

Inflation concerns continue to mount

There was a more positive tone to investor sentiment on financial markets yesterday. Having moved lower on Monday, the S&P 500 and the Euro Stoxx 50 gained 1.1% and 1.7% respectively, although, European stocks are off to a bad start this morning. Meanwhile, UK Gilt and US Treasury yields rose by 4-8bps, on mounting inflation concerns. However, Eurozone yields remained confined to more narrow trading ranges.

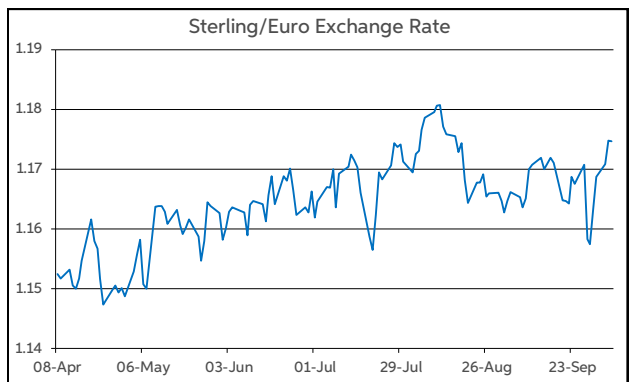
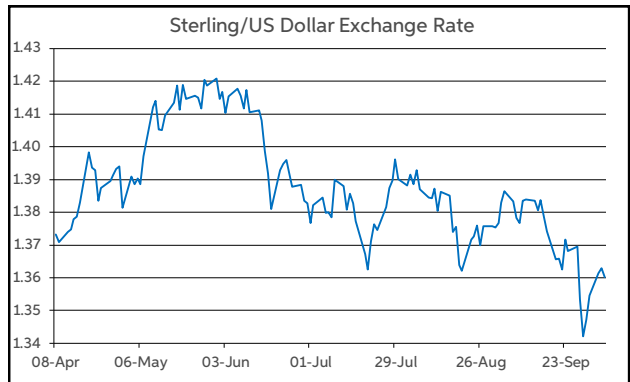
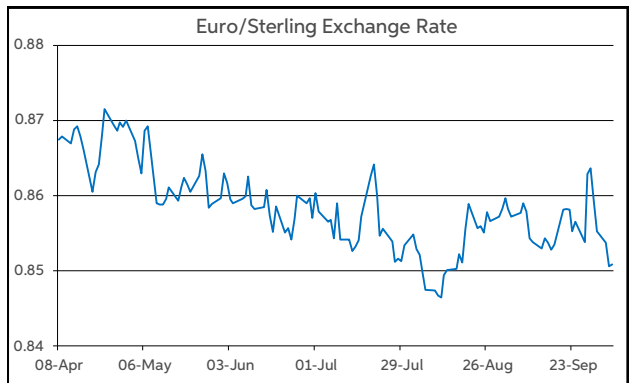
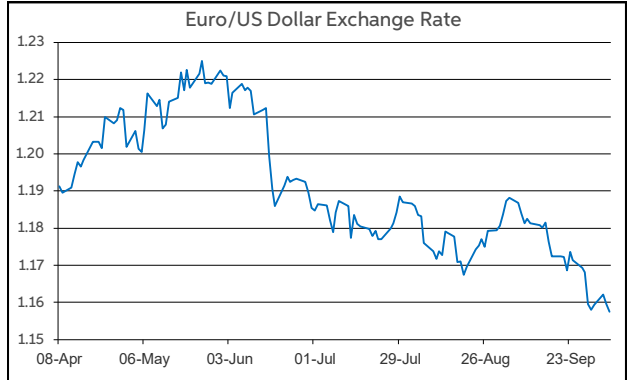
Elsewhere, oil and gas prices continued to rise, as concerns regarding energy supplies remain. Oil rose by 1.6% yesterday, above \$82bbl in the process. On currency markets, there was a slightly firmer tone to sterling on the exchanges yesterday. However, the pounds gains were quite modest, and the currency gave back some ground against the dollar overnight.

Data-wise, the US non-manufacturing ISM beat the consensus (59.9), rising trivially to 61.9 in September from 61.7. Meantime, the services PMI readings were revised slightly higher in the US and the Eurozone, and marginally lower in the UK for September. However, the data had no discernable impact on forex markets.

As trading gets underway this morning EUR/GBP remains in the 85-86p range, and is currently trading down at the 85p handle. Meanwhile, GBP/USD is changing hands at the \$1.36 threshold. EUR/USD is operating below the \$1.16 mark.

Later today, Eurozone retail sales data for August are due. The forecast is for sales to increase by 0.8% in the month, having declined by 2.3% in July. In the US, the latest ADP employment report may garner attention ahead of the non-farm payrolls release on Friday.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2020
EUR/USD	1.1576	-0.15	-5.22
EUR/GBP	0.8509	-0.25	-4.79
GBP/USD	1.3601	0.09	-0.53
GBP/EUR	1.1745	0.25	5.03
USD/JPY	111.69	0.46	8.18
EUR/JPY	129.29	0.29	2.48

* 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	0.125	0.09	0.12	0.16	0.41	1.08
EUR	0.00	-0.56	-0.55	-0.50	-0.42	-0.17
GBP	0.10	0.05	0.08	0.48	0.78	1.08

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

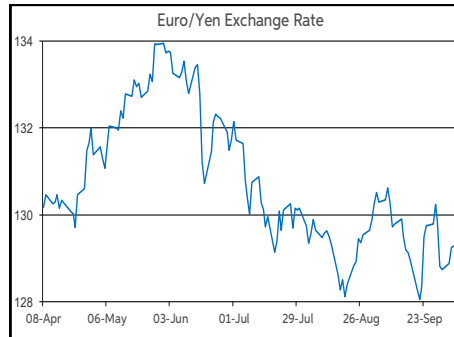
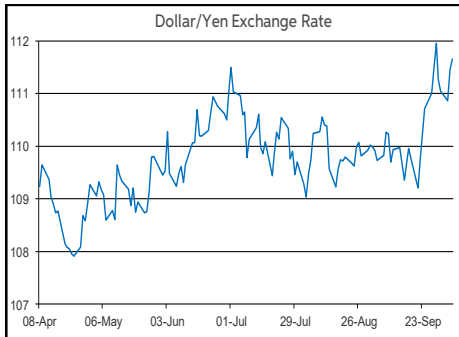
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Opening Levels

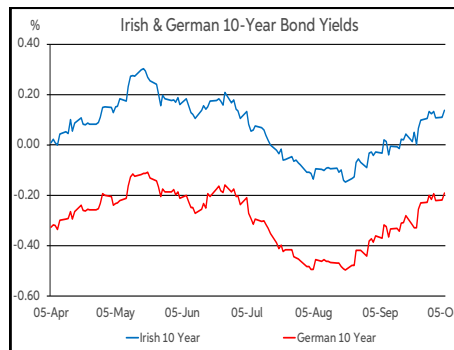
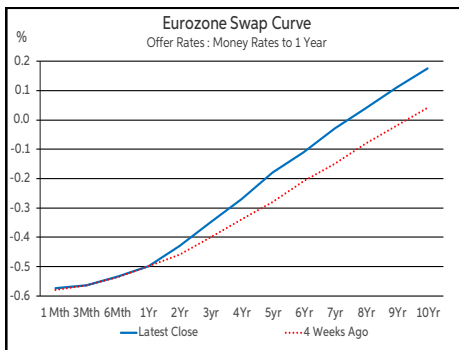
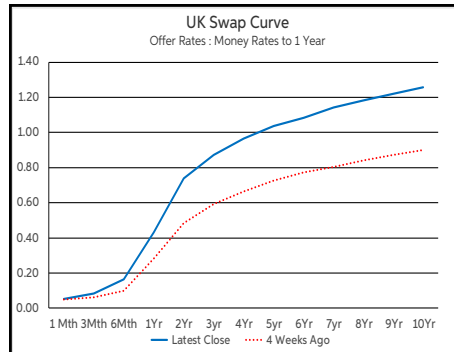
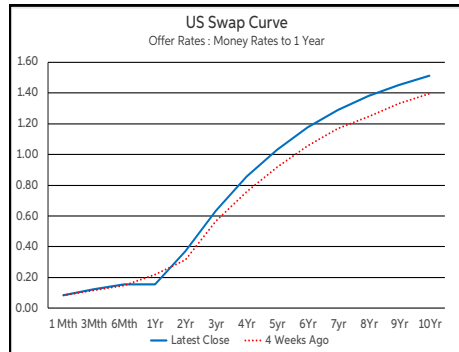
Wednesday 06 October 2021
08:02 am



Euro		Sterling		Dollar	
EUR/GBP	0.8509	GBP/EUR	1.1745	USD/JPY	111.69
EUR/USD	1.1576	GBP/USD	1.3601	USD/CAD	1.261
EUR/JPY	129.29	GBP/CAD	1.7152	USD/CHF	0.9296
EUR/SEK	10.1531	GBP/NZD	1.9663	USD/CNY	6.4452
EUR/DKK	7.4377	GBP/JPY	151.91	USD/BRL	5.4765
EUR/NOK	9.9082	GBP/SEK	11.9255	USD/RUB	72.467
EUR/CHF	1.0761	GBP/DKK	8.7382	USD/INR	74.643
EUR/AUD	1.5963	GBP/NOK	11.6372	AUD/USD	0.725
EUR/HKD	9.0129	GBP/CHF	1.2642	NZD/USD	0.6915
EUR/CAD	1.4597	GBP/AUD	1.8755		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 20
10 Year Yield %				
US	1.53	+5	+15	+61
Germany	-0.19	+3	+13	+39
UK	1.09	+8	+35	+89
5 Year Swap %				
US	1.03	+4	+15	+61
Eurozone	-0.18	+2	+11	+28
UK	1.04	+6	+32	+85
2 Year Swap %				
US	0.37	+1	+9	+18
Eurozone	-0.43	+1	+4	+10
UK	0.74	+5	+27	+71
10 Year Government Bond Spreads to Benchmark bps				
Ireland	39	-0	-1	+12
Belgium	31	-0	-1	+12
France	35	-0	+0	+12
Italy	105	+0	-3	-5
Spain	65	-1	-5	+2
Portugal	55	-0	-3	-8
Greece	105	-2	-15	-16



Commodities				
	% Change			
	Close	Day	4 Weeks	End 20
Brent Oil	82.56	+1.60	+15.16	+59.38
West Texas Oil	79.17	+1.92	+15.59	+63.74
Gold \$	1760.0	-0.54	-1.90	-7.20

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