

## Payrolls disappoint but no major dollar reaction

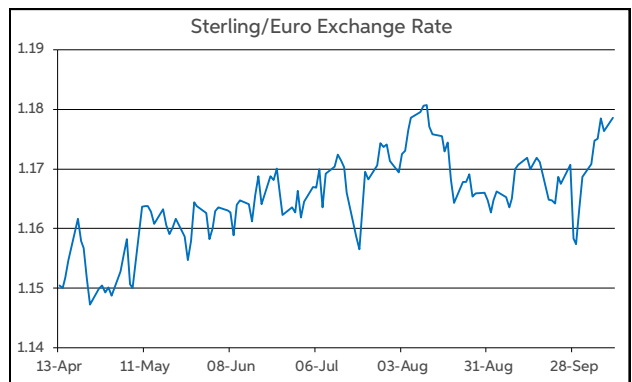
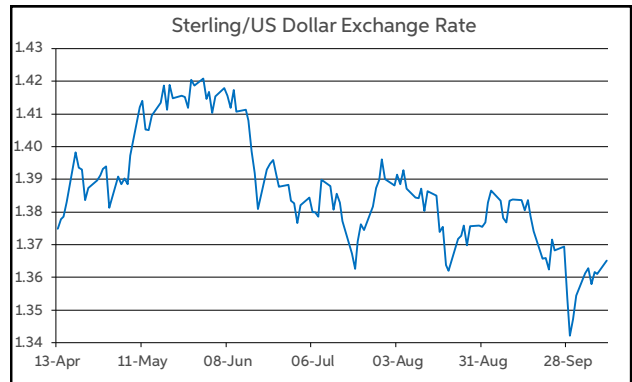
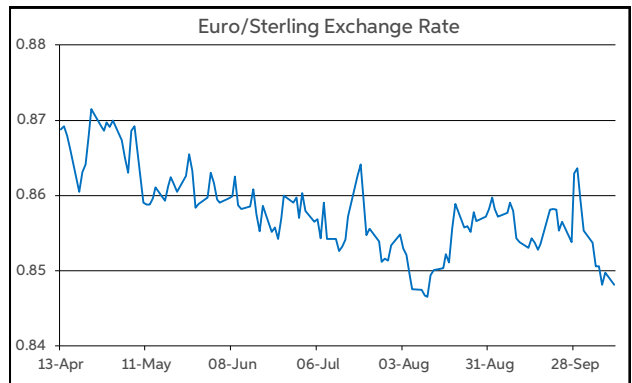
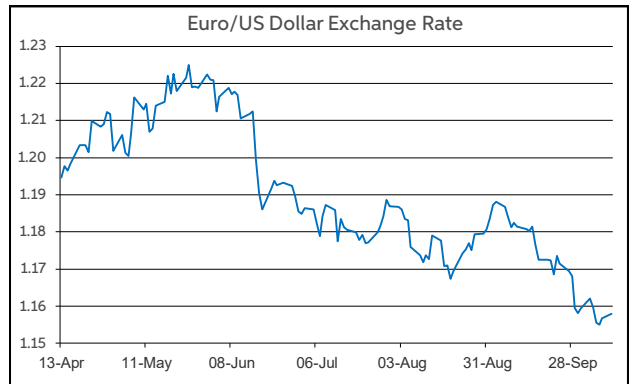
After a poor start, investor sentiment improved over the course of last week. Some positive news in relation to the debt ceiling issue in the US, albeit a temporary solution, helped to support risk appetite. This was reflected in most of the main equity indices registering gains on the week. At the closing bell on Wall Street on Friday, the S&P 500 was around 1% higher over the week.

Data-wise, the main focus was on Friday's batch of US labour market figures for September. The headline payroll number disappointed versus expectations, registering an underwhelming rise of 194k (forecast for 500k). However, on the plus side and in the context of the Fed's deliberations on announcing QE tapering in November, the unemployment rate fell by more than anticipated to 4.8% (vs. f'cast for 5.1%). Overall, the Fed will likely stick to its November timeline. From a currency viewpoint, there was minimal reaction from the dollar to the labour market updates.

Overall, the main FX pairs were within fairly tight ranges over the week. Of the action to register, the euro remained somewhat on the defensive, including EUR/USD trading down at a year-to-date low of \$1.153. At the same time, sterling was holding a firmer tone amid on-going expectations that the BoE could hike rates in early 2022. In terms of the key sterling pairs, EUR/GBP fell below 85p, while GBP/USD regained the \$1.36 level. In overnight action, the yen has weakened with USD/JPY in the upper half of ¥112-113.

For the week ahead, from a euro viewpoint, there are few data highlights. However, there is a busier calendar in the UK for sterling watchers to digest, including GDP and labour market updates for August. Meanwhile, for the dollar, the key noteworthy releases this week are CPI and retail sales figures for September.

**John Fahey, Senior Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2020
EUR/USD	1.1581	0.29	-5.17
EUR/GBP	0.8482	-0.07	-5.09
GBP/USD	1.3652	0.37	-0.15
GBP/EUR	1.1787	0.07	5.36
USD/JPY	112.71	0.71	9.17
EUR/JPY	130.52	0.98	3.46

\* 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	0.08	0.12	0.18	0.47	1.14
EUR	0.00	-0.56	-0.55	-0.49	-0.39	-0.12
GBP	0.10	0.06	0.09	0.54	0.85	1.11

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

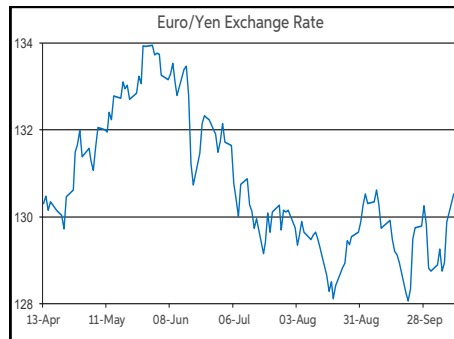
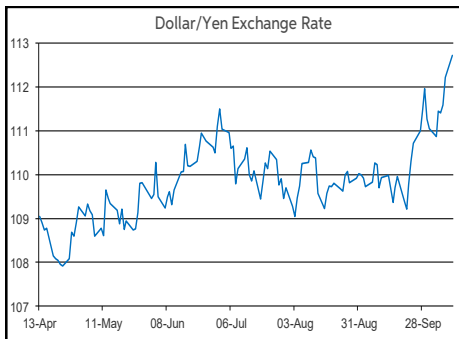
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

# Opening Levels

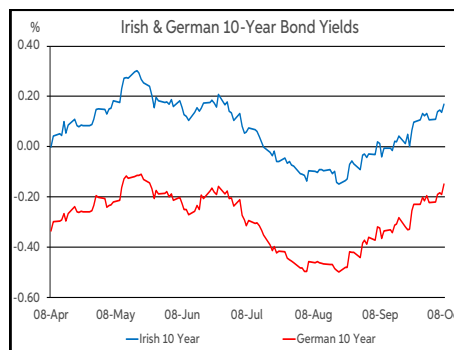
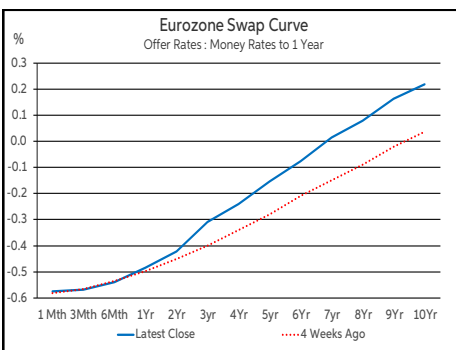
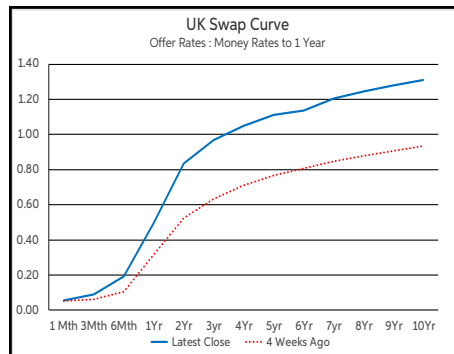
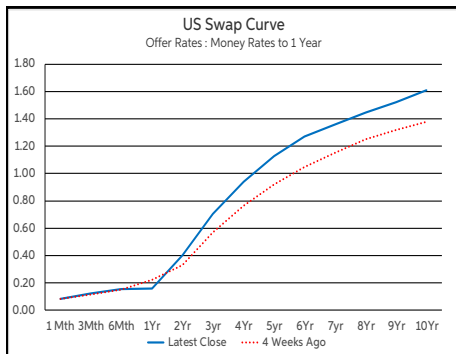
Monday 11 October 2021  
07:29 am



Euro		Sterling		Dollar	
EUR/GBP	0.8482	GBP/EUR	1.1787	USD/JPY	112.71
EUR/USD	1.1581	GBP/USD	1.3652	USD/CAD	1.246
EUR/JPY	130.52	GBP/CAD	1.701	USD/CHF	0.9273
EUR/SEK	10.108	GBP/NZD	1.9679	USD/CNY	6.435
EUR/DKK	7.441	GBP/JPY	153.87	USD/BRL	5.5061
EUR/NOK	9.8772	GBP/SEK	11.911	USD/RUB	71.759
EUR/CHF	1.0741	GBP/DKK	8.7718	USD/INR	75.13
EUR/AUD	1.5793	GBP/NOK	11.6389	AUD/USD	0.7332
EUR/HKD	9.0127	GBP/CHF	1.2663	NZD/USD	0.6935
EUR/CAD	1.4427	GBP/AUD	1.8619		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 20
<b>10 Year Yield %</b>				
US	1.61	+4	+27	+70
Germany	-0.15	+4	+19	+43
UK	1.16	+8	+40	+96
<b>5 Year Swap %</b>				
US	1.13	+4	+24	+70
Eurozone	-0.15	+2	+14	+31
UK	1.11	+7	+35	+92
<b>2 Year Swap %</b>				
US	0.40	+1	+10	+21
Eurozone	-0.42	+1	+4	+10
UK	0.84	+6	+32	+81
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	38	-1	-1	+11
Belgium	31	-0	-0	+12
France	34	-1	+0	+11
Italy	103	-1	-1	-7
Spain	64	-1	-3	+1
Portugal	52	-3	-5	-12
Greece	104	-2	-7	-17



Commodities				
	% Change			
	Close	Day	4 Weeks	End 20
Brent Oil	82.39	+0.54	+12.99	+59.05
West Texas Oil	79.55	+1.39	+13.94	+64.53
Gold \$	1756.7	+0.08	-1.72	-7.37

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