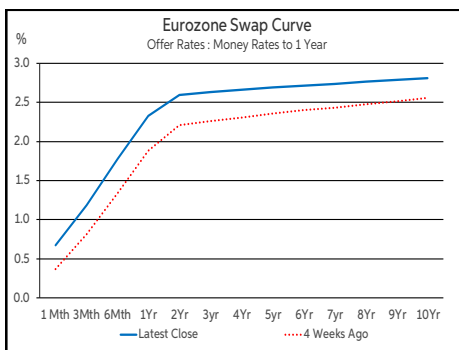
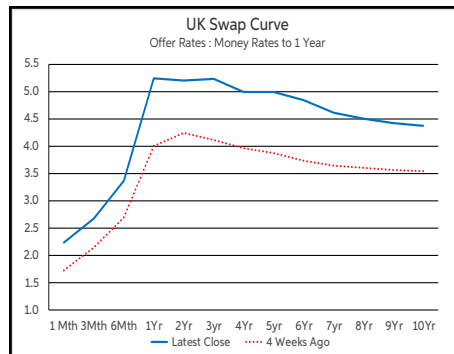
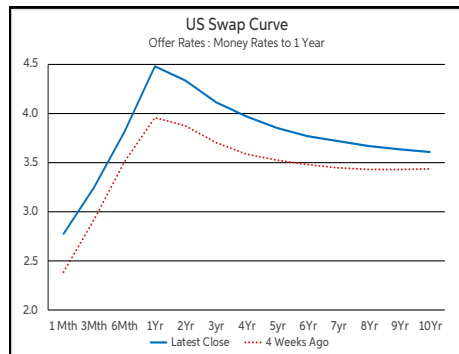
Wednesday 05 October 2022
07:24 am



Euro		Sterling		Dollar	
EUR/GBP	0.8712	GBP/EUR	1.1472	USD/JPY	144.15
EUR/USD	0.9969	GBP/USD	1.1441	USD/CAD	1.3515
EUR/JPY	143.74	GBP/CAD	1.5466	USD/CHF	0.9808
EUR/SEK	10.8291	GBP/NZD	1.9861	USD/CNY	7.1135
EUR/DKK	7.4376	GBP/JPY	164.92	USD/BRL	5.1768
EUR/NOK	10.4311	GBP/SEK	12.4234	USD/RUB	58.1
EUR/CHF	0.9778	GBP/DKK	8.5343	USD/INR	81.363
EUR/AUD	1.5324	GBP/NOK	11.9682		
EUR/HKD	7.8263	GBP/CHF	1.1224	AUD/USD	0.6505
EUR/CAD	1.3475	GBP/AUD	1.7586	NZD/USD	0.5759



Debt Markets				
	Close	Day	Change bps	
			4 Weeks	End 21
10 Year Yield %				
US	3.63	-1	+28	+212
Germany	1.88	-1	+28	+206
UK	3.86	-9	+76	+288
5 Year Swap %				
US	3.85	-4	+36	+252
Eurozone	2.69	-9	+34	+268
UK	4.99	-11	+113	+372
2 Year Swap %				
US	4.33	-4	+50	+339
Eurozone	2.59	-7	+39	+289
UK	5.20	-14	+97	+401
10 Year Government Bond Spreads to Benchmark bps				
Ireland	56	-4	-11	+13
Belgium	65	+0	-0	+30
France	59	-0	-1	+22
Italy	231	-1	-5	+94
Spain	117	-0	-3	+40
Portugal	106	-0	-3	+40
Greece	276	-19	+19	+126



Commodities				
	% Change			
	Close	Day	4 Weeks	End 21
Brent Oil	91.8	+3.31	-1.11	+18.03
West Texas Oil	86.87	+3.36	-0.55	+15.32
Gold \$	1726.2	+1.59	+1.47	-5.59

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