

UK gilts back in focus

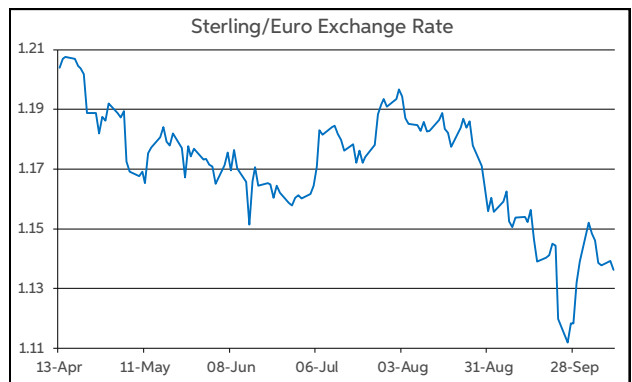
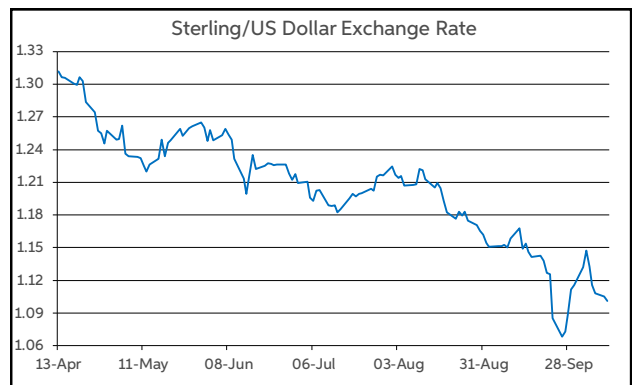
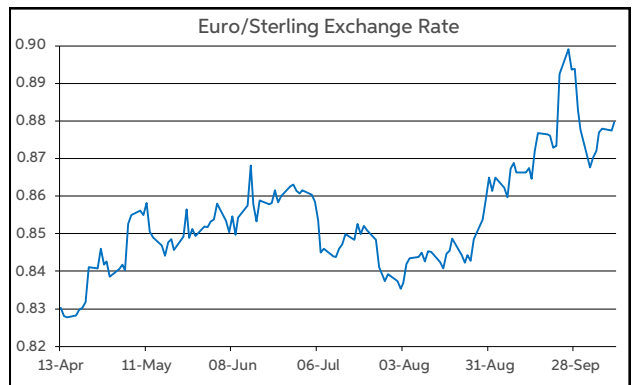
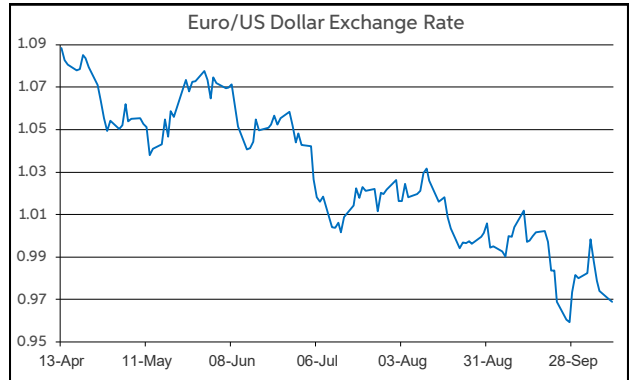
Investor sentiment continued to hold a cautious tone yesterday. The Euro Stoxx 50 fell by 0.6%. On Wall Street, the S&P 500 recouped some of its losses before the close, but still finished down by 0.7%. On bond markets, German Bund yields bear steepened by 2-17bps along the curve, as reports emerged the EU may issue joint debt. The spread between 10-year peripheral yields moved tighter by 5-20bps.

Meanwhile in the UK, gilt yields climbed by 20-30bps as the BoE confirmed it will stop intervening in the gilt market directly this Friday. The BoE also announced an enhanced repo facility that will allow it to act as dealer of last resort if the market experiences severe dislocations once again. To date, the BoE has bought just £5bn worth of longer-dated gilts since September 28th. However, the recent uptick in gilts may become a cause for concern if the moves accelerates in the run-up to Friday's deadline. 30-year gilts are currently trading just below 4.7%, only circa 30bps below the level at which the BoE had to intervene in the market.

Currency-wise, the main pairs operated in very tight ranges throughout the European session. Overnight though, the dollar was holding a somewhat firmer tone. This is evidenced by EUR/USD opening this morning back below the \$0.97 threshold. GBP/USD is changing hands back at the \$1.10 mark. Elsewhere, EUR/GBP is trading up at the 88p level.

Already this morning, UK labour market data have been released. The data suggest that the job's market remains very tight, with the unemployment rate falling to 3.5% (vs. 3.6% f'cast) and average earnings rising by 5.4% y/y in August (vs. 5.3% f'cast). There is a sparse data schedule for the remainder of the day.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2021
EUR/USD	0.9686	-0.53	-14.80
EUR/GBP	0.88	0.14	4.76
GBP/USD	1.1007	-0.65	-18.64
GBP/EUR	1.1359	-0.14	-4.55
USD/JPY	145.76	0.21	26.66
EUR/JPY	141.21	-0.30	7.90

* 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	3.31	3.91	4.71	4.68	4.24
EUR	1.25	0.78	1.29	2.60	3.01	3.19
GBP	2.25	2.40	3.42	5.07	5.63	5.53

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

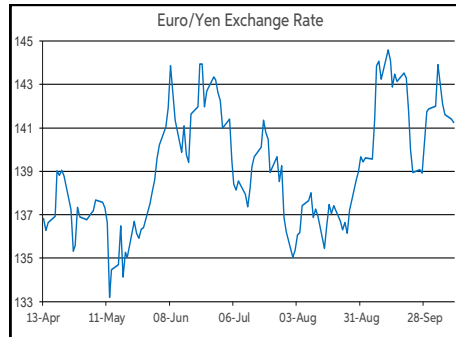
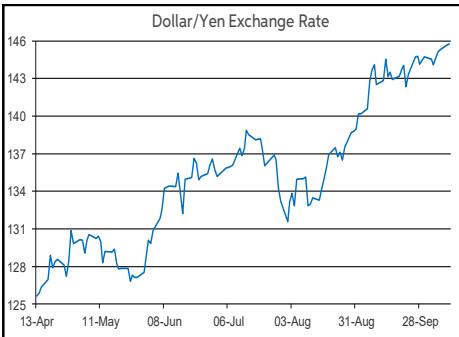
FX Spot	Karl Cooke Shane Gargan Ian Burke	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
---------	---	------------	------------	------------------	---------------------------	-----------------	-----------------------------------

Opening Levels

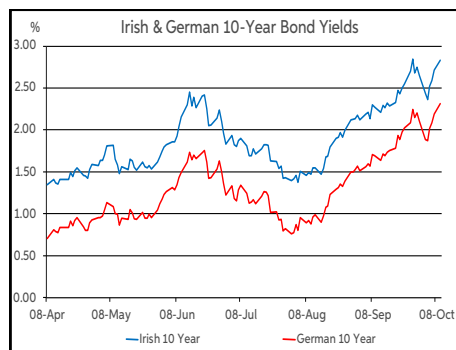
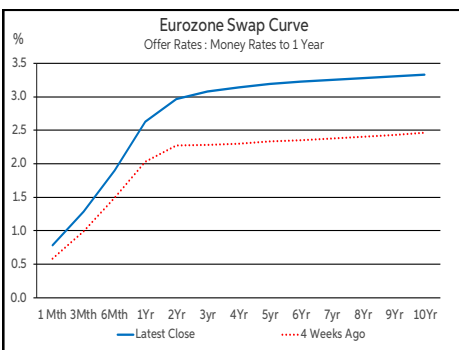
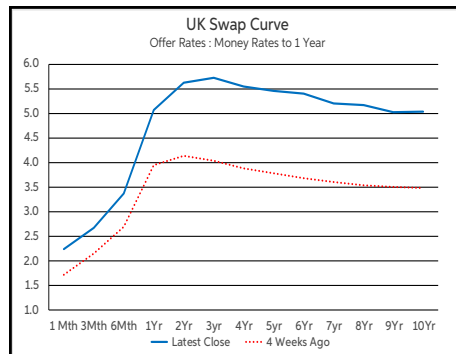
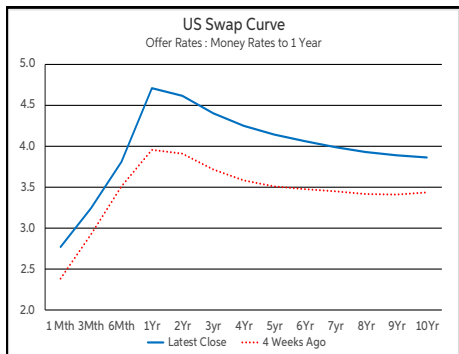
Tuesday 11 October 2022
07:22 am



Euro		Sterling		Dollar	
EUR/GBP	0.88	GBP/EUR	1.1359	USD/JPY	145.76
EUR/USD	0.9686	GBP/USD	1.1007	USD/CAD	1.384
EUR/JPY	141.21	GBP/CAD	1.5235	USD/CHF	1.0014
EUR/SEK	10.9702	GBP/NZD	1.9819	USD/CNY	7.1857
EUR/DKK	7.4381	GBP/JPY	160.44	USD/BRL	5.1881
EUR/NOK	10.3814	GBP/SEK	12.4636	USD/RUB	63.65
EUR/CHF	0.9701	GBP/DKK	8.4488	USD/INR	82.378
EUR/AUD	1.5474	GBP/NOK	11.7968	AUD/USD	0.6259
EUR/HKD	7.6046	GBP/CHF	1.1024	NZD/USD	0.5551
EUR/CAD	1.3408	GBP/AUD	1.758		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 21
10 Year Yield %				
US	3.89	+6	+53	+238
Germany	2.33	+13	+68	+251
UK	4.47	+23	+139	+350
5 Year Swap %				
US	4.14	+0	+66	+281
Eurozone	3.19	+9	+87	+318
UK	5.46	+14	+168	+419
2 Year Swap %				
US	4.62	-1	+74	+367
Eurozone	2.97	+2	+71	+327
UK	5.63	+6	+150	+444
10 Year Government Bond Spreads to Benchmark bps				
Ireland	54	-2	-6	+11
Belgium	63	-2	-2	+28
France	58	-2	+0	+21
Italy	228	-21	-3	+92
Spain	116	-5	+0	+39
Portugal	106	-6	-0	+40
Greece	258	-4	+1	+109



Commodities				
	Close	% Change		
		Day	4 Weeks	End 21
Brent Oil	96.19	-1.77	+2.33	+23.67
West Texas Oil	91.6	-1.58	+3.88	+21.60
Gold \$	1668.0	-1.57	-3.25	-8.77

This publication is for information purposes and is not an invitation to deal. The information is believed to be reliable but is not guaranteed. Any expressions of opinions are subject to change without notice. This publication is not to be reproduced in whole or in part without prior permission. In the Republic of Ireland it is distributed by Allied Irish Banks, p.l.c. In the UK it is distributed by Allied Irish Banks, p.l.c. and Allied Irish Bank (GB). In Northern Ireland it is distributed by Allied Irish Bank (NI). In the United States of America it is distributed by Allied Irish Banks, p.l.c. Allied Irish Banks, p.l.c. is regulated by the Central Bank of Ireland. Allied Irish Bank (GB) and AIB (NI) are trade marks used under licence by AIB Group (UK) p.l.c. (a wholly owned subsidiary of Allied Irish Banks, p.l.c.), incorporated in Northern Ireland. Registered Office 92 Ann Street, Belfast BT1 3HH. Registered Number NI018800. Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. In the United States of America, Allied Irish Banks, p.l.c., New York Branch, is a branch licensed by the New York State Department of Financial Services. Deposits and other investment products are not FDIC insured, they are not guaranteed by any bank and they may lose value. Please note that telephone calls may be recorded in line with market practice.